



ROBERT J. PELLATT
COMMISSION SECRETARY

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VIA FACSIMILE

December 10, 1996

Irvine J. Koop (403,269,5909)
Westcoast Gas Services Inc.
1100 - 421 Seventh Avenue S.W.
Calgary, Alberta
T2P 4K9

Jonathan M. Horlick (403,781,3355)
Novagas Clearinghouse Ltd.
800 - 707 Eighth Avenue S.W.
Calgary, Alberta
T2P 3V3

Dear Sirs:

Re: Transportation and Processing of Gas for Others
Complaint Regulation under the Utilities Commission Act (the "Act")

Upstream facilities which are under provincial jurisdiction and which provide gas transportation and processing for others fall within the definition of "public utility" under Part 3 of the Act. The Commission's letter of September 19, 1996 addressed the regulation of such facilities on a complaint basis and your responses have generally supported this approach. The purpose of this letter is to set out the Commission's requirements for the implement of the regulation of these facilities.

The Commission requests that a company who transports or processes gas for others, but who does not wish to have the requirements of Part 3 apply to the facility, file an application for an exemption by January 31, 1997. Subject to the prior approval of the Lieutenant Governor in Council, the Commission intends to exempt the facility from most of the provisions of Part 3 and regulate it on a complaint basis. A "complaint" will take the form of an application by an interested party under Part 5 of the Act.

The operating company will be required to file an annual report for each separate, significant facility (pipeline system or processing plant). Initial reporting requirements are set out in the attached schedule, although this may change based on experience with the complaint process. Financial information will not be requested on a routine basis, but may be required as part of a hearing in response to a complaint. The reports will be public, and should be filed with the Commission and all shippers at the facility within 90 days following the fiscal year end. Reports should be filed with respect to the current year.

It may be helpful to establish guidelines for complaint regulation under Part 5, but the Commission believes that it would not be time-effective to attempt to do so at this time. The Commission's processes for the resolution of applications in general are well developed, and can be used to structure a proceeding that will deal with a specific complaint. Generally, it would be the intention of the Commission to focus a proceeding on the specific issues that are the subject of the complaint.

The Commission expects the foregoing directions will apply to facilities that are owned by companies who are in the business of transporting and processing gas for others, and also to producer-owned facilities where the amount of contract service is significant. It is not consistent with minimal regulation to apply this approach to a producer-owned facility which provides an incidental amount of contract service, considering that such a facility is subject to Part 5 in any case. In the event of a complaint by an interested party, the Commission is prepared to review the approach that is justified for a particular facility.

The Commission requests that the recipients of this letter provide a copy to all parties that currently contract for transportation or processing service in the subject facilities.

Yours truly,



Robert J. Pellatt

JBW/lm

Attach.

cc: Ms. Jane L. Peverett, (Fax: 691,5884)
Vice President, Regulatory Affairs
Westcoast Energy Inc.

ANNUAL REPORTING REQUIREMENTS

Part 5 Complaint Regulation of Companies that Transport or Process Gas for Others

A Report is Required for each Separate, Significant Pipeline System or Processing Facility.

1.0 Previous Year Actuals

- Facility name, location, function, capacity.
- Any significant changes in capacity during the year.
- Throughput during the year.
- Name, address, contact name and telephone number for each shipper.

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