



17 November 2009

***Filing Manual* Revision – Guide P – Tolls and Tariffs (Part IV of NEB Act) and Guide BB – Financial Surveillance Reports (Toll Information Regulations)**

As part of its efforts to continuously review and improve its Guidance, the National Energy Board (Board or NEB) issued a letter, dated 17 November 2009, to update guidance and better clarify the Board's financial regulation of all pipeline companies under the jurisdiction of the NEB Act. The applicable sections of the Board's *Filing Manual*, Guide P – Tolls and Tariffs (Part IV of NEB Act) and Guide BB – Financial Surveillance Reports (Toll Information Regulations), have been revised to reflect this guidance.

Guide P

Information has been added to the “Additional Information” text box of Guide P regarding the distinction between Group 1 and Group 2 companies and the addition of two new filing requirements, P.6 and P.7. Requirement P.6 outlines the distinction between Group 1 and Group 2 companies, and sets out the requirements for Group 2 companies regarding the regulation of traffic, tolls and tariffs, accounting and financial reporting. Requirement P.7 outlines the obligations of companies around abandonment costs as set out in the Board's RH-2-2008 decision.

Guide BB

Guide BB.1 has been added to Guide BB to inform Group 2 companies that, while they are exempted from the Toll Information Regulations, they are still subject to audits of records by the Board.

For more information about the *Filing Manual* revisions or the 17 November 2009 letter, please contact Elizabeth Johnston ([Elizabeth.johnston@neb-one.gc.ca](mailto:Elizabeth.johnston@neb-one.gc.ca)) or by phone at 403-299-3130 or at the Board's toll-free number 1-800-899-1265.

# Instructions to insert updated pages to NEB Filing Manual

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**Insert new pages**

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## Glossary of Terms

<b>Abandon</b>	The permanent cessation of the operation of a pipeline which results in the discontinuance of service.
<b>Aboriginal</b>	Includes the Indian, Inuit and Métis peoples of Canada.
<b>Action Plans</b>	The competent minister is required to prepare one or more action plans based on the recovery strategy for a listed species. The action plan or plans and any amendments will be included in the public registry established under the <i>Species at Risk Act</i> .
<b>Adverse Effect</b>	The impairment of or damage to the environment or health of humans, or damage to property or loss of reasonable enjoyment of life or property.
<b>Allowance for Funds Used During Construction (AFUDC)</b>	An amount allowed to be included in the construction costs of a project or the cost of funds used during the period of construction when a utility undertakes to construct its own facilities.
<b>Baseline Information</b>	The current state of the environment or environmental setting for a particular element. This information will assist in determining potential environmental effects of the project by providing an environmental reference point for the element, with which to compare future environmental conditions, and potential project effects.
<b>Base Year</b>	A period, usually a calendar year, of the most recent twelve consecutive months of actual data.
<b>Biophysical Environment</b>	The components of the earth including: <ul style="list-style-type: none"><li>• land, water and air, including all layers of the atmosphere;</li><li>• all organic and inorganic matter and living organisms; and</li><li>• the interacting natural systems that include components referred to in the previous bullets.</li></ul>
<b>Booked Amount</b>	The final amount recorded in the appropriate account under the <i>Gas Pipeline Uniform Accounting Regulations</i> or the <i>Oil Pipeline Uniform Accounting Regulations</i> .
<b>Contaminant</b>	A substance that is present or released in the environment at an amount, concentration, level or rate that results in or may result in an adverse effect.
<b>Critical Habitat</b>	The habitat that is necessary for the survival or recovery of a listed wildlife species and that is identified as the species’

## Guide P – TOLLS AND TARIFFS (PART IV OF NEB ACT)

### Additional information...

Pursuant to section 60(1) of the *National Energy Board Act* (the Act), all companies may only charge tolls specified in a tariff that has been filed with the Board and is in effect or that have been approved by an order of the Board.

Pipeline companies regulated by the Board are divided into two groups for financial regulation purposes. Group 1 companies are generally identified as those with extensive systems under the Board's jurisdiction, whereas those with lesser operations are designated as Group 2 companies. Companies may be designated as Group 1 either in the Board's *Gas Pipeline Uniform Accounting Regulations* or *Oil Pipeline Uniform Accounting Regulations* (collectively, the G/OPUAR), or by direction of the Board. Group 1 companies are listed in section P.6 of this Guide.

A Group 1 pipeline company not regulated on a complaint basis (see footnote 5 in Guide R) that has not reached a negotiated settlement with its interested parties is regulated on a cost-of-service basis and is required to provide the information outlined in the filing requirements within sections P.1 to P.5 of this guide.

If a company has reached a negotiated settlement with its interested parties, the filing requirements are outlined in the Revised Guidelines for Negotiated Settlements of Traffic, Tolls and Tariffs dated 12 June 2002.

For Group 2 companies, the requirements are outlined in section P.6 of this guide, **Regulation of the Traffic, Tolls and Tariffs of Group 2 Companies**.

The Board wishes to remind all companies of its RH-2-2008 decision. A summary of the filing requirements in respect of abandonment costs as set out in the RH-2-2008 decision included in section P.7, **Abandonment Costs**. Further information on these requirements can be found in the RH-2-2008 Reasons for Decision.

This guide addresses:

- cost of service;
- rate base;
- financial statements;
- cost of capital; and
- tolls and tariffs.

### **Level of Detail**

The information required for these applications will generally vary with the complexity of the issues and the degree of change from previously approved applications. Some factors to consider in determining the amount of information to provide include:

- the proposed toll design methodology;
- the number of shippers on the system;
- the level of market power held by the applicant, including its affiliates; and
- the size of the toll increase or decrease.

### **Definitions**

In general, the accounting terminology used in this portion of the manual is defined in either the *Gas Pipeline Uniform Accounting Regulations* (GPUAR) or the *Oil Pipeline Uniform Accounting Regulations* (OPUAR), as appropriate.

## Goals

The tolls and tariffs application includes a discussion of the following points:

- the revenue requirement that the applicant is seeking to recover in its tolls and how the revenue requirement is determined;
- the applied-for toll design and tolls, including evidence that the tolls are just and reasonable and not unjustly discriminatory; and
- any revisions to the applicant's tariff.

### P.1 Cost of Service

#### Filing Requirements

1. Describe the steps that were taken with interested parties to discuss issues and to attempt to reach a negotiated settlement.
2. Provide a summary schedule of the total cost of service (i.e., total revenue requirement), showing booked amounts for the base year, and projected amounts for the current year and test year, as well as year-to-year changes for the following cost components:
  - operating, maintenance and administrative expenses;
  - transmission by others;
  - depreciation and amortization of plant;
  - income taxes;
  - taxes other than income taxes;
  - miscellaneous revenues;
  - return on rate base;
  - deferred items; and
  - other items.
3. Provide an analysis of each cost component of the cost of service listed above, showing, by major cost category:
  - the total booked amounts for the base year;
  - the current year projection; and
  - the test year projection.

Provide explanations for significant year-to-year increases or decreases.

Where costs result from an allocation between regulated and non-regulated business entities, the analysis must include:

- the gross costs;
  - the costs allocated to each of the regulated entities;
  - the total costs allocated to the non-regulated entities;
  - a description of the cost allocation methodology; and
  - an explanation of the appropriateness of the allocation methodology.
4. For any deferral account, provide schedules showing the derivation and monthly accumulation of balances and the calculation of any carrying charges, indicating which amounts are actual and which are estimated.
  5. Provide a schedule reconciling the additions to the plant accounts with additions to income tax Capital Cost Allowances for the base, current and test years.
  6. Provide a schedule detailing the changes in the deferred tax balance for the base, current and test years.

## **Guidance**

### ***Major Cost Category Information***

Provide information for major cost categories at a sufficient level of detail to allow intervenors to assess the reasonableness of the costs. The Board expects the application to include at least the following:

- For municipal taxes, provide a schedule comparing base, current and test year amounts by province, breaking down variances into amounts due to changes in:
  - mill rates;
  - reassessments; and
  - facility additions.
- For income tax, provide schedules for the income tax provisions of each of the base, current and test years, with cross-references to supporting schedules as applicable, showing:
  - the derivation of the utility income after tax;
  - the carrying charges on deferrals;
  - the effective income tax rate;
  - the Capital Cost Allowances;
  - the disallowable expenses;
  - the interest portion of the allowance for funds used during construction (AFUDC);
  - the utility capital and non-capital losses carried forward;
  - the Large Corporation Tax; and
  - other significant items.

- For salaries and wages, provide cost schedules for the base, current and test years, with explanations of changes from year to year, detailing the following:
  - general salary increases;
  - merit increases;
  - promotions and progressions;
  - management incentive compensation;
  - severance payments;
  - staffing levels (full time equivalents, if appropriate);
  - any allocation methodology; and
  - other relevant factors.

Support the cost schedules with schedules showing the number of permanent and temporary employees (or full time equivalents) for each period.

For oil pipelines, provide:

- schedules of fuel and power costs, for the base, current and test years, that illustrate the derivation of the energy requirements and corresponding costs; and
- a schedule showing the derivation of a five-year historical oil loss or gain as a percentage of receipts of oil or other products transported through the pipeline system.

### ***Foreign Currency***

Where a transaction occurred in a foreign currency, include a description of the method used to derive the exchange rate that was applied.

### ***Transactions Involving an Affiliate***

Where contracted services are either from or to an affiliate, provide the details of the transactions, including evidence that the cost of the contracted services is reasonable.

## **P.2 Rate Base**

### **Filing Requirement**

1. Provide detailed schedules for rate base with supporting assumptions and calculations, where applicable, for the following:
  - monthly additions, retirements and month-ending balances for the base year, current year and test year by plant account;
  - cash working capital; and
  - average amounts and month-end balances for the base year, current year and test year for all other items included in rate base.

## **Guidance**

Include complete documentation of the investment in the pipeline on which a return is expected, and verification that rate base additions and retirements were authorized by the NEB. Such evidence usually includes:

- the method used to determine the average amounts of the rate base (i.e., either the 13-point or 24-point method);
- a schedule showing additions to the plant accounts between the end of the base year and the end of the test year, broken down by project and referring to the applicable NEB order number approving the project (including the section 58 Streamlining Order);

Break down forecasted amounts by plant account and only include costs for approved projects in the rate base. Information should include:

- explanations for amounts booked in the plant accounts that will not be used in pipeline operations during the test year, including the rationale for keeping these items in rate base or deleting them from rate base;
- a variance analysis showing, for each project, the amount proposed to be added to rate base compared to the original cost estimate provided to the NEB in any application filed pursuant to Part III of the NEB Act;
- an explanation of variances exceeding either \$100,000 or 10 percent, whichever is greater;
- retirements from the plant accounts broken down by NEB order number, if applicable;
- for AFUDC and overhead, the rate and method of calculation used for projects transferred to Plant in Service between the end of the base year and the end of the test year;
- for cash working capital, a time lag analysis for the base year if a change is proposed from the most recent NEB approved average number of days between operating expense payment dates and revenue receipt dates; and
- a list of depreciation rates by major account groups applied in the test year, together with a justification for any proposed changes from the most recent NEB approved rates.

## **P.3 Financial Statements**

### **Filing Requirements**

1. Provide the current annual report to shareholders for the regulated entity. If the regulated entity is part of a larger corporate structure, also provide the current corporate annual report to shareholders.
2. Provide the financial statements for the base year for the regulated entity, segmented from published financial statements if the regulated entity is part of a larger corporate structure, and provide, where necessary:
  - an explanation of the major assumptions used to prepare the financial statements of the regulated entity; and
  - a statement regarding the consistency of application of accounting principles to the regulated entity.

## Guidance

The annual report and financial statements should:

- identify similarities and differences between the financial policies applied to the regulated entity and those applied to the corporation;
- identify possible instances of cross-subsidization;
- provide an understanding of the policies of the corporation; and
- assist in testing the reasonableness of the operating results for the regulated activities.

## P.4 Cost of Capital

### Additional information...

This section contains the same language as was in the GFR. It has not been amended nor have comments been solicited. It is included for assistance for anyone filing a tolls application containing a cost of capital component. After the litigation on this matter currently before the Federal Court of Appeal is finalized, the Board will consider what amendments need to be made to this section.

## Filing Requirements

1. The application shall establish the applicant's sources of capital invested in rate base, construction work in progress and gas plant under construction, and the justification for the cost rates which the applicant is seeking to include in its cost of service.
2. The application shall include a summary schedule for the current and test years, based on 13-point or 24-point averages, showing the applicant's projected outstanding common equity and rates of return thereon, projected outstanding balances and related projected weighted average cost for each other class of capital, and derivation of the overall rates of return.
3. The application shall include an analysis of the weighted average cost of debt capital for the test year showing the projected cost of each debt issue, including borrowings from financial institutions and a supporting schedule containing the following information for each debt issue:
  - title;
  - date of issuance and date of maturity;
  - nominal interest rate;
  - principal amount of issue;
  - net proceeds and a general description of their use;
  - dates and amounts of sinking fund and interest payments;
  - method of amortization of debt discount, premium and expense;
  - projected gains or losses in the test year on repurchase or redemption;
  - projected gains or losses in the test year due to fluctuations in exchange rates;

- a concise description of any provisions restricting or otherwise relating to future financing, capital structures, interest coverages or dividends;
  - a concise description of any convertibility feature;
  - a copy of any prospectus not previously filed; and
  - any other information necessary to provide a comprehensive description of the issue.
4. The application shall include, for any unfunded debt
    - a description of the applicant's plans to finance it, including details of the timing, size and type of each issue; and
    - evidence supporting the projected cost rate in the applicant's financing plan, the projected short-term debt rate and the spread implied in the applicant's projected unfunded debt rate.
  5. The application shall include independent forecasts for the test year of yields on 10 and 30 year long-term Government of Canada bonds and Treasury Bills with a detailed discussion of the degree of reliance the applicant has placed on them in making its forecasts.
  6. The application shall include the applicant's most recent bond rating reports issued by the Canadian Bond Rating Service, the Dominion Bond Rating Service, Standard and Poor's and Moody's for purposes of assessing the applicant's debt.
  7. The application shall include an analysis of the weighted average cost of preferred share capital for the test year showing the projected cost of each issue and a supporting schedule containing the following information for each issue:
    - title;
    - date of issuance;
    - dividend rate;
    - number of shares issued;
    - par or stated value of issue;
    - net proceeds;
    - a general description of the use of the net proceeds;
    - method of amortization of preferred share expense;
    - projected gains or losses in the test year on repurchase or redemption;
    - full description of any convertibility feature;
    - a copy of any prospectus not previously filed; and
    - any other information necessary to provide a comprehensive description of the issue.
  8. The application shall include a detailed calculation of the 13-point or 24-point average amount of common equity projected for the test year.

9. The application shall include a schedule in tabular form providing the following information for each issue of common shares in the last five fiscal years:
  - date of issuance;
  - number of shares issued;
  - gross proceeds;
  - net proceeds;
  - amount and method of amortization of common share expense;
  - a general description of the use of the net proceeds; and
  - a copy of the prospectus for the issue, if not previously filed with the Board.
10. The application shall include a schedule in tabular form providing the following information with respect to common equity of the applicant for each of the last five fiscal years:
  - average number of shares outstanding;
  - average book value per share;
  - earnings per share;
  - dividend per share;
  - dividends as a per cent of earnings;
  - average market price;
  - market-to-book ratio;
  - price-earnings ratio;
  - price-dividend ratio;
  - rate of return on average common equity;
  - times interest earned indicating the method of calculation; and
  - average percent of debt, preferred equity and common equity.
11. Where an application is to establish or change capital structure, the application shall include a detailed discussion of business risks including market, supply, operating and physical, and regulatory and political risks.
12. If a significant part of the applicant's capital is obtained from an affiliated company as defined in the Regulations, the application shall include information with respect to the debt, preferred share and common share capital of that affiliated company, and
  - a copy of the latest prospectus issued by the affiliated company;
  - a chart showing the relationship between the applicant and the affiliated company in terms of share ownership and financial obligations; and
  - information in respect of the affiliated company as listed in #10.

13. The application shall contain, where applicable, a thorough discussion of the extent to which the consolidated capital structure is relevant to the determination of a deemed capital structure for the Board-regulated operations of the pipeline, including the following information in support of the discussion:
- a listing and description of non-jurisdictional business operations as well as a discussion of the relative business risks of the Board-regulated pipeline operations as opposed to the non-jurisdictional business operations;
  - a discussion of the appropriate accounting treatment for non-jurisdictional operations (for example consolidated as opposed to equity accounting) for financial reporting purposes, including documentation from the accounting literature which supports the choice of accounting for non-jurisdictional investments;
  - the allocation of equity and debt amongst jurisdictional and non-jurisdictional operations;
  - the manner in which new debt issues are allocated between Board-regulated and non-jurisdictional operations; and
  - the weighted average cost of capital for the Board-regulated operations as opposed to the weighted average cost of capital for the company on a consolidated basis.

## **P.5 Tolls and Tariffs**

### **Filing Requirements**

1. Provide a concise description of the regulated pipeline system and operations, including a system map showing any toll zones or delivery areas.
2. Describe the applied-for toll design and explain any changes in the toll design from that previously approved by the NEB, including:
  - a description of the classes or types of services offered;
  - the method used to allocate costs to major pipeline functions and to classify costs between fixed and variable costs;
  - details of the cost allocation units used to derive the proposed test year tolls;
  - the method used to allocate costs to toll zones or areas, customers and classes or types of service, and the details and bases for such allocations; and
  - for oil pipelines, supporting information and calculations to illustrate the determination of toll differentials for each product type or charges for special services.
3. Provide a comparative schedule of test year revenues for each class or type of service under the existing and the proposed tolls.
4. Describe requested tariff revisions together with the rationale for the revisions with schedules comparing the proposed changes to existing tariff sheets.

## Guidance

Include sufficient information to allow the NEB to assess whether the proposed tolls are just and reasonable and not unjustly discriminatory. The application should also include evidence that the proposed tolls are designed to recover the requested revenue requirement.

For a pipeline company with a complex toll design, include sufficient information to fully explain the toll design for the test year, with a focus on changes from that previously approved by the NEB. Provide detailed information and schedules to explain:

- the allocation units used in the toll design, including contract and throughput volumes for each customer and class of service where appropriate; and
- the methods used to allocate costs to various customers, toll zones and delivery areas.

### Next Steps....

File the completed application. Applicants are encouraged to include the completed relevant checklists from Appendix I.

## P.6 Regulation of the Traffic, Tolls and Tariffs of Group 2 Companies

Any pipeline company regulated by the Board which is not a Group 1 company is considered to be a Group 2 company. The following companies are designated as Group 1 companies:

### Natural Gas

Alliance Pipeline Ltd.  
 Foothills Pipe Lines Ltd.  
 Gazoduc Trans Québec & Maritimes Inc.  
 Maritimes & Northeast Pipeline Management Ltd.  
 NOVA Gas Transmission Ltd.  
 TransCanada PipeLines Limited  
 Westcoast Energy Inc.

### Oil and Products

Enbridge Pipelines Inc.  
 Enbridge Pipelines (NW) Inc.  
 Kinder Morgan Cochin ULC  
 Trans Mountain Pipeline ULC  
 Trans-Northern Pipelines Inc.

All other pipeline companies regulated by the Board are Group 2 companies for traffic, tolls, tariff and financial regulation.

### *Tolls and Tariffs*

The financial regulation of Group 2 companies is normally carried out on a complaint basis, with a consequent reduction in financial reporting requirements.

Group 2 companies are not normally required to provide the detailed information to support a tariff filing required of Group 1 companies. The Board regulates the traffic, tolls and tariffs of

Group 2 companies on a complaint basis. Group 2 companies are required to include in their tariffs the following explanatory note:

The tolls of the Company are regulated by the National Energy Board on a complaint basis. The Company is required to make copies of tariffs and supporting financial information readily available to interested persons. Persons who cannot resolve traffic, toll and tariff issues with the Company may file a complaint with the Board. In the absence of a complaint, the Board does not normally undertake a detailed examination of the Company's tolls.

It is the responsibility of a Group 2 company to provide its shippers and interested parties with sufficient information to enable them to determine whether a complaint is warranted. Upon receipt of a written complaint, an application under Part IV of the Act or on its own initiative, the Board may decide to examine a toll and to make the toll interim, pending completion of this examination. In this circumstance, the Board may request additional information including some or all of the information required of Group 1 companies as specified in sections P.1 through P.5 in Guide P of the Board's *Filing Manual*.

### ***Accounting Requirements and Financial Reporting***

The Board has exempted all Group 2 companies from the requirement to keep their books of account pursuant to the code of accounts prescribed in the G/OPUAR. The Board only requires that Group 2 companies maintain separate books of account in Canada in a manner consistent with generally accepted accounting principles and file audited financial statements within 120 days after the end of each fiscal year. Such statements should provide details of revenue and costs associated with the regulated pipeline. Where a Group 2 company operates a joint venture pipeline, it is required to disclose in its audited financial statements its beneficial share of revenue and costs associated with the regulated pipeline and to file a gross operating statement for the joint venture pipeline indicating whether, and if so by whom, this statement has been audited.

In some instances, the Board has granted relief from the requirement to file financial statements. These instances have primarily concerned small shipper-owned pipelines with no direct dealings with third parties. A Group 2 company may apply for similar relief explaining the particular circumstances which would justify an exemption from this requirement.

The Board has exempted Group 2 companies from the *Toll Information Regulations*. The Board does not require Group 2 companies to provide periodic financial information, such as quarterly surveillance reports, for the purpose of monitoring the financial performance of these companies. As circumstances dictate, the Board may perform an audit of the company's records.

## P.7 Abandonment Costs

In accordance with the RH-2-2008 RFD decision, all NEB-regulated companies are required to prepare and file with the Board the following information by the dates set out in the table below.

<b>Information To Be Filed</b>	<b>Filing Date</b>	
	<b>Group 1</b>	<b>Group 2</b>
an estimate of abandonment costs and the amount of funds required to be set aside for abandonment	31 May 2011	30 Nov 2011
a proposal for the collection of abandonment funds	30 Nov 2012	30 Nov 2012
a proposed process and mechanism to set aside abandonment funds	30 Nov 2012	31 May 2013

Companies are encouraged to consult the RH-2-2008 decision to gain a more comprehensive understanding of their obligations.

## **Guide BB – FINANCIAL SURVEILLANCE REPORTS (TOLL INFORMATION REGULATIONS)**

The *Toll Information Regulations* require Group 1 pipeline companies to file quarterly surveillance reports.

### **Goal**

The report contains information to enable the Board to compare actual performance to amounts used to determine approved tolls and to monitor the results for each company over time.

### **Filing Requirements**

1. Unless the Board otherwise directs or section 9 applies, a Group 1 pipeline company shall file the information set out in requirements 2 to 8.
2. All companies shall file their quarterly surveillance reports in the format set out in Schedules 1 to 6 of this Guide.
3. A company on final tolls shall file its surveillance report:
  - for the first three quarters of each year, no later than 45 days after the quarter; and
  - for the year-end report, no later than 60 days after the quarter.
4. An interim surveillance report shall be filed when the tolls of a pipeline company are interim and replaced with a report based on final tolls as soon as they are known.
5. Provide an explanation for all variances on Schedules 1, 2 and 4 above the following minimum dollar limits:
  - for TransCanada PipeLines Limited, \$1,000,000;
  - for Alliance Pipeline Ltd., Enbridge Pipelines Inc. and Westcoast Energy Inc., \$500,000;
  - for Foothills Pipe Lines Ltd. and Terasen Pipelines (Trans Mountain) Inc., \$200,000; and
  - for Cochin Pipe Lines Ltd, Enbridge Pipelines (NW) Inc., Maritimes and Northeast Pipeline Management Ltd., TransCanada PipeLines Limited (B.C. System), Trans-Northern Pipelines Inc. and Trans Québec & Maritimes Pipeline Inc., \$100,000.
6. Provide an explanation for all variances on Schedules 3 and 5 greater than 10 percent.
7. Provide information in the year-end report on the following performance measures:
  - total revenue requirement per throughput-km;
  - operating expenses (excluding income taxes) per throughput-km;
  - operating expenses (excluding income taxes) per gross plant;
  - administrative and general expenses per employee;
  - administrative and general expenses per throughput-km;
  - net plant per throughput-km;

- throughput-km per employee;
  - fuel and power costs per throughput-km;
  - average salary per employee; and
  - employee benefits per employee.
8. File in the year-end report, five years of time-series data, in nominal dollars, on the performance measures identified in requirement 7 and on the actual and approved rates of return on common equity and the actual and approved rates of return on rate base.
9. Notwithstanding filing requirements included in its negotiated settlement, a Group 1 pipeline company regulated under an incentive type settlement may negotiate filing requirements other than those specified in requirements 2 to 8 with its shippers and stakeholders, so long as:
- the reports include the following base level information:
    - income statement, including revenues and expenses broken down by major categories;
    - number of employees;
    - details of deferral account balances;
    - rate of return on common equity and on total capital;
    - rate base information, if applicable, broken down by major categories; if not applicable, gross and net plant in service, broken down by major categories;
    - throughput information by service type, broken down by month
    - details on incentive sharing mechanisms;
    - details of all inter-corporate transactions; and
    - performance measures, showing five years of time-series data;
  - the reports are at least annual for all information, except throughput information, which shall be submitted quarterly; and
  - the reports are not suspended during periods of interim tolls.

Schedules 1 to 6 follow the Guidance for this Guide.

### **Guidance**

With respect to the performance measures in requirement 7 respecting operating expenses per throughput-km and per gross plant, companies may provide a breakdown of operating expenses into those expenses over which the company considers it has little influence during the reporting period and those expenses over which management has discretion during the reporting period.

For any of the performance measures in requirement 7, the company may provide explanations for its data if it considers it necessary.

In addition to the performance measures filed pursuant to requirement 7, the company may file additional performance measures that it considers may be useful to the Board.

The Board may publish the data filed pursuant to this section from time to time.

The company shall file the quarterly surveillance reports with the Board on diskette, together with the usual number of paper copies.

### **BB.1 Financial Surveillance Reporting for Group 2 Companies**

The Board has exempted Group 2 companies from the *Toll Information Regulations*. The Board does not require Group 2 companies to provide periodic financial information, such as quarterly surveillance reports, for the purpose of monitoring the financial performance of these companies. As circumstances dictate, the Board may perform an audit of a company's records.

(See section P.6 – Regulation of the Traffic, Tolls and Tariffs of Group 2 Companies in Guide P for a discussion of financial reporting.)

**SCHEDULE 1  
Guide BB**

**INCOME SUMMARY  
(For \_\_\_\_ Months Ended \_\_\_\_\_ 1994)**

<b>Particulars</b>	<b>NEB Accounts</b>	<b>Year-to-Date Actual</b>	<b>Updated Annual Forecast</b>	<b>NEB Decision or Initial Forecast</b>	<b>Variance Col. (d) - (e)</b>
(a)	(b)	(c)	(d)	(e)	(f)
<b>Revenues</b>					
Transportation Revenue (by class of service)					
Other Revenue					
<hr/>					
Total Revenue					
<hr/>					
<b>Operating Expenses</b>					
Salaries & Wages					
Fuel & Power					
Other Operating & Maintenance					
Depreciation & Amortization					
Income Taxes					
Taxes Other than Income					
NEB Cost Recovery					
Others (please specify)					
<hr/>					
Total Operating Expenses					
<hr/>					
<b>Operating Income</b>					
Less:					
Financial Charges					
Preferred Share Dividends					
Others (please specify)					
<hr/>					
<b>Equity Return</b>					
<hr/>					
<b>Rate of Return on Rate Base</b>					
<b>Rate of Return on Common Equity</b>					