

ALBERTA ENERGY AND UTILITIES BOARD

Calgary Alberta

**PRE-HEARING MEETING
PEACE PIPE LINE LTD.**

**Memorandum of Decision
Application No. 960198**

1 INTRODUCTION

Peace Pipe Line Ltd. (Peace) applied to the Alberta Energy and Utilities Board (Board) for a permit to construct approximately 149 kilometres of 323.9-millimetre outside diameter pipeline, and associated pump station modifications for the purpose of transporting low vapour pressure products/crude oil from the existing LaGlace pump station and truck terminal at Legal Subdivision 9, Section 7, Township 73, Range 8, West of the 6th Meridian, to the existing Valleyview pump station and truck terminal at LSD 12-10-69-22 W5M.

Following receipt of a number of letters expressing concerns with the application, the Board directed that it be considered at a public hearing. Prior to that, the Board held a Pre-hearing Meeting to consider the scope of matters to be considered at the public hearing, the issues to be considered, the proposed timing and location of the hearing, any procedural matters, and any other matters as necessary. The Pre-hearing Meeting was held on 11 July 1996, before Board Members, B. T. McManus, Q.C. and B. F. Bietz, Ph.D., P.Biol. Mr. E. G. Fox, P.Eng., has subsequently reviewed the transcripts of the Pre-hearing, and participated in the deliberations and decisions of the panel.

The attached table lists the meeting participants.

2 SCOPE OF THE HEARING

Peace argued that its application before the Board was complete, although it did indicate it intended to file some additional information by the end of July. Peace indicated that it did not consider that its proposal competed with either a proposal by Federated Pipe Lines Ltd. (Federated) or by Novagas Clearinghouse Ltd. (NCL). Peace argued that it was opposed to any simultaneous or joint hearing of its application with either Federated's or NCL's application, and that Peace's application should proceed to a hearing as scheduled, i.e. commencing on 12 August 1996.

Federated, NCL, Imperial Oil Limited (Imperial), and Anderson Exploration Ltd. (Anderson) argued in favour of a joint hearing involving the proposals of Peace, Federated, and NCL since there appears to be a common competitive element to all of the applications.

Canadian Hunter Exploration Ltd. (CHEL) made no submission with respect to whether the Peace, Federated, and NCL applications should be heard together.

3 ISSUES TO BE CONSIDERED AT A HEARING

The participants generally agreed the following issues should be considered at a public hearing recognizing, however, that other relevant issues may be brought forth in the hearing process. These were

- need and size of the proposed pipelines,
- sources of crude oil and natural gas liquids,
- pipeline routing, and
- the impact of the proposed pipelines on the existing shippers.

Anderson, CHEL, and Imperial argued that tolls and tariff methodology should also be considered at a public hearing. Peace argued that tariffs and tolling methodology should not be issues considered at a facilities application hearing, but rather that an examination of tolls and tariff methodology should be done in a separate forum.

4 TIMING FOR A HEARING AND LOCATION

All parties with the exception of Peace were in agreement that a September timetable for a combined hearing would be appropriate. Peace argued that any delay in the disposition of its application would increase the volumes that Peace is presently trucking, with associated costs, and related environmental and socio-economic impacts. Peace also argued that some producers could be shut in and that there could be apportionment on its existing facilities. Finally, Peace argued that material costs associated with the pipeline could increase. Peace was not able to confirm that it would be prepared, should all three applications be considered together, to deal with either the Federated or the NCL application by September.

All parties agreed that the hearing should be held in Calgary.

5 VIEWS OF THE BOARD

The Board has considered all of the comments of the participants, and is satisfied that a public hearing is necessary. The Board further believes that the Peace, Federated, and NCL proposals may be of a competitive nature. Since approval of one or more of those proposals may have an affect on orderly and efficient development, and therefore the public interest, the Board directs that the Peace, Federated, and NCL applications be heard jointly at a public hearing.

The Board accepts the relevance of the above noted issues and recognizes that the list is not exhaustive, and that other related issues may be identified as part of the hearing process. In particular, the Board anticipates that public/landowner issues such as safety and environmental impacts may need to be addressed at the hearing.

At this time, the Board has not determined the extent to which tolls and tariffs and in particular tolling methodology should be considered, although they will need to be used to make economic comparisons between the three proposals. The Board will ask for comments by the various parties on this issue, and if necessary, is prepared to hold a second Pre-hearing Meeting to resolve the question.

It appears to the Board that there is a general acceptance by all parties that it would be useful to have an opportunity to obtain further information. Peace indicated that it intended to file some additional information, as might the other parties. The Board agrees that given the complexity of these applications that an interrogatory process would be of value, and proposes the following schedule for this interrogatory process, as well as the subsequent public hearing.

	DEADLINE DATE
Additional application information from Peace, Federated, and NCL	26 July 1996
Information requests by all parties to Peace, Federated, and NCL	9 August 1996
Response to Information Requests	23 August 1996
Interventions	30 August 1996
(Possible Pre-hearing Meeting)	(4 September 1996)
Hearing	23 September 1996

The Board has accepted the need for an interrogatory process on the premise that it will increase the efficiency of the hearing. It is not intended as a substitute for cross-examination at the hearing and therefore, the Board requests parties to limit their questions to substantive issues, and areas where additional information is relevant to the issues before the Board. Questions of clarification or interpretation should generally be left for the hearing. This should not be an open-ended process and the Board expects the parties to adhere to the deadlines given in the table above.

The Board requests that all parties either asking questions or responding to questions send a copy to each party that registered at the Pre-hearing Meeting including those parties that had filed submissions, but did not attend, as well as ten copies to Board staff (c/o Paul Ferensowicz, Applications Section, Facilities Division). Board staff will ensure that one copy is placed in the

application file in the Board's Information Services Section, where it will be available for public viewing.

The procedure for the joint hearing process will be generally as follows:

1. Evidence for each application, cross-examination, and re-direct on each application will take place in consecutive fashion with the order based on date of filing with the Board, that is Peace, followed by Federated, and NCL.
2. Argument and reply argument will be made in a consolidated fashion following the evidentiary portion of all three applications.

The Board will advertise the hearing notice to ensure all who may be interested have an opportunity to participate.

Issued at Calgary, Alberta on 23 July 1996.

ALBERTA ENERGY AND UTILITIES BOARD

B. T. McManus, Q.C.*
Board Member



B. F. Bietz, Ph.D., P.Biol.
Board Member



E. G. Fox, P.Eng.
Acting Board Member

* Mr. McManus was unavailable for signature but concurs with the content and with the issuing of the report.

TABLE 1 THOSE WHO APPEARED AT THE PRE-HEARING MEETING

Participants	Representatives
Peace Pipe Line Ltd. (Peace)	F. R. Foran
Federated Pipe Lines Ltd. (Federated)	R. M. Perrin
Novagas Clearinghouse Ltd. (NCL)	A. S. Hollingworth
Chevron Canada Resources. (Chevron)	K. S. Archibald
Anderson Exploration Ltd. (Anderson)	L. D. Horne
Amoco Canada Petroleum Company Limited (Amoco)	S. H. Castonguay
Canadian Hunter Exploration Ltd. (CHEL)	D. G. Davies
Imperial Oil Limited (Imperial)	W. F. Muscoby
Alberta Energy and Utilities Board	R. D. Heggie, Counsel P. K. Ferensowicz

W. Lucey of the Confederation of Regions Party, Alberta Agriculture, Food and Rural Administration, Crestar Energy, Gulf Canada Resources Limited, Ocelot Energy Inc., PanCanadian Petroleum Limited, Petro-Canada, Rigel Oil & Gas Ltd., filed interventions in response to the notice, but did not appear at the Pre-hearing Meeting.