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**BRITISH COLUMBIA  
UTILITIES COMMISSION**

**ORDER  
NUMBER** P-7-07

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

**and**

**An Application by Trans Mountain (Jet Fuel) Inc.  
for Approval of Tolls and Accelerated Depreciation**

**BEFORE:** L.F. Kelsey, Panel Chair and Commissioner November 26, 2007

**ORDER**

**WHEREAS:**

- A. On June 5, 2007 Trans Mountain (Jet Fuel) Inc. ("TMJ", "Company") applied to the British Columbia Utilities Commission ("Commission") pursuant to Section 44 of the Pipeline Act (the "Act") for an Order approving the adjustment of the Company's tolls for the transportation of turbine (jet) fuel to the Vancouver International Airport ("YVR") and to the Burnaby Terminal of the Company's parent, Kinder Morgan Canada Holdings ULC ("KMC"). The Company seeks to increase its tolls effective January 1, 2008 to, among other items, permit TMJ to recover depreciation of the jet fuel system and related facilities (the "Jet Fuel System") and abandonment costs over the 5-year economic life of the assets (the "Application"); and
- B. The jet fuel transported to YVR by TMJ is purchased by Vancouver Airport Fuel Facilities Corporation ("VAFFC"), which is owned by a consortium of airlines flying out of YVR; and
- C. By Order No. P-2-07, the Commission scheduled a Pre-hearing Conference for June 20, 2007 to address procedural matters related to the Application including, but not limited to, the identification of principal issues, process options for review of the Application, a regulatory timetable, location of the proceeding and any other matters that would assist the Commission to efficiently review the Application. Order No. P-2-07 also contained a draft regulatory agenda and timetable; and
- D. At the Pre-hearing Conference, the Commission received submissions from TMJ and the Intervenors that depreciating the TMJ assets based on a 5-year economic life was the major issue and the majority of the remaining issues were sub-issues; and
- E. The Commission Panel requested submissions on the process steps, the timing of these steps and the filing of evidence (T1: 34-35). The Commission Panel considered the submissions received from TMJ, the VAFFC and Chevron Canada Ltd. ("Chevron") (the "Parties") regarding process steps and timing (T1: 40-49) and ordered that the Parties meet by July 10, 2007 to have a comprehensive discussion on the issues around the plans for the supply of jet fuel to YVR and how that impacts on the Jet Fuel System and particularly Chevron so that the Parties can explore this matter fully. The Parties were directed to report to the Commission by July 17, 2007 on the outcome of that meeting in general terms and the process they would suggest to move this matter forward (T1: 50-51); and

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- F. By Order No. P-3-07, the Commission determined that the review of the Application should be temporarily suspended. The Parties were directed to make submissions on the jurisdiction of the Commission to review a potential pipeline abandonment application by TMJ pursuant to Section 41 of the Utilities Commission Act or under Part 7 of the Pipeline Act; and
- G. On July 17, 2007, the Parties submitted a report to the Commission stating that the Parties met on July 4, 2007 on a “without prejudice” basis to discuss the matters contemplated in Order No. P-3-07 (the “Report”). In the Report, the Parties submitted that they did not consider a negotiated settlement process worthwhile, at this time, and that the Company favoured a written hearing, while the VAFFC and Chevron favoured an oral hearing. The Parties also requested that they be permitted to make written submissions regarding a written or oral hearing after the intervenor evidence has been filed. The Report also contained a proposed procedural timeline agreed to by the Parties and a submission regarding the implementation of 2008 rates; and
- H. Commission Order No. P-5-07 established a Public Hearing Process for the review of the Application, set a Regulatory Timetable for the proceeding and requested submissions by October 12, 2007 regarding whether the hearing of this matter should be written or oral; and
- I. In accordance with Order No. P-5-07, TMJ filed a letter dated October 12, 2007, submitting that a written hearing was appropriate. Chevron and VAFFC submissions dated October 12, 2007 indicated that they would support a written process in the event that TMJ did not file rebuttal evidence. TMJ’s letter dated November 16, 2007 informed the Commission that TMJ would not be filing rebuttal evidence; and
- J. The Commission has reviewed the Application and submission and requires that the Regulatory Timetable for the review of the Application be amended to provide for a written hearing and interim rates be established.

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

1. The Application for the approval of Tolls and Accelerated Depreciation will be reviewed by a Written Public Hearing process and the Regulatory Timetable for the review of the Application is amended and set out in Appendix A to this Order.
2. The Commission approves for TMJ the current customer rates as interim effective January 1, 2008.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 26<sup>th</sup> day of November 2007.

**BY ORDER**

*Original signed by:*

L.F. Kelsey  
Panel Chair and Commissioner

Attachment

**AMENDED REGULATORY AGENDA AND TIMETABLE**

An Application by Trans Mountain (Jet Fuel) Inc.  
for Approval of Tolls and Accelerated Depreciation

**ACTION**

**DATES (2007)**

Commission Information Requests No. 1 to TMJ	Thursday, August 2
TMJ Response to Commission Information Requests No. 1	Wednesday, August 22
Intervenor Information Request No. 1 to TMJ	Wednesday, August 29
Commission Information Request No. 2 to TMJ	
TMJ Response to Intervenor Information Requests No. 1	Wednesday, September 12
TMJ Response to Commission Information Request No. 2	
Intervenor Evidence	Friday, October 5
Submissions regarding a written or oral hearing	Friday, October 12
TMJ Information Request to Intervenor	Friday, October 26
Commission Information Requests to Intervenor	
Intervenor Response to TMJ Information Requests	Friday, November 9
Intervenor Response to Commission Information Requests	
TMJ Rebuttal Evidence	Friday, November 16

**AMENDMENT**

<b>TMJ Submissions</b>	<b>Friday, November 30</b>
<b>Intervenor Submissions</b>	<b>Monday, December 10</b>
<b>TMJ Reply</b>	<b>Monday, December 17</b>