

SIXTH FLOOR, 900 HOWE STREET, BOX 250
VANCOUVER, B.C. V6Z 2N3 CANADA
web site: <http://www.bcuc.com>



**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-22-05

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

**IN THE MATTER OF
the Utilities Commission Act, R.S.B.C. 1996, Chapter 473**

and

**An Application by KeySpan Energy Canada Partnership
for an Exemption from Part 3 of the Utilities Commission Act
for Natural Gas Transportation and Processing Facilities**

BEFORE:

L.F. Kelsey, Commissioner
L.A. O'Hara, Commissioner

February 17, 2005

O R D E R

WHEREAS:

- A. On July 31, 1997 by Order No. G-89-97 and on August 28, 1998 by Order No. G-77-98, with the approval of the Lieutenant Governor in Council ("LGIC") the Commission, pursuant to Section 88(3) of the Utilities Commission Act ("the Act"), approved for Novagas Clearinghouse Ltd. ("NCL") an exemption from Part 3 of the Act for the facilities in British Columbia which NCL used to transport or process natural gas for others; and
- B. NCL had entered into service contracts with several customers who it served through the use of pipelines, gas plants and related facilities which it owned; and
- C. Facilities which have been exempted from Part 3 of the Act, other than Sections 24 and 25, may continue to be regulated under the Act on a complaint basis; and
- D. On October 19, 2000, by Order No. G-97-00, with the approval of the LGIC, the Commission approved an exemption for Coastal Canada Field Services Limited Partnership ("Coastal") from Part 3 of the Act for the natural gas gathering and processing facilities in the Caribou area in British Columbia which it purchased from Trans Canada Midstream, the successor in interest to NCL, and which Coastal used to transport and process natural gas for others; and

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- E. On June 29, 2004, KeySpan Energy Canada Partnership (“KECP”) closed the purchase of Coastal (now known as El Paso Velvet Processing Limited Partnership), and has wound up and dissolved Coastal, so that KECP owns 100 percent of the Caribou facilities; and
- F. On June 29 and July 30, 2004 KECP applied to the Commission to transfer the exemption for the Caribou facilities from Coastal to KECP or to its affiliate KeySpan Energy Canada Company. If the exemption could not be transferred, KECP applied for a new exemption; and
- G. KECP has assumed the service contracts with several customers that are served through the use of pipelines, gas plants and related facilities which it owns, and may enter into additional similar contracts in the future; and
- H. The Commission has considered the application and is satisfied that an Order, under Section 88(3) of the Act, exempting the KECP transportation and processing facilities from the requirements under Part 3, other than Sections 24 and 25, properly conserves the public interest; and
- I. On February 11, 2005, the approval of the LGIC was given to the said exemption by Order in Council No. 83, 2005, which is attached as Appendix II; and
- J. Section 99 of the Act provides that the Commission may reconsider, vary or rescind an Order made by it.

NOW THEREFORE the Commission orders as follows:

- 1. Pursuant to Section 88(3) of the Act, the Commission approves for KECP the exemption from Part 3 of the Act, other than Sections 24 and 25, of the facilities listed in Appendix I which KECP uses to transport or process natural gas for others, effective the date of this Order.

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2. Facilities listed in Appendix I to this Order will be regulated under the Act on a complaint basis, with a complaint taking the form of an application by a party under the Common Carrier and Common Processor sections of Part 4 of the Act.
3. KECP is directed to advise the Commission, in writing, of any facility that is not listed in Appendix I and which KECP intends to use to transport and process natural gas for others, so that the Commission, on finding that the exemption of such facility is in the public interest can, by Order, issue a revised Appendix 1.
4. KECP is responsible for the safe and proper operation of its facilities consistent with the requirements of the Pipeline Act and other regulatory requirements.
5. KECP is directed to file an annual report regarding each exempted facility in the form set out in Appendix III, or as the Commission may otherwise require, and to distribute copies to the shippers using the facility.
6. KECP is directed to pay fees to the Commission in the amounts that the Commission determines are required to defray costs associated with the regulation of KECP facilities.

DATED at the City of Vancouver, in the Province of British Columbia, this 22nd day of February 2005.

BY ORDER

Original signed by:

L.F. Kelsey
Commissioner

Attachments

KEYSPAN ENERGY CANADA PARTNERSHIP

**Transportation and Processing Facilities in British Columbia
Exempted from Part 3 Regulation**

1. Caribou area of Northeastern British Columbia area – all pipelines, plants and related facilities.

PROVINCE OF BRITISH COLUMBIA
ORDER OF THE LIEUTENANT GOVERNOR IN COUNCIL

Order in Council No. 83

, Approved and Ordered FEB 11 2005

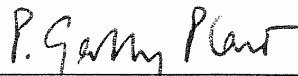

Lieutenant Governor
Administrator

Executive Council Chambers, Victoria

On the recommendation of the undersigned, the ~~Lieutenant Governor~~ ^{Administrator}, by and with the advice and consent of the Executive Council, orders that approval is given to the British Columbia Utilities Commission to exempt KeySpan Energy Canada Partnership from Part 3, other than sections 24 and 25, of the *Utilities Commission Act* for the purposes and subject to the terms substantially set out in the attached draft order of the British Columbia Utilities Commission.

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4/s JBW Ccd to Comm & Staff



Attorney General and Minister Responsible for
Treaty Negotiations



Presiding Member of the Executive Council

(This part is for administrative purposes only and is not part of the Order.)

Authority under which Order is made:

Act and section:- *Utilities Commission Act*, s. 88 (3)

Other (specify):-

November 3, 2004

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1479/2004/13

ANNUAL REPORTING REQUIREMENTS

Complaint Regulation of Companies that Transport or Process Gas for Others

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

(Companies are to file Reports within 90 days after fiscal year-end)

1.0 Previous Year Actuals

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