



December 2, 2019

VIA ELECTRONIC MAIL (commission.secretary@bcuc.com)

British Columbia Utilities Commission
Suite 410, 900 Howe Street
Vancouver, BC Canada V6Z 2N3

Attention: Patrick Wruck, Commission Secretary

Dear Mr. Wruck,

RE: Kinder Morgan Canada (Jet Fuel) Inc. ("KMJF") 2020 Tariff Filing

KMJF hereby applies to the British Columbia Utilities Commission ("BCUC") pursuant to section 65 of the *Utilities Commission Act*, RSBC 1996 c. 473 for an Order permitting the interim tariff approved by Order P-1-18 and P-6-19 ("**Interim Tariff**"), attached hereto as Appendix 1, to remain in effect until the earlier of December 31, 2020, the parties reach a mutual agreement or by further order of the BCUC.

KMJF contacted counsel for Vancouver Airport Fuel Facilities Corporation ("**VAFFC**") and Parkland Refining (BC) Ltd ("**Parkland**") on November 22, 2019 asking that VAFFC and Parkland advise by November 27, 2019 if they consent to an extension of the Interim Tariff. KMJF has not received VAFFC or Parkland's consent to an extension of the Interim Tariff.

Background

The Interim Tariff governs the terms of service and tolls payable for the transportation of turbine fuel to the Vancouver International Airport and the Burnaby Terminal. On November 29, 2018, KMJF requested interim approval of the Annual Revenues and Gathering Line Fee calculated based on the continuation of the existing toll methodology approved by the Commission in Order P-5-09, issued December 16, 2009.¹ The toll methodology fixes Annual Revenues based on an annual escalation of 2.5 percent per year.

By Order P-1-18 dated December 14, 2018, the BCUC approved, on an interim and refundable basis, KMJF's Interim Tariff effective January 1, 2019 to the earlier of December 31, 2019, or the parties reaching a mutual agreement.² The BCUC stated that it approving the Interim Tariff had merit as "the fees are consistent with existing toll methodology for the Annual Revenues and Gathering Line Fee."³ The BCUC also established a public written submission process and regulatory timetable to explore stakeholders' submissions and/or other potential issues in the proceeding.⁴

By letters dated April 5, 2019, VAFFC⁵ and Parkland⁶ informed the BCUC that the discussions between KMJF, VAFFC and Parkland did not produce a negotiated settlement. VAFFC also submitted a request to

¹ Ex. B-1.

² Ex. A-2, Order P-1-18, PDF p 3, para 1.

³ Ex. A-2, Order P-1-18, PDF p 2, para G.

⁴ Ex. A-2, Order P-1-18, PDF p 4.

⁵ Ex. 3-1.

⁶ Ex. E-2-2.

the BCUC to reverse the Interim Tariff approved by Order P-1-18 and establish a regulatory proceeding regarding the Application. On April 29, 2019, KMJF requested that the Interim Tariff remain in effect pending the outcome of the proceeding. On June 28, 2019, the BCUC issued Order P-6-19 with Reasons for Decision, denying VAFFC's request that the BCUC reverse its approval of KMJF's Interim Tariff.

Status of Process and Request for Continuation of Interim Tariff

Pending before the BCUC is KMJF's amended application filed on August 23, 2019, where KMJF filed for its revenue requirement and final tolls for 2019-2021 (the "**Application**").⁷ On November 27, 2019, the BCUC issued Order P-11-19, which establishes the timetable for the review of the Application that proceeds into 2020.⁸ Since this proceeding shall continue past December 31, 2019, the current date that the Interim Tariff is set to expire, KMJF requests a further extension of the Interim Tariff.

KMJF asserts that extension of the Interim Tariff is reasonable since it implements the existing toll methodology approved by the BCUC in Order P-5-09,⁹ issued December 16, 2009 and as extended under Order-P-1-18 and Order P-6-19. In addition, the Interim Tariff is subject to true-up based on the BCUC's ultimate determination of the Application (including applicable interest).¹⁰ Varying the Interim Tariff would add unnecessary regulatory and administrative burden for all parties with minimal to no benefit to the shippers. As KMJF previously noted to the BCUC, since 2009, tolls on the Jet Fuel Line have been based on a negotiated agreement between KMJF, shippers, and VAFFC and have been continued on an interim basis by the BCUC. Continuation of the interim and refundable toll order is consistent with earlier BCUC decisions and also allows for regulatory efficiency in the current matter. Under the regulatory process set by the BCUC, VAFFC and other stakeholders will have the opportunity to review KMJF's Application through a full regulatory process.

Therefore, pending the outcome of the Application, KMJF requests the BCUC extend its approval of the Interim Tariff until the earlier of December 31, 2020, the parties reach a mutual agreement or by further order of the BCUC.

⁷ Ex. B-14.

⁸ Ex. A-20.

⁹ BCUC Order No. P-5-09 regarding Application by Trans Mountain (Jet Fuel) Inc. for Approval of 2010 Tariff Filing and Toll Setting Agreement for the term 2010-2018 (16 December 2009).

¹⁰ See also BCUC Order P-1-18 at para 6:

Any variance between the interim toll and the permanent toll as determined by the BCUC may be subject to refund/recovery, with interest at the average prime rate of KMJF's principal bank for its most recent year.

Further Steps

A copy of this filing will be served on all shippers and interested parties.

Please contact me at 713-420-4687 if you have any questions regarding this filing.

Sincerely,

A handwritten signature in black ink that reads "Bruce Reed". The signature is written in a cursive style with a large, looped "B" and a stylized "R".

Bruce Reed

Manager-Tariffs and Regulatory Affairs

APPENDIX 1

KINDER MORGAN CANADA (JET FUEL) INC. TURBINE FUEL TARIFF

THE RATES AND CHARGES IN THIS TARIFF ARE FOR THE TRANSPORTATION
OF TURBINE FUEL

Subject to the rules and regulations as defined herein:

Table 1: Rates		
From	Connected Locations	Connected Refinery
To	Vancouver International Airport	Burnaby Terminal
Fees	Annual Revenues allocated by Formula	Gathering Line Fee (\$/m ³)
<u>2019</u>	\$7,111,026	\$1.318
<u>2020</u>	\$7,288,801	\$1.351
<u>2021</u>	\$7,471,021	\$1.385
<u>2022</u>	\$7,657,797	\$1.420
<u>2023</u>	\$7,849,242	\$1.455

Issued: November 29, 2018

Effective: January 1, 2019

Issued by:
James Holland, for
Kinder Morgan Canada (Jet Fuel Line) Inc.
1001 Louisiana St., Suite 1000
Houston, TX 77002

Complied by:
Bruce Reed
Kinder Morgan, Inc.
1001 Louisiana St., Suite 1000
Houston, TX 77002
Voice: (713) 420-4687; FAX (713) 369-9394
Tariff Group@kindermorgan.com

RULES AND REGULATIONS

1. DEFINITIONS

- 1.1 "annual" means the period beginning at 7:00 a.m. Mountain Time on the first day of January of any calendar year and ending at 7:00 a.m. Mountain Time on the first day of January of the next calendar year.
- 1.2 "Burnaby Terminal" means a point of delivery from carrier's gathering system to the Kinder Morgan Canada (Jet Fuel) Inc. booster pump located at the Burnaby Terminal.
- 1.3 "carrier" means Kinder Morgan Canada (Jet Fuel) Inc.
- 1.4 "connected locations" means the receipt points for Jet Fuel located at the following pipeline locations, and demarcated as the suction side of the jet fuel pumps at these facilities:
 - 1.4.1 Marketing Terminals located at the Burmount Terminal owned and operated by Shell Canada Ltd. and Westridge Terminal owned and operated by Trans Mountain Pipeline L.P.; and
 - 1.4.2 "connected refinery" located at Burnaby, B.C. owned and operated by Parkland Fuel Corporation.
- 1.5 "formula" means the formula as described in Rule 15.
- 1.6 'M³' means cubic metre at 15 °Celsius.
- 1.7 "month" means the period beginning at 7:00 a.m. Mountain Time on the first day of any calendar month and ending at 7:00 a.m. Mountain Time on the first day of the next calendar month.
- 1.8 "tender" means an offer by a shipper to carrier of a stated quantity of turbine fuel for transportation from a specified reception point or points to a specified destination point or points in accordance with these rules and regulations.
- 1.9 "turbine fuel" means aviation turbine fuels which fall within the definitions of treated turbine fuel or untreated turbine fuel.
- 1.10 "treated turbine fuel" means aviation turbine fuels conforming to the latest revisions of the Canadian General Standards Board, currently CAN/CGSB-3.23-2005 Aviation Turbine Fuel (Grades JET A and JET A-I).
- 1.1.1 "untreated turbine fuel" means aviation turbine fuels which meet the standards applicable to treated turbine fuel except for electrical conductivity.

2. DUTY OF CARRIER

Subject to any applicable government regulations carrier will accept tenders for transportation of turbine fuel in accordance with the terms of this Tariff if satisfactory evidence has been furnished by shipper that arrangements acceptable to carrier have been made to deliver such turbine fuel into carrier's pipeline system. Carrier will transport turbine fuel with reasonable diligence, considering the quantity of turbine fuel being transported, the distance of transportation, the safety of operation and other material factors. Carrier may refuse to accept turbine fuel for transportation unless satisfactory evidence is furnished that shipper or consignee has provided the necessary facilities for the prompt receiving of said turbine fuel at its destination. Carrier's terminal tanks are working tanks only and carrier does not furnish storage facilities.

3. TITLE

No turbine fuel will be accepted for transportation the title to which is in litigation or as to which a dispute of title exists or the title to which is encumbered by lien or charge of any kind, provided, however, that carrier may waive this requirement if satisfactory bond or other surety has been furnished by shipper or consignee.

4. SPECIFICATIONS AS TO QUALITY RECEIVED

No turbine fuel will be accepted for transportation except good merchantable turbine fuel which is readily transportable by carrier's facilities and no turbine fuel will be accepted the quality of which has been impaired through the character of storage in which it has been held, nor will turbine fuel be accepted which contains undissolved water, mineral acidity, sediment, or suspended matter or which has a nauseating or irritating odor. No substance of known dangerous toxicity under usual conditions of handling and use shall be present, except as permitted herein. No turbine fuel will be accepted unless, in the opinion of carrier, its characteristics are such that it will be readily transportable as a separate batch or in a commingled batch and will not materially affect the quality of other shipments or cause disadvantage to other shippers and/or carrier. No turbine fuel will be accepted for transportation until shipper has Certificate of Quality in a form satisfactory to carrier.

5. CONDUCTIVITY ADDITIVE AND CLAY FILTERING

Carrier's airport injection and filtering facilities are utilized as required to ensure that only treated turbine fuel is delivered by carrier in accordance with Rules 6 and 8. Carrier will operate its injection and filtering facilities, as requested by shipper, and will exercise reasonable care in so doing; however, shipper is solely responsible for determining the steps to be taken to upgrade its untreated turbine fuel including the selection and supply of additives, the determination of volumes to be injected and the initiation and duration of filtering.

6. RESPONSIBILITY FOR QUALITY DELIVERED

Carrier will use reasonable efforts to deliver treated turbine fuel of a grade and density equivalent to that accepted from shipper, however, carrier shall be under no obligation to deliver the identical turbine fuel but may make delivery out of its common stock. Shipping specifications of Jet A^w 1 shall be such as to permit the blending of Jet A into Jet A- I to the limit of one percent (1 %) of Jet A- I delivered to consignee. Within these limits revaluations deemed appropriate by reason of difference in grade and quality that may occur between receipt and delivery of turbine fuel by carrier shall be between and for the account of the shippers and consignees. Carrier shall have no responsibility in or for such revaluations or settlements other than to furnish data on quantities and densities of the turbine fuel so received and delivered.

7. BATCHING INFORMATION

Turbine fuel will be accepted for transportation in accordance with batching schedules to be issued monthly by carrier. Information for these batching schedules is to be supplied to carrier by shipper and/or consignee on or before the twenty first (21st) day of the month preceding the month during which the turbine fuel is to be transported. Batches of turbine fuel will be transported in minimum quantities of not less than eight hundred (800) m except that carrier may move smaller batches when, in the opinion of carrier, such movement is practical. The quantity delivered at destination must be a minimum of eight hundred (800) m³ unless, in the opinion of carrier, the delivery of smaller quantities is practical. If total volume tendered for shipment during any one month exceeds the pipeline delivery capacity for such month, turbine fuel will be transported in such quantities and at such times to the limit of capacity so as to avoid discrimination among shippers.

8. DELIVERIES

At Vancouver International Airport, turbine fuel will be delivered into carrier's terminal tanks. On completion of delivery and any necessary additive injection or filtering, carrier will isolate tank or tanks utilized and will determine quality of treated turbine fuel delivered. Immediately tankage is so isolated, custody of treated turbine fuel therein is transferred from carrier to consignee. Deliveries of turbine fuel at Burnaby Terminal will be made by direct injection from carrier to Burnaby Terminal.

9. GAUGING AND VOLUME CORRECTIONS

Prior to its acceptance by carrier and following its delivery, turbine fuel will be measured by representatives of carrier. At the option of carrier turbine fuel may be measured by metering or gauging. If tank gauges are used, quantities will be determined from regularly compiled 100% tank tables. Turbine fuel of required specification will be received and delivered with volume corrected from observed temperature to 15⁰ Celsius.

10. DOCUMENTS

Turbine fuel received or delivered in each instance shall be evidenced by tickets showing either the metered total or the opening and closing tank gauges, temperature and any other data essential to the determination of quantity. Shipper may have a representative present at the gauging, metering, and testing.

11. DESTINATION

Upon 24 hours notice by carrier, shipper or consignee shall accept and remove its shipment from carrier's delivery facilities. If shipment is not being removed in a reasonable manner after expiration of the twenty-four (24) hours notice, a demurrage charge of \$0.025 per m per day or part thereof shall accrue on all turbine fuel not removed.

In the event shipper is unable to upgrade its untreated turbine fuel so that it will meet the standards of treated turbine fuel, shipper shall take immediate steps to remove the untreated turbine fuel in order to provide space in carrier's terminal tanks for the receipt of succeeding tenders, and any untreated turbine fuel not removed t by carrier at the expense of the responsible party or parties.

12. PAYMENT OF TARIFF CHARGES AND LIEN FOR UNPAID CHARGES

Shipper or consignee shall pay all applicable transportation charges, cargo rates, airport charges and other lawful charges accruing on turbine fuel delivered to and accepted by carrier for shipment, and, if required, shall pay the same before delivery at destination. Carrier shall have a lien on all turbine fuel in its possession belonging to shipper or consignee to secure the payment of any and all unpaid transportation or other lawful charges that are due to carrier, and may withhold such turbine fuel from delivery until all unpaid charges have been paid. If such charges remain unpaid fourteen (14) days after notice and demand therefore, or even in the absence of unpaid charges when there shall be a failure to take turbine fuel within fourteen (14) days after the expiration of notice of arrival at destination as provided in Rule I I, carrier shall have the right directly, or through an agent, to sell such turbine fuel at public auction, at carrier's office in Calgary, Alberta, Canada, on any day not a legal holiday, after three (3) consecutive days' publication of notice of such sale in a daily newspaper of general circulation published in that city, stating the time and place of sale, and the quantity and location of turbine fuel to be sold. At such sale carrier shall have the right to bid and, if the highest bidder, to become the purchaser. From the proceeds of such sale carrier will pay itself the transportation and all other lawful charges, including reasonable storage charges pending sale and expenses incident to said sale, and the balance remaining, if any, shall be held for whomsoever may be lawfully entitled thereto.

13. LIABILITY OF CARRIER

Carrier while in possession of turbine fuel, shall not be liable for any loss thereof, damage thereto or delay caused by fire, storm, flood, epidemics, acts of God, riots, insurrection, rebellion, sabotage, strikes, labor disturbances, shortage of labor or breakdown of transportation or storage facilities, war or acts of the Queen's enemies, or from quarantine, or authority of law or from any order, requisition, interest or necessity of the Government of Canada or any province thereof, default of the owner, shipper or consignee, or from any cause whatsoever, whether enumerated herein or not, except by its own direct negligence or the negligence of its servants or agents. In case of the loss of turbine fuel from any cause other than the direct negligence of carrier, its servants or agents, shipper shall bear a loss in such proportion as the amount of its shipment, already delivered to carrier, bears to all the turbine fuel then in the custody of carrier, and shipper shall be entitled to have delivered only such portion of its shipment as may remain after deduction of its due proportion of such loss.

14. CLAIMS, SUITS AND TIME FOR FILING

As a condition precedent to recovery, claims for loss, damage, or delay in connection with the shipment of turbine fuel tendered for shipment under the terms of this tariff must be filed in writing with carrier within one month after delivery of the turbine fuel, or, in the case of failure to make delivery, then within three (3) months after a reasonable time for delivery has elapsed; and suits arising out of such claims must be instituted against carrier within six (6) months from the day when notice is given in writing by carrier to claimant that carrier has disallowed the claim or any part or parts thereof specified in the notice. In causing turbine fuel to be transported under this tariff, shipper and consignee agree to be bound by the provisions of this Rule and waive any rights which they or either of them might otherwise have, at common law or otherwise, to make a claim after the expiration of the said period of one (1) month or the said period of three (3) months as the case may be or to bring an action after the expiration of the said period of six (6) months.

15. APPLICATION OF RATES AND CHARGES

15.1 Turbine fuel accepted for transportation shall be subject to the charges in effect on the date of receipt thereof by carrier, irrespective of the date of tender.

15.2 Turbine fuel accepted for transportation from the connected refinery for delivery to Burnaby Terminal shall be subject to the gathering line fee, as set out in Table I, to be assessed only on the net quantities of such turbine fuel delivered.

15.3 Turbine fuel accepted for transportation for delivery to the Vancouver International Airport shall be subject to charges defined by formula. The formula is defined as:

15.3.1 The annual revenues, as set out in Table I, divided by twelve (12) less monthly revenues collected under Rule 15.2 ("**net monthly revenues**") all divided by actual volumes delivered to the Vancouver International Airport (the denominator) and multiplied by shippers share of actual volumes delivered to the Vancouver International Airport ("**shippers volumes**").

Sample formula =
$$\frac{\text{net monthly revenues}}{\text{actual volumes delivered}} * \text{shippers volumes}$$

15.3.2 In the event that volumes are not received for delivery on the pipeline in a given month, the net monthly revenues shall be prorated based on the amounts invoiced to shippers in the prior month.

16. LICENCE

No turbine fuel will be accepted for transportation hereunder from any shipper conducting the business of selling turbine fuel and other aviation fuel and oil products at Vancouver International Airport until such shipper has provided evidence satisfactory to carrier that it has received the necessary authority to conduct such business from the Vancouver International Airport Authority and/or the Minister of Transport pursuant to the Public Lands Leasing and Licensing Regulations.