July 23, 2007

BY ELECTRONIC FILING

Mr. Robert J. Pellatt,
Commission Secretary
British Columbia Utilities Commission
Sixth Floor, 900 Howe Street
Box 250
Vancouver, BC V6Z 2N3

Dear Sir:

Re: Trans Mountain (Jet Fuel) Inc.
   – Application for Approval of Tolls and Accelerated Depreciation,
   Project No. 3698466

This letter will set out Chevron Canada Limited’s (“Chevron”) submissions in response to the Commission’s letter of June 22, 2007 relating to the steps required if Trans Mountain (Jet Fuel) Inc. (“TMJF”) wishes to abandon its pipeline.

TMJF’s pipeline is a company pipeline within the meaning of the Pipeline Act and as well is a common carrier within the meaning of the Utilities Commission Act. The result is that the pipeline is subject to regulation by the Oil and Gas Commission with respect to operation and safety and regulation by the Utilities Commission with respect to tolls and tariffs. Chevron respectfully submits that both the Oil and Gas Commission and the Utilities Commission must acquiesce before a common carrier company pipeline carrying oil can cease to operate.

The jurisdiction of the Oil and Gas Commission in this respect is express in s. 9 of the Pipeline Act. The jurisdiction of the Utilities Commission is derived from two sources. The first is s. 65(3) of the Utilities Commission Act which provides that the Commission may “establish the conditions under which the common carrier must accept and carry crude oil, natural gas, natural gas liquids or prescribed energy resources referred to in subsection 2(a)” . Because the TMJF pipeline has been established as a common carrier it must continue to accept and carry jet fuel presented to it for shipment until the Commission relieves it from that obligation (see the Commission’s Reasons for Decision in Husky Oil Operations Limited re Application for an Order to Transport Oil on the Taylor to Kamloops Pipeline and Commission Order No. P-7-00 of September 14, 2000, at p. 4). Thus, a common carrier is in precisely the same position and
subject to the same obligations as a public utility that must continue operation of its public utility plant or system until relieved of that obligation pursuant to s. 41 of the Utilities Commission Act. See also s. 65(3), under which the Commission has the authority to establish the conditions under which TMJF must continue to accept jet fuel.

The Commission’s jurisdiction in this respect is further confirmed by ss. 42 and 43 in Part 7 of the Pipeline Act. Section 42 requires a common carrier to receive, transport and deliver all product offered for transportation by means of its company pipeline and s.43 provides the Commission with jurisdiction to determine what are adequate and suitable facilities for that purpose. While the Commission has held that a determination that a pipeline is unfit to provide safe service takes precedence over a Utilities Commission Order requiring service, the Commission has also determined that the requirements under both Acts can co-exist (see the Commission’s Reasons for Decision in Plateau Pipeline Ltd. re Application for a Reconsideration of the June 26, 2001 Taylor to Kamloops Pipelines Permanent Tolls Decision and Commission Order No. P-3-01 Decision of October 19, 2001, p. 15-16). The result is that in order to abandon its pipeline, TMJF would require a determination from the Oil and Gas Commission that it was safe to do so and a determination from the Utilities Commission that it was relieved of the obligation to provide service.

In summary, there is no doubt that before TMJF can cease to operate its pipeline to the airport, it will have to obtain the approval of this Commission. At this time, there is no application seeking such permission before this Commission.

Yours very truly,

Lawson Lundell LLP

Chris W. Sanderson, Q.C.

CWS/crd

cc: Bob Innis