



LETTER NO. L-47-06

ROBERT J. PELLATT
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VIA E-MAIL

trevorcouldwell@chevron.com

August 25, 2006

Mr. Trevor Couldwell
V.P. Canadian Storage & Trading
Unocal Canada Limited
500 Fifth Avenue SW
Calgary, Alberta T2P 0L7

Dear Mr. Couldwell:

Re: Unocal Canada Limited ("Unocal")
Aitken Creek Gas Storage Facility
Regulation as a Public Utility

The Commission has reviewed your June 28, 2006 letter that responded to the May 18, 2006 letter from the Commission, and also the Disposition Order with amendments and other documents that your counsel provided to Commission staff on July 27, 2006.

After considering the matter, the Commission concludes that Unocal, as owner and/or operator of the Aitken Creek Storage facility, falls within the definition of public utility in the Utilities Commission Act (the "UCA"). Further to the submissions in Unocal's June 28, 2006 letter, the Commission does not consider that the exclusion set out in sub-paragraph (e) of the definition of public utility applies in the case of the storage facility. Furthermore, the Commission considers that the Aitken Creek Disposition Order as amended does not provide Unocal with an exemption from regulation under Part 3 of the UCA.

In the June 28th letter, Unocal also makes several submissions why it considers that the Aitken Creek Storage facility should not be regulated as a public utility. The letter goes on to state that if the Commission concludes that Unocal falls within the definition of public utility it will file an application under Section 88(3) of the UCA requesting that the Commission seek the approval of the Lieutenant Governor in Council for an exemption from the application of the UCA. The Commission anticipates that an application for a Section 88(3) exemption from Part 3 regulation may be an appropriate next step providing it is filed in a timely fashion, and requests that Unocal file such an application, or otherwise responds to this letter, by September 22, 2006.

Yours truly,

Original signed by

Robert J. Pellatt

JBW/rt

cc: Mr. Chris Sanderson
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