CANADA

National Energy Board

Reasons for Decision

Interprovincial Pipe Line Limited

OH-2-85

June 1985

National Energy Board

Reasons for Decision

In the Matter of

Interprovincial Pipe Line Limited

Application Under Section 49, Part III of the *National Energy Board Act*

June 1985

Cat. No. NE 22-1/1985-21E
ISBN 0-662-14110-5

This report is published separately in both official languages.

Copies are available on request from:
Regulatory Support Office
National Energy Board
473 Albert Street
Ottawa, Canada
K1A 0E5
(613) 998-7204

Printed in Canada

Nº de cat. NE 22-1/1985-21E
ISBN 0-662-14110-5

Ce rapport est publié séparément dans les deux langues officielles.

Exemplaires disponibles sur demande auprès du:
Bureau du soutien à la réglementation
Office national de l'énergie
473, rue Albert
Ottawa (Canada)
K1A 0E5
(613) 998-7204

Imprimé au Canada

Table of Contents

Appendices

National Energy Board

IN THE MATTER OF Part III of the *National Energy Board Act* and the Regulations thereunder; and

IN THE MATTER OF an application by Interprovincial Pipe Line Limited pursuant to Section 49 of the *National Energy Board Act* for authorization to expand its pipeline system in Western Canada; filed with the Board under File No. 1755-Jl-46.

HEARD in Hull, Quebec on 13 and 14 May 1985.

BEFORE:

J. Farmer	Presiding Member
W.A. Scotland	Member
A.B. Gilmour	Member

APPEARANCES:

E.G. Sheasby N. St. John	Interprovincial Pipe Line Limited
M. Belich	Dome Petroleum Limited
L. Ricchetti	Dow Chemical Canada, Ltd.
D.C. Simmons B. Scott	Imperial Oil Limited
E.B. McDougall	Petrosar Limited
R. Bédard A.M. Bigué	SOQUIP
J.P. Peacock, Q.C.	Independent Petroleum Association of Canada
J. Robitaille J. Giroux	Attorney General for the Province of Quebec
D. Tremblay H.Soudek	National Energy Board

Executive Summary

Interprovincial Pipe Line Limited applied to the Board on 27 February 1985 for authorization, pursuant to Section 49 of the Act, to increase its crude oil pumping capacity by 25 000 cubic metres per day (m^3/d) between Edmonton, Alberta and Gretna, Manitoba. The Applicant proposed to ship heavy crude oil on line 3 and light and medium crudes on line 2. by installing new pumping facilities together with crossover piping and additional tankage at a cost of $87 million. By early 1987, when the construction of the additional facilities is complete, IPL considered that the additional throughput capacity would be required for the transportation of increasing volumes of heavy crude oil to U.S. markets and for its present and projected levels of deliveries of other crudes.

The application was set down for public hearing under Directions on Procedure OH-2-85 and ten notices of intervention together with four letters of comment were filed in regard to this matter.

The Board considered the application and heard the arguments of IPL and interested parties on 13 and 14 May 1985. The Applicant was the only party to adduce evidence at these proceedings. Certain of the interested parties expressed concern for the effect of the Applicant's proposal on the flexibility and security of hydrocarbon supply to their respective markets, and one party questioned the need for the project at this time.

The Board was satisfied that the Applicant had demonstrated a need for increased pumping capacity for the years 1987 and beyond and that the delivery of natural gas liquids (NGL) to Eastern Canada was not affected by this proposal. The Board approved the application by Order No. XO-1-85 dated 31 May 1985 subject to the conditions included therein.

This document sets down the reasons for the Board's approval of this project.

Chapter 1
The Application

Interprovincial Pipe Line Limited operates a pipeline system which extends from Edmonton, Alberta to Gretna, Manitoba and from Sarnia, Ontario to Montreal, Quebec. At Gretna and Sarnia, lnterprovincial's pipeline interconnects with the Lakehead Pipe Line Company Inc. in the United States. IPL transports refined and high vapour pressure products on line 1. Lines 2 and 3 of Interprovincial's system transport light, medium and heavy crude oil. A map of IPL's system is presented on Figure 1.

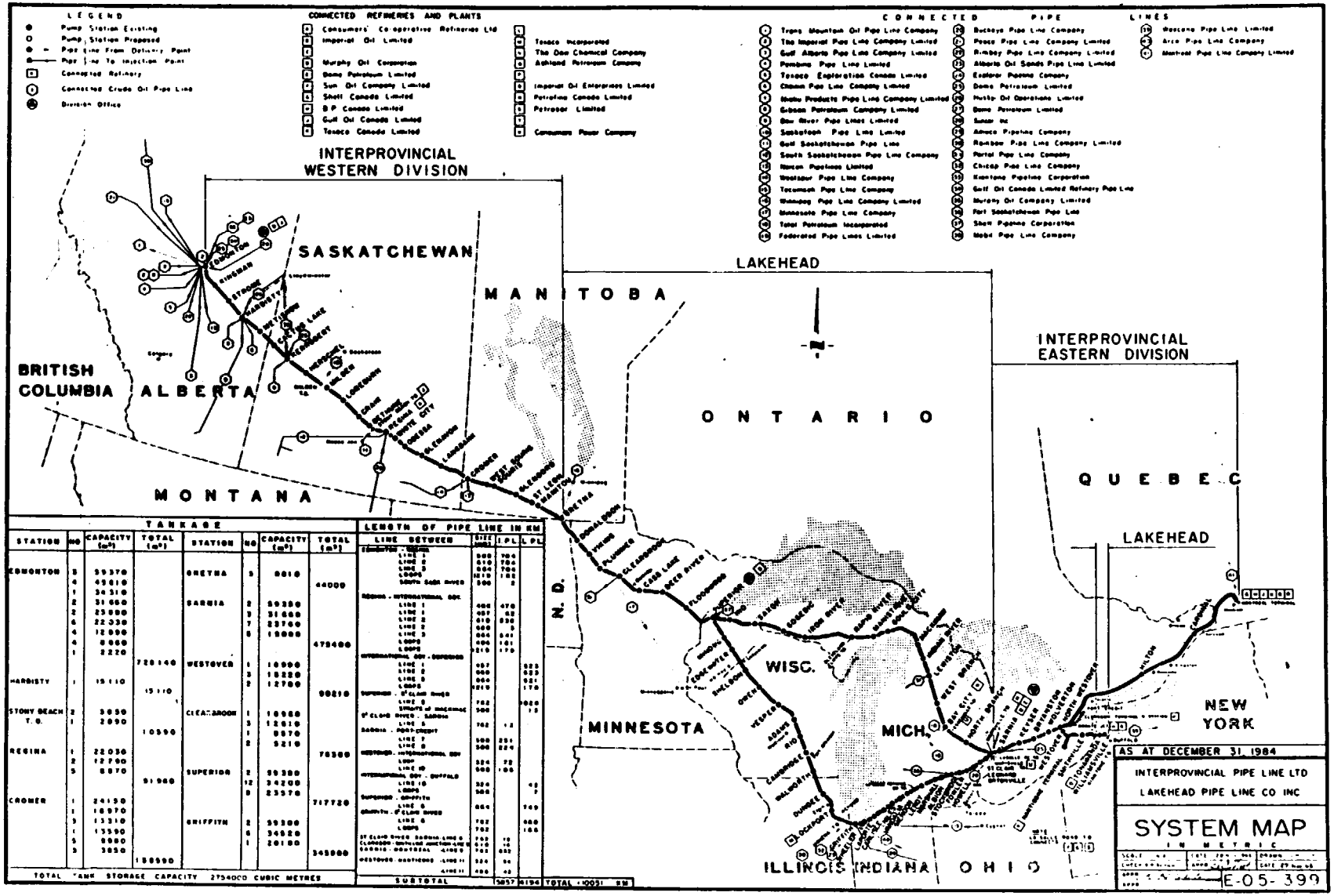
Interprovincial, as a result of a forecast increase in pumping demand for the years 1987 and beyond, applied to the Board to increase the capacity of lines 2 and 3 between Edmonton, Alberta and Gretna, Manitoba. The Applicant submitted that forecasts of increasing heavy crude production in Western Canada, sustained production of light crudes, together with forecasts of increased deliveries to Eastern Canada and the United States, would result in capacity limitations on lines 2 and 3. Accordingly, Interprovincial proposed to increase its system capacity by some 25 000 m^3/d at an estimated cost of $87 million.

The Applicant proposed to transfer all medium and heavy crudes to line 3, and dedicate line 2 to light crude service. Moreover, for line 2 service, it is proposed to tie-in the presently idle sections of 864 millimetre outside diameter (mm O.D.) pipe as loops together with replacing a deactivated 14.45 kilometre section of 864 mm pipe.

A more detailed description of the required crossover piping, pump station additions or modifications, and storage facilities is attached as Appendix A to these Reasons.

The Applicant indicated that the 25 000 m^3/d capacity increase would be required to meet the projected pumping demand in 1987. Accordingly, Interprovincial anticipated beginning construction in 1985 and completing the project in 1986.

Figure 1
Interprovincial Pipe Line Ltd
Lakehead Pipe Line Co Inc
System Map


LEGEND
Pump Station Existing
Pump Station Proposed
Pipe Line From Delivery Point
Pipe Line To Injection Point
Connected Refinery
Connected Crude Oil Pipe Line
Division Office
CONNECTED REFINERIES AND PLANTS
Consumers' Co-operative Refineries Ltd
Imperial Oil Limited
Murphy Oil Corporation
Home Petroleum Limited
Sun Oil Company Limited
Shell Canada Limited
B P Canada Limited
Gulf Oil Canada Limited
Texaco Canada Limited
Texaco Incorporated
The Dow Chemical Company
Ashland Petroleum Company
Imperial Oil Enterprises Limited
Petrofina Canada Limited
Petrosar Limited
Consumers Power Company
CONNECTED PIPE LINES
Trans Mountain Oil Pipe Line Company
The Interprovincial Pipe Line Company Limited
Gulf Alberta Pipe Line Company Limited
Pembina Pipe Line Limited
Texaco Exploration Canada Limited
Chauvin Pipe Line Company Limited
Shell Canada Products Pipe Line Company Limited
Gibson Petroleum Company Limited
Bow River Pipe Lines Limited
Saskatoon Pipe Line Limited
Gulf Saskatchewan Pipe Line
South Saskatchewan Pipe Line Company
Nipisi Pipelines Limited
Westcoast Pipe Line Company
Tecumseh Pipe Line Company
Winnipeg Pipe Line Company Limited
Minnesota Pipe Line Company
Total Petroleum Incorporated
Federated Pipe Lines Limited
Buckeye Pipe Line Company
Peace Pipe Line Company Limited
Rimbey Pipe Line Company Limited
Alberta Oil Sands Pipe Line Limited
Explorer Pipeline Company
Home Petroleum Limited
Husky Oil Operations Limited
Home Petroleum Limited
Sunoco Inc
Amoco Pipelines Company
Rainbow Pipe Line Company Limited
Portal Pipe Line Company
Chicap Pipe Line Company
Kaintone Pipeline Corporation
Gulf Oil Canada Limited Refinery Pipe Line
Murphy Oil Company Limited
Port Saskatchewan Pipe Line
Shell Pipeline Corporation
Mobil Pipe Line Company
Wascana Pipe Line Limited
Arco Pipe Line Company
Montreal Pipe Line Company Limited
INTERPROVINCIAL WESTERN DIVISION
INTERPROVINCIAL EASTERN DIVISION
LAKEHEAD
LAKEHEAD
BRITISH COLUMBIA
ALBERTA
SASKATCHEWAN
MANITOBA
ONTARIO
QUEBEC
MONTANA
N.D.
MINNESOTA
WISC.
MICH.
NEW YORK
ILLINOIS
INDIANA
OHIO
EDMONTON
REGINA
CROMER
HARDISTY
STONY BEACH T.O.
GRETNA
EARDLEY
WESTOVER
CLEARBROOK
SUPERIOR
GRIFFITH
TANKAGE
LENGTH OF PIPE LINE IN KM
TOTAL TANK STORAGE CAPACITY 2754000 CUBIC METRES
AS AT DECEMBER 31, 1984
INTERPROVINCIAL PIPE LINE LTD
LAKEHEAD PIPE LINE CO INC
SYSTEM MAP
IN METRIC
E-05-399

Chapter 2
Summary of Interventions

Notices of intervention were filed by ten interested parties in respect of IPL's expansion project. Moreover, four parties submitted letters of comment in support of the Applicant's proposal. The interested parties who appeared during the proceedings did not adduce evidence. Some of them conducted cross-examination of the Applicant's panels and advanced arguments.

None of the interested parties raised an objection to Interprovincial's application. A point of concern common to a number of the intervenors was the effect of the project on the flexibility and security of hydrocarbon supply to their respective market areas. It was submitted that, with the installation of the proposed facilities on lines 2 and 3, the availability of pipeline capacity and the volumes and types of hydrocarbon products might be altered. Concern was expressed for the effects of an expansion of this nature on the options for future supply and delivery of all other hydrocarbons, particularly NGL'S, on the IPL system to Eastern Canada.

In their closing arguments, certain of the parties raised issues for the Board's consideration. One party questioned whether this was an appropriate time for IPL to engage in the proposed expansion plan given the inherent uncertainties in forecasting crude oil production volumes and in light of the, as yet unknown, effects of the "Western Accord". Moreover, concern was expressed that the additional horsepower and crossover piping might prove to be redundant in light of the Applicant's stated position that further facilities might be required in the near future.

Regarding the issue of NGL deliveries to Quebec on the system, IPL stated that, although it was studying options to supply this market, no conclusions from this work were yet available. Certain of the intervenors submitted that the Board should, in its decision on this matter, require the Applicant to include, in its next application, measures to address the NGL needs of the Montreal Market.

Chapter 3
Hydrocarbon Supply Matters

For Western Canada, the Applicant provided estimates of crude oil reserves as of 31 December 1983, reserves additions for subsequent years and production for the years 1986 to 1996. For 1987, the year for which the pipeline facilities are being designed, the Applicant forecast production of light crude oil and equivalent at 169 800 m^3/d and blended heavy crude oil production at 70 400 m^3/d.

The light crude oil production would consist of conventional light, pentanes plus and synthetic crude oil from existing plants. However, by 1996, supply from new sources such as frontier production, upgraded heavy and increased synthetic crude oil capacity would account for over 25 percent of the forecast light crude oil and equivalent production. The Applicant stated that its forecast production of conventional light and medium crude oil and pentanes plus from Alberta is lower than the Alberta Energy Resources Conservation Board forecasts in Report 85-A and therefore its forecast might be conservative.

The Applicant's forecast of blended heavy crude oil production increases from 70 400 m^3/d in 1987 to a level of about 96 000 m^3/d in 1991. Because further increases were considered to be restricted by anticipated market demands, the Applicant's forecast remains at this level to the end of the forecast period. Blended bitumen accounts for 45 percent of the total blended heavy crude oil supply in 1987. This percentage is forecast to increase to 70 percent by 1996.

The Applicant stated that its forecast of heavy crude oil supply is lower than the supply forecast by Saskatchewan and Alberta after 1990. Therefore its forecast of heavy crude oil production might be conservative in the later years of the forecast period.

The Applicant's pentanes plus supply-demand balance showed that pentanes plus would be in short supply by 1988 and that the shortfall would reach a level of 9 900 m^3/d by 1996. The Applicant stated that there are several options available to the industry to meet diluent requirements when pentanes plus supplies become tight. The Applicant was of the opinion that production of a refinery diluent from Alberta light crude oil was the most reasonable option and that sufficient capacity and appropriate production facilities are now in place to meet projected shortfalls of pentanes plus.

Views of the Board

The Board is of the opinion that the Applicant's supply forecast of Western Canadian crude oil and equivalent is reasonable, but that shortfalls in the supply of pentanes plus available as diluent may occur earlier than 1988, as forecast by Interprovincial. It is the conclusion of the Board that a shortfall of pentanes plus for diluent will not affect the subject expansion as the anticipated shortfall can be met by alternative means.

Chapter 4
Demand

IPL forecast total deliveries on its system during the 1987-1996 period to range from 195 000 m^3/d to 205 000 m^3/d without the proposed facilities, compared to a forecast of total deliveries ranging from 215 100 m^3/d to 222 000 m^3/d with the proposed facilities. The increase in forecast throughput with the proposed facilities reflected projected increased deliveries to locations in the United States and Eastern Canada.

The Applicant submitted that the U.S. Midwest total market demand for heavy crude was forecast to increase from 54 000 m^3/d in 1984 to about 65 000 m^3/d by 1988. The Applicant forecast that the demand for Canadian heavy crude in this market would increase from 36 000 m^3/d in 1984 to about 60 000 m^3/d in 1988. Therefore Canadian heavy crude would increase its market share from 67 percent in 1984 to about 92 percent by 1988.

The Applicant submitted that, in order for Canadian heavy crude to increase its market share to the forecast levels, it would be necessary to displace all of the Mexican heavy crude and about half of the Wyoming "sour" crude currently supplying the U.S. Midwest. It was stated that this would be achieved on the basis of competitive pricing.

Views of the Board

The Board notes that, to the extent that deregulation makes shipments to Montreal uneconomic in the future, these shipments might be delivered to Midwest United States refineries. The Board appreciates that such a shift in oil movements would not affect the need for the expanded facilities.

Regarding the forecast of demand for Canadian heavy crude in the U.S. Midwest market, it is the Board's view that the forecast appears to be optimistic, In particular, it is questionable that Canadian heavy crude will be able to capture 92 percent of this market by 1988 unless producers are willing to accept intense pricing competition.

Although it is the Board's view that the Applicant's demand forecast for Canadian heavy crude may not materialize, the Board recognizes the uncertainties inherent in the forecasting exercise, particularly in light of the "Western Accord". The Board is of the view that the Applicant's demand forecast is within a plausible range.

Chapter 5
Net Economic Benefits

IPL submitted a social cost-benefit study to the Board, in which it was estimated that the project would provide a net benefit of approximately $1.3 billion ($1984) to Canada. The Applicant stated that the future oil price assumptions used therein were a key variant in the estimation of the net benefits.

Regarding the methodology by which user costs were calculated, the Applicant stated that a pragmatic approach to a complex issue was used and that an over-estimation of user costs might have resulted.

It was indicated in the net benefit study that the new facilities would have an economic life of 10 years. Moreover, it was noted that this could be extended if Western Canadian crude productive capacity supported increased throughputs for a longer period of time.

Views of the Board

It is the Board's view that the oil price forecast used in the study is optimistic.

The Board recognizes that the methodology employed in the calculation of user costs is not of a standard technique. The Board notes that the true user costs will likely be less than those estimated.

It is the Board's view that the use of a 10-year economic life for the new facilities is pessimistic.

On balance, the Board finds that the project is likely to provide substantial net benefits to Canada. However, the annual net benefits will likely be less than those calculated in IPL's submission, although they will likely continue over a longer time period.

Chapter 6
Financial Matters

6.1 Project Financing

The Applicant indicated that it had no specific long-term financing plans for this project. IPL submitted that no new issues of equity would be required and explained that it had not yet determined the timing, amount, and cost of any long-term debt to be issued. During the interim, until financing plans are finalized, the Applicant intends to meet cost requirements for the project through internally-generated funds. In raising future capital, the Applicant will take into account the Board-approved capital structure.

6.2 Impact on Tolls

The Applicant submitted that the addition of these facilities would result in a slight decrease in tolls due to increased deliveries. The Applicant acknowledged that a shift in projected deliveries from Eastern Canada to U.S. points could result in a slight toll increase with the proposed facilities. As a worst case for 1987, the Applicant calculated that diversion of all projected Montreal deliveries to the U.S. Midwest would result in an increase of eight cents per cubic metre or less than 3 percent in the toll from Edmonton to Sarnia for light crude with the proposed facilities. Although there is considerable uncertainty at this time about the destination of the incremental throughputs, owing to the implementation of the principles of the "Western Accord", the Applicant was confident of the need for these facilities.

Views of the Board

The Board considers the project to be within the financial capability of the Applicant and is satisfied that a specific financing plan is not required at this time.

Further, the Board appreciates the difficulties of forecasting throughputs at this time. The recent need to apportion pipeline space underscores the requirement for expanded facilities in Western Canada. Whether the ultimate destination of increased throughputs is Eastern Canada or the U.S., the Board is satisfied that the impact of this project on tolls is reasonable.

Chapter 7
Facilities

7.1 Engineering Assessment

The Applicant indicated that there would be limited capacity advantage for line 2 without the proposed tie-in of the 864 mm loops from line 3 and that most of the proposed capacity increase came from these loops and pump modifications. In support of its proposed line 2 conversion to light crude movement, IPL stated that heavy crude cannot be transported in the proposed 864 mm loop due to contamination related to laminar flow in the line.

The Applicant filed the results of a study which indicated the economic benefit of its proposed program compared with an alternative looping program after considering higher fuel and power inflation factors.

The Applicant considered that it had arrived at the most economic proposal and estimated that the next 3 000 m^3/d of capacity increase for line 2 would cost some $30 million to install.

According to the Applicant, its proposed facilities are compatible with any future-capacity expansion. The Applicant further demonstrated that most of the material of its proposed cross-over piping can be recovered should it expand its loops in a future program.

7.2 Construction and Operation

The Applicant provided schematic diagrams detailing the proposed additions and modifications to the system with the exception of the injection and delivery facilities at the Edmonton and Regina stations. The final design of those facilities was still being prepared.

The Applicant addressed the installation and non-destructive examination of stopple fittings and weld plus couplings, and provided the Board with the recently-developed fillet welding procedure to be used for their installation.

The Applicant assured the Board that it work over "live" lines were required, special measures such as construction of temporary berms would be implemented where necessary to provide adequate support to heavy equipment.

The Applicant explained that it intends to take advantage of all the shutdowns of line 2 to perform the installation of the proposed facilities. By so doing, IPL considered that disruptions of scheduled throughput could be minimized.

The Applicant indicated that, for leak detection purposes, it relies on a two-hour input/output material balance which has been used since the 1950’s.

The Applicant explained that idle sections created by this proposal will be kept under normal cathodic protection and filled with crude oil which will be moved occasionally upon passage of the pipeline scrapers. Otherwise, the idle sections will be available for other service, and for emergencies.

7.3 Cost of Facilities

The Applicant provided the following estimate of the costs of the proposed pipeline facilities:

NEB Plant Account	Description	Estimated Costs ($000)
153	Pipelines	$21,700
156	Buildings	1,900
158	Pumping equipment	13,900
159	Station oil lines	15,800
160	Other station equipment	12,300
161	Oil tanks	7,000
		72,600
189	Interest during construction (AFUDC)	9,300
190	Engineering. general and administration	5,100
	Total estimated capital cost	$87,000

The Applicant stated that approximately $9.5 million had been included in this estimate as allowances for contingencies. Work contracts, however, are to be awarded on a fixed-price basis and the Applicant had not provided for any cost overruns.

7.4 Canadian Content

The Applicant stated that 100 percent of consulting, engineering, contracting and labour services would be Canadian. The Applicant estimated that the Canadian content of materials would be 70 percent.

Views of the Board

The Board is satisfied with the proposed facilities and agrees that they represent the least expensive step to increase the capacity on the IPL system. Furthermore, the Board concurs with the Applicant that the proposed facilities will be compatible with any future expansion program. Accordingly, the Board is satisfied with the need for the proposed facilities.

The Board found the schematic drawings describing the proposed facilities to be satisfactory, but would request the Applicant to provide the drawings detailing those facilities at the Edmonton and Regina stations prior to commencement of construction.

The Board is satisfied that the proposed modifications to the Interprovincial system can be installed without undue interference with the scheduled deliveries and that most of the tie-over construction can be performed during operational shutdowns of line 2.

To allow for Board monitoring of the construction program, Interprovincial would be requested to provide estimated construction schedules and advance notification of commencement of construction.

The Board notes that the scope, duration and complexity of this project will require effective project management. The Board would wish to monitor the progress of this project during the construction period. Therefore the Board would require the Applicant to file a construction cost report, semi-annually, from the start of construction until completion. These reports will show, by N.E.B. Account, the original estimate, commitments made to date, forecast costs to complete beyond commitments made to date, and up-dated project estimate and variances from the original estimate.

Further, the Board would require that the Company file a report on the actual Canadian content achieved on the project six months after completion of construction. This report will show total expenditures and the percentage of these expenditures that comprised Canadian content by N.E.B. Account.

Chapter 8
Environmental Aspects

The Applicant submitted a listing of environmental considerations for the proposed expansion program which outlined general and specific practices and procedures to be implemented to minimize the impact of construction on the environment.

IPL proposes to replace 14.45 kilometres of pipe and has made certain undertakings to reduce impacts on agricultural lands. Topsoil would be stripped prior to construction and replaced following pipeline installation. In locations with potential erosion concerns, control devices would be constructed to prevent soil erosion from slopes.

The Applicant stated that Company inspectors would be on site at all times to monitor construction activities and to ensure environmental protection.

IPL testified that it did not anticipate any increased noise emissions from the proposed modifications and additions to pump stations. To mitigate noise emissions, all new pumping units are to be contained within metal enclosures and acoustically muffled. It was stated that if problems were to arise concerning noise emissions at facility sites, the Applicant would take all necessary steps to review and resolve concerns.

Views of the Board

The Board considered the environmental evidence of the Applicant and is satisfied that, in general, the proposed facilities can be constructed and operated in an environmentally acceptable manner, given the implementation of effective mitigative measures.

The Board would require IPL to monitor the mitigative measures to be used to protect agricultural lands affected by the pipe replacement and to report the results of that monitoring to the Board.

Chapter 9
Decision

During the hearing Interprovincial demonstrated, to the Board's satisfaction, that there will be a need for increased crude oil throughput capacity on its pipeline system in the years 1987 and beyond. All interested parties agreed with the need for increased crude oil pumping capacity on the IPL system. All letters of comment supported the above position.

As set out in the previous chapters of these Reasons for Decision, the Board examined all the evidence presented and took into account all matters that appeared to it to be relevant. The Applicant's forecast of the supply of western Canadian crude oil and equivalent is reasonable and fully adequate to support the proposed increase in pipeline capacity. The project appears likely to provide substantial net economic benefits to Canada. The cost is easily within the financial capability of the applicant. The impact on tolls would be reasonable.

The Board is satisfied that the proposed facilities represent the least expensive method of providing the necessary increase in capacity on the IPL system. The evidence showed that the facilities can be constructed and operated in an environmentally acceptable manner. They will not be rendered obsolete by any foreseeable future expansion.

The Board considers that the proposal will not affect the Applicant's ability to ship high vapour pressure products because such products are transported on line 1. Interprovincial has been considering alternatives separately for future expansion of this high vapour pressure system.

For all these reasons, as summarized above and set out in more detail in the body of this report, the Board approved the application and issued Order No. XO-1-85 dated 31 May 1985. A copy of that order is included as Appendix B.

J. Farmer
Presiding Member

W.A. Scotland
Member

A.B. Gilmour
Member

Appendix I
Summary of Facilities

Summary Of Facilities
Crossover Kilometre Posts

Upstream end (kilometre)	Downstream end (kilometre)	
98.555	112.187	(Strome)
161.629	175.445	(Hardisty)
209.043	229.806	(Metiskow)
277.046	289.993	(Cactus Lake)
335.045	351.291	(Kerrobert)
396.973	413.750	(Herschel)
457.959	475.304	(Milden)
523.858	538.087	(Loreburn)
581.241	590.813	(Craik)
637.409	653.025	(Bethune)
691.657	704.202	(Regina)
749.192	761.971	(Odessa)
800.598	812.249	(Glenavon)
856.587	875.251	(Langbank)
929.152	959.404	(Cromer)

Replacement Section

Upstream end (kilometre)	Downstream end (kilometre)	
36.945	51.395	(Kingman)

Pumping Additions And Modifications

Location	Unit No.	New Pump & Motor	Replacement Pump	Modified Pump	Installed Kilowatt
Edmonton	2.1	x			746
	2.2		x		1492
	2.3		x		1492
Kingman	2.1	x			1865
(New Station)	2.2	x			1865
Strome	2.1			x	1865
	2.2	x			1865

Pumping Additions And Modifications

Location	Unit No.	New Pump & Motor	Replacement Pump	Modified Pump	Installed Kilowatt
Hardisty	2.1		x		1492
	2.2		x		1492
Metiskow	2.1	x			1865
	2.2	x			1865
Cactus Lake	2.1			x	
Kerrobert	2.1	x			746
	2.2		x		1492
	2.3		x		1492
Herschel	2.1			x	1865
Milden	2.1	x			1865
	2.2	x			1865
Loreburn	2.1		x		1492
	2.2		x		1492
Craik	2.1	x			1865
	2.2	x			1865
Bethune	2.1			x	1865
	2.2	x			1865
Regina	2.1		x		1865
	2.2			x	1865
White City	2.1		x		1865
Odessa	2.1			x	1865
Glenavon	2.1		x		1492
	2.2		x		1492
	2.3	x			746
Langbank	2.1			x	1865
Cromer	2.1		x		2051
	2.2		x		2051
	2.3		x		2051
	2.4	x			746
	2.5	x			1865

Pumping Additions And Modifications

Location	Unit No.	New Pump & Motor	Replacement Pump	Modified Pump	Installed Kilowatt
Souris	2.1			x	746
	2.2			x	1492
	2.3			x	1492
	2.4			x	1492
Glenboro	2.1			x	1492
	2.2			x	1492
	2.3		x		1492
	2.4		x		1492
Manitou	2.1			x	671
	2.2			x	1306
	2.3			x	1306
	2.4			x	1306
Gretna	2.1			x	1492
	2.2			x	1492
	2.3	x			1492

Cromer Tanks

Tank No.	Tank Capacity (m^3)	Dyke Capacity (m^3)
89	15900	17502
90	15900	23769
91	15900	23769
92	15900	24334
93	15900	24334

Preliminary Selection Of Metering Facilities

Location	Size	Quantity
Hardisty	254 mm Pos. Disp. (Positive Displacement)	3
	254 mm Turbine	4
Kerrobert	254 mm Pos. Disp.	3
	254 mm Turbine	4
	406 mm Pos. Disp.	4
Regina	254 mm Pos. Disp.	1
	406 mm Pos. Disp.	4

Appendix B
Board's letter dated 31 May 1985 and Order XO-1-85

File No.: G1755-J1-46

31 May 1985

Mr. E.G. Sheasby
Vice-President and General Counsel
Interprovincial Pipe Line Limited
P.O. Box 48, 1 First Canadian Place
Toronto, Ontario
M5X lA9

Dear Mr. Sheasby:

Re: Interprovincial Pipe Line Limited Application Dated 27 February 1985 Concerning Modifications and Additions to its Pipeline System Between Edmonton, Alberta and Gretna, Manitoba

The Board has considered your application together with the additional information provided in response to the information requests of the Board and the parties of record. Moreover, the Board has considered the evidence adduced by the Company and the argument of all parties at a public hearing of this matter on 13 and 14 May 1985, pursuant to Directions on Procedure OH-2-85.

In the Board's view, IPL has demonstrated that there is and will be a need for increased crude oil throughput capacity on its pipeline system. The Board is ,satisfied that the proposed facilities are and will be required by the present and future public convenience and necessity.

Accordingly, the Board has approved your application pursuant to Section 49 of the *National Energy Board Act*. The terms and conditions to which this approval is subject are outlined in Order No. XO-1-85 dated 30 May 1985 enclosed herewith.

The Board intends to release its Reasons for Decision in the matter of this application in the near future.

Yours truly,

G. Yorke Slader,
Secretary.

ORDER NO. XO-1-85

IN THE MATTER OF the *National Energy Board Act* and the Regulations made thereunder; and

IN THE MATTER OF an application by Interprovincial Pipe Line Limited (hereinafter called "the Applicant"), dated 27 February 1985, for an Order

1. pursuant to Section 49 of the Act to exempt certain pipeline facilities from the provisions of certain sections of the Act,

2. pursuant to subsection 38(l) of the Oil Pipeline Regulations, to exempt the Applicant from the requirements of Part 11 of the National Energy Board Oil Pipeline Regulations, and

3. to exempt the Applicant from the necessity of filing the complete information specified in Part VI of the Schedule to the National Energy Board Rules of Practice and Procedure

filed with the Board under File No. 1755-Jl-46.

BEFORE the Board on 31 May 1985.

WHEREAS the Board has considered the said application and satisfied itself that the said pipeline facilities are and will be required by the present and future public convenience and necessity;

1. IT IS ORDERED THAT the pipeline facilities set out in the said application, dated 27 February 1985, are exempt from the provisions of paragraph 26(l)(a), subsection 26(2), and sections 27, 28 and 29 of the Act,

2. IT IS FURTHER ORDERED THAT the Applicant is granted relief from the requirements of Part 11 of the National Energy Board Oil Pipeline Regulations, and

3. IT IS FURTHER ORDERED THAT the Applicant is exempted from the necessity of filing the complete information specified in Part VI of the Schedule to the National Energy Board Rules of Practice and Procedure,

upon the following conditions:

1 . Prior to the commencement of construction of the injection and delivery facilities to be located at the Applicant’s Edmonton and Regina stations respectively, the Applicant shall provide the Board with schematic drawings identifying these facilities.

2. Prior to the commencement of construction of the pipe replacement section, crossover piping, pump station modifications and additions, and the tankage facilities, the Applicant shall provide the Board with an estimated construction schedule or schedules for these facilities.

3. The Applicant shall notify the Board of any changes to the schedules referred to in condition 2 hereof prior to the commencement of construction of the affected facilities.

4. Within six months of completion of construction of the project, the Applicant shall provide the Board with a report on the Canadian content achieved in this project. The report shall

(a) provide separate details on the Canadian content achieved for expenditures on "N.E.B. Plant Account" items 153, 156, 158, 159, 160 and 161, listed on page 19, Schedule A, Part I of the said application and

(b) include total monies spent in each category and the percent of these totals that represent Canadian content.

Canadian content shall be defined as set out in the Canadian General Standards Board "Definition of Canadian Content".

5. On a semi-annual basis during the construction period, the Applicant shall provide the Board with a report of cost monitoring measures together with a breakdown of costs incurred during that period and an update of the costs to complete the project.

6. In respect of the 14.45 km of replacement pipe referred to in the said application, by December 31 following the first complete agricultural growing season after leave-to-open has been granted, unless otherwise approved by the Board, the Applicant shall submit an environmental monitoring report which includes

(a) an evaluation of those residual impacts which remain following pipeline construction clean-up activities, and

(b) the remedial measures to be undertaken with respect to those sites.

NATIONAL ENERGY BOARD

G. Yorke Slader
Secretary