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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** P-6-08

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

and

**An Application by Plateau Pipe Line Ltd.
for Approval of the 2007 and 2008 Western System Tolls**

BEFORE: L.F. Kelsey, Panel Chair
and Commissioner
P.E. Vivian, Commissioner

April 18, 2008

O R D E R

WHEREAS:

- A. On October 5, 2007 Plateau Pipe Line Ltd. ("Plateau", the "Company") informed the Commission that the Company, Husky Oil Operations Limited ("Husky") and Chevron Canada Limited ("Chevron") (collectively the "Parties") were unable to reach a negotiated settlement regarding the Western System Tolls to be effective July 1, 2007. In accordance with Commission Order No. P-6-07, Plateau filed the 2007 Western System Tolls Application (the "Application") on November 30, 2007; and
- B. Commission Order No. P-4-07 established the proposed Western System Tolls as interim and refundable, effective July 1, 2007:
- A \$5.51/m³ toll increase from \$5.69/m³ to \$11.20/m³ for crude oil deliveries from Taylor to Prince George,
 - A \$8.48/m³ toll increase from \$8.75/m³ to 17.23/m³ for crude oil deliveries from Taylor to Kamloops; and
- C. The Application requests the approval of tolls on its Western System effective for the period of July 1, 2007 to December 31, 2007:
- A toll of \$9.35/m³ for crude oil deliveries from Taylor to Prince George,
 - A toll of 14.38/m³ for crude oil deliveries from Taylor to Kamloops; and
- D. The Application also requests the approval of tolls on its Western System effective for the period of January 1, 2008 to December 31, 2008:
- A toll of \$11.67/m³ for crude oil deliveries from Taylor to Prince George,
 - A toll of \$17.95/m³ for crude oil deliveries from Taylor to Kamloops; and

- E. On December 10, 2007, the Commission issued Letter No. L-99-07 requesting submissions from the Parties regarding the inclusion of material from the May 30, 2007 to September 30, 2007 negotiations between the Parties (the “Negotiations”) as exhibits in the proceeding, the proposed regulatory timetable and other matters that would assist the Commission to efficiently review the Application; and
- F. Commission Order No. P-8-07 established a Public Hearing Process for the review of the Application, set a Regulatory Agenda and Timetable for the proceeding and, based on submissions received in response to Letter No. L-99-07, directed that the proceeding exclude material from the Negotiations as exhibits; and
- G. On January 16, 2008, the Commission submitted Information Request No. 2 and the Intervenor submitted Information Request No. 1 to the Company; and
- H. On January 18, 2008, Plateau submitted a letter to the Commission requesting that the Commission extend the deadline to file responses to Commission Information Request No. 2 and Intervenor Information Request No. 1 by two weeks and amend the Regulatory Agenda and Timetable. Chevron and Husky did not object to the extension; and
- I. Commission Order No. P-1-08 approved the request to amend the Regulatory Timetable to extend the deadline for Plateau to file responses to Commission Information Request No. 2 and Intervenor Information Request No. 1. On February 14, 2008, the Commission received the electronic transmission of Plateau’s responses to Commission Information Request No. 2 and Intervenor Information Request No. 1. Plateau also informed the Commission that the Company would require additional time to produce the hard copies. In view of the delays, Commission Letter No. L-4-08 extended the Regulatory Timetable and Agenda dates by one week; and
- J. On February 27, 2008, Husky submitted Information Request No. 2 and on March 5, 2008, Plateau filed its information response; and
- K. On March 7, 2008, Husky advised the Commission that it had reached an agreement in principle (the “Agreement in Principle”) regarding the tolls on the Western System for deliveries at its Prince George refinery. The letter indicated that Plateau was working on drafting a settlement agreement for Husky’s review for which upon completion, it would be placed before the Commission for approval; and
- L. On March 10, 2008, Chevron advised the Commission that it was not invited to and did not participate in the negotiations which preceded the Agreement in Principle. The letter also noted that Chevron would have to consider the proposed settlement and any effect on the tolls on the Western System for deliveries at Kamloops. Chevron asked the Commission to suspend the remaining dates of the Regulatory Timetable and Agenda; and
- M. On March 13, 2008, Plateau advised the Commission of the Agreement in Principle with Husky, as set forth in Husky’s March 7, 2008 letter. Plateau also clarified that the settlement only applied to tolls for deliveries to Husky’s Prince George refinery and did not apply to tolls for deliveries to Kamloops; and

- N. On March 14, 2008, the Commission issued Letter No. L-7-08 suspending the remaining dates in the Amended Regulatory Agenda and Timetable, including the deadline for Intervenor Evidence scheduled for March 12, 2008. The Commission also requested that any parties' submissions to the Commission regarding additional regulatory process will be due two weeks following the filing of the Agreement in Principle; and
- O. On March 28, 2008, Plateau submitted to the Commission an executed copy of the settlement agreement between Plateau and Husky that applies to tolls for deliveries to Husky's Prince George refinery from July 1, 2007 to February 29, 2012 (the "Toll Settlement Agreement"). Plateau also noted that the approval of the Toll Settlement Agreement will not impact the tolls payable by Chevron and other Kamloops shippers. Plateau also requested relief by way of a Commission order to approve the final tolls for the transportation service on the Western System in accordance with this Application and the Toll Settlement Agreement reached between Plateau and Husky, and, in particular,
- (1) directing Plateau to assess End of Life costs and recommend in 2009, for inclusion in tolls commencing in 2010, an amortized portion of such costs, and
 - (2) an order approving the following:
 - (a) continuation of the Major Operating Expense Deferral Account and associated five year amortization of such expenses;
 - (b) an increase in the allowed depreciation rate to seven percent per year;
 - (c) the Rate Stabilization Account;
 - (d) the proposed Revenue Requirement for the Test Period and the Test Year;
 - (e) the proposed final tolls to Kamloops for the Test Period and for the Test Year;
 - (f) the Toll Settlement Agreement between Plateau and Husky for tolls on the Western System for deliveries to Husky's Prince George refinery; and
- P. On April 3, 2008, the Commission issued Letter No. L-12-08 requesting submissions regarding additional regulatory processes by April 11, 2008 (the "Submissions Deadline"). The Commission also noted that the April 9, 2008 deadline for Commission Information Request No. 3 and Intervenor Information Requests between the Plateau's proposed Regulatory Agenda and Timetable (the "Proposed Regulatory Timetable") conflicts with the Submissions Deadline. If approved, the dates for the Proposed Regulatory Timetable could be extended by one week or more to allow time for the Commission to issue an order or letter following the Submissions Deadline; and
- Q. On April 11, 2008, Chevron submitted that the date for Intervenor Information Requests be moved to April 21, 2008. Chevron agreed with the Proposed Regulatory Timetable with the exception that the interval for finalizing Intervenor Evidence following receipt of Information Requests be expanded from one to two weeks; and
- R. On April 16, 2008, Plateau submitted that Chevron's April 11, 2008 request appears to go beyond what is needed to assess the potential Toll Settlement Agreement impacts on the remainder of the Application. Plateau also stated that since the Toll Settlement Agreement did not impact the deliveries to Kamloops in 2007 and 2008, there was no additional time required by Chevron for the preparation of Intervenor Evidence. Plateau asked the Commission that in its ruling on the remaining process to narrowly confine the scope of

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any additional information requests to Plateau and to deny Chevron the additional time requested for its Intervenor Evidence. Alternatively, Plateau suggested that Chevron be granted an additional week but just for any evidence dealing solely with any Toll Settlement Agreement issues; and

- S. The Commission has reviewed the Application and submissions and considers that the amendment to the Regulatory Agenda and Timetable for the review of the Application is warranted.

NOW THEREFORE the Commission orders as follows:

1. The Regulatory Agenda and Timetable for the review of the Application is amended and set out in Appendix A to this Order.
2. Plateau's request to limit the additional time for Intervenor Evidence is denied.
3. Plateau's request to limit the scope of Commission Information Request No. 3 and Intervenor Information Requests to the proposed Toll Settlement Agreement and its impact on the remainder of the Application is approved.

DATED at the City of Vancouver, in the Province of British Columbia, this 18th day of April 2008.

BY ORDER

Original signed by:

L.F. Kelsey
Panel Chair and Commissioner

Attachment

An Application by Plateau Pipe Line Ltd. ("Plateau")
for the Approval of 2007 and 2008 Western System Tolls

AMENDED REGULATORY AGENDA AND TIMETABLE

ACTION	DATES (2007/08)
Commission Information Request No. 1	Wednesday, December 19
Plateau Response to Commission Information Request No. 1	Monday, January 7
Registration of Intervenors and Interested Parties	Friday, January 11
Commission Information Request No. 2 and Intervenor Information Request No. 1	Wednesday, January 16
Plateau Response to Commission Information Request No. 2 and Intervenor Information Request No. 1	Wednesday, February 13
Intervenor Information Request No. 2	Wednesday, February 27
Plateau Response to Intervenor Information Request No. 2	Wednesday, March 5
Plateau files Toll Settlement Agreement between Plateau and Husky on the Western System for deliveries to Prince George refinery including revised Relief Request	Friday, March 28
Commission Information Request No. 3 and Intervenor Information Requests (if necessary)	Monday, April 21
Plateau Response to Commission and Intervenor Information Requests	Monday, May 5
Intervenor Evidence	Monday, May 19
Commission and Plateau Information Requests on Intervenor Evidence	Monday, May 26
Intervenor Response to Commission and Plateau Information Requests	Monday, June 9
Submissions from Applicant and Intervenors on the Requirement for an Oral Hearing and Proposed dates for Written Argument	Monday, June 16