

SIXTH FLOOR, 900 HOWE STREET, BOX 250  
VANCOUVER, B.C. V6Z 2N3  
CANADA



BRITISH COLUMBIA  
UTILITIES COMMISSION

ORDER  
NUMBER P-3-98

TELEPHONE: (604) 660-4700  
BC TOLL FREE: 1-800-663-1385  
FACSIMILE: (604) 660-1102

IN THE MATTER OF  
the Pipeline Act, R.S.B.C. 1996, c. 364

and

An Application by Trans Mountain Enterprises of British Columbia Limited  
for Approval of 1998 to 2002 Incentive Tolls on its Jet Fuel Pipeline

**BEFORE:** P. Ostergaard, Chair )  
L.R. Barr, Deputy Chair ) April 8, 1998  
P.G. Bradley, Commissioner )

**O R D E R**

**WHEREAS:**

- A. On December 16, 1997, Trans Mountain Enterprises of British Columbia Limited ("TME") applied to the Commission, pursuant to Section 44 of the Pipeline Act ("the Act"), for approval of interim tolls effective January 1, 1998. The application included a proposed incentive toll agreement on the Jet Fuel Pipeline covering a five-year period commencing on January 1, 1998 to December 31, 2002; and
- B. The Shippers provided agreement in principle to the incentive tolls and the Commission, by Order No. P-8-97, approved interim 1998 tolls, effective January 1, 1998; and
- C. On March 2, 1998 with revisions on March 26, 1998, TME filed an application ("the Application") for approval of a 1998 to 2002 incentive toll agreement ("the Incentive Agreement"). The Application requested approval of a permanent 1998 gathering toll of \$0.689/m<sup>3</sup> and a mainline toll of \$1.688/m<sup>3</sup> that was calculated in accordance with the Incentive Agreement; and
- D. The Incentive Agreement, which uses deferral accounts to carry forward variances to the following year, replaces the requirement for the filing of Quarterly Monitoring Reports and mid-year toll revisions when the return on equity exceeds a specific approved level; and
- E. The Commission has reviewed the Application and finds that approval of the Incentive Agreement and permanent 1998 tolls on the Jet Fuel Pipeline is required.

**NOW THEREFORE** the Commission orders as follows:

- 1. The Commission approves for TME, the Application for permanent tolls on its Jet Fuel Pipeline that allows for a gathering toll of \$0.689/m<sup>3</sup> and a mainline toll of \$1.688/m<sup>3</sup>, effective January 1, 1998 subject to review in the event of complaint.
- 2. Any surplus or shortfall of revenue arising from the difference between tolls in effect on an interim basis since January 1, 1998 pursuant to Order No. P-8-97, and the final tolls for 1998 is to be adjusted by direct refund to or recovery from shippers of record together with interest or carrying charges, as applicable, at the average bank rate for the applicable months plus 50 basis points.

3. The methodology for calculating the revenue requirement for the years 1998 to 2002 inclusive, as described in the Application, is approved, subject to review in the event of complaint.
4. TME is to establish the following deferral accounts to record the amounts, and appropriate carrying charges, as described in the Incentive Agreement:
  - i) efficiency incentive;
  - ii) excess capacity incentive;
  - iii) non-routine adjustment variance;
  - iv) starting point inflation adjustment;
  - v) tax allowance variance; and
  - vi) transportation revenue variance.
5. The tolls filed with the Commission on an annual basis for each of the years 1998 to 2002 are deemed to be interim effective January 1st in each year, pending an annual tariff filing under Part 7 of the Act on or before March 1st in each year for tolls to be effective January 1st of that year, together with direct refund to or recovery from shippers of record during the interim period, together with interest or carrying charges, as applicable, at the average bank rate for January and February plus 50 basis points.
6. The setting of annual tolls under the Incentive Agreement replaces, effective January 1, 1998, the requirement under Commission Order No. P-4-95 to report and file Quarterly Monitoring Reports, including the requirement to make a toll filing in the event the forecasted return on equity exceeds a specific approved level.
7. TME is to provide all Shippers on the Jet Fuel Pipeline with a copy of this Order and approved permanent tolls effective January 1, 1998.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 16th day of April, 1998.

BY ORDER

*Original signed by:*

Peter Ostergaard  
Chair