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THE BOARD

April/May 2006

Protecting Alberta's Critical Energy Infrastructure

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About the EUB

Our mission is to ensure that the discovery, development, and delivery of Alberta's energy resources and utilities services take place in a manner that is fair, responsible, and in the public interest. We regulate oil, natural gas, oil sands, coal, and electric energy, pipelines, and transmission line development.

On the utilities side, we regulate investor-owned natural gas, electric, and water utilities to ensure that customers receive safe and reliable service at just and reasonable rates. Regulation is done through two core functions: adjudication and regulation, information and knowledge.

The terrible events of 9/11 shocked and horrified North Americans, and exposed a vulnerability we hadn't previously considered. The repercussions of that tragic day have been enormous. Some of these are tangible, like increased security measures at airports. Others are less obvious, such as the homeland security policies implemented by the Canadian and American governments.

As in most jurisdictions across the continent, Alberta immediately responded by identifying possible terrorist targets within the province, and initiating measures to protect them. The province was also faced with the reality that Alberta is now recognized internationally as a major oil supplier, primarily due to the oilsands.

The international interest that has opened up markets for Alberta crude and expertise also carries with it the threat of unwanted attention from terrorists that would seek to destabilize in any way possible.

When potential targets include energy and power facilities that number in the hundreds of thousands, protective measures must be clearly conceived and very efficient.

The vast scale of Alberta's infrastructure is also reflected in the number of agencies that collaborated to develop the province's Counter Terrorism Crisis Management Plan. With the support of the EUB and other agencies, a committee composed of representatives from the Solicitor General and Municipal Affairs developed the plan.

Aside from the logistics necessary to this type of document, it was also necessary to identify which agencies would be involved,

resolve any areas of overlap between jurisdictions, and ensure local authorities had the capacity to respond.

The EUB regulates all energy and power facilities within Alberta except those that cross provincial or national borders (which are regulated by the National Energy Board). To ensure public safety was protected, the two regulators worked collaboratively to establish strong and clear guidelines for cooperation, information sharing and coordination of activities.

In addition, the EUB worked with local police to develop an effective and tightly managed response protocol for police and provincial and national agencies.

The plan outlines threat-mitigation strategies, identifies critical infrastructure, establishes five threat levels, and implements certain requirements from operators of any critical infrastructure.

There are many different types of facilities: oil sands mine; electrical generation; gas or oil sands processing; transmission line; pipeline; petrochemical plant, or refinery, that can be designated as critical infrastructure.

Facilities with this designation must develop a critical infrastructure plan. The EUB initially inspects all of these facilities, and once compliance is achieved, issues a two-year certificate. Plans may be audited by the EUB at any time if it is deemed necessary.

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The five threat levels are:

1. No threat
2. Low threat
3. Medium threat
4. High threat
5. Imminent threat

Most critical infrastructure sites conduct everyday operations at level 2 or 3.

Threat notification to the EUB comes from the Security and Information Management Unit (SIMU) of the Solicitor General or Emergency Management Alberta, and specific information about a threat from the SIMU, Canadian Security Intelligence Service (CSIS) or the RCMP.

The EUB then confirms the threat level with the facility operator and reviews the plan of action. The operator then implements its threat mitigation plan.

If the response is not appropriate, the EUB has discretion to order an operator to implement security measures or take any action deemed necessary to implement threat mitigation strategies. If the threat is considered high or imminent, the EUB may order the facility to shut down and recover any associated costs from the operator.

To ensure local police and emergency responders have the built-in capability to respond appropriately in cases of an

elevated threat, operators are required to consult with local authorities, such as the RCMP, municipal police forces, emergency medical services, and fire departments.

The EUB understands that no plan can anticipate and prepare for every situation. But through cooperation and collaboration, Alberta has developed an effective crisis response plan that will ensure public safety to the highest degree possible during any terrorist threat. ■

■ ■ ■ Recent EUB publications

■ News Releases

May 17: News Release (NR2006-19): Hearing on Red Deer Gas Well Licenses Cancelled Due to Agreement Between City of Red Deer and Companies

May 15: News Release (NR2006-18): EUB sets new date for hearing to review transmission corridor selection (Released: May 15, 2006)

May 6: News Release (NR2006-17): Conoco Phillips Blowout Near Edson Secured

May 5: News Release (NR2006-16): Well Control Operations Continue at ConocoPhillips Blowout Southeast of Edson (Released: May 5, 2006)

May 3: News Release (NR2006-15): EUB working with ConocoPhillips to control sour gas well blowout southeast of Edson

April 27: News Release (NR 2006-14): EUB Sets Date for Hearing to Review Transmission Corridor Selection

April 13: News Release (NR 2006-13): EUB To Hold Hearing on Red Deer Gas Well Licenses May 18, 2006

April 9: News Release (NR2006-12): Devon Energy Compressor Station Fire Extinguished

April 6: News Release (NR 2006-11): EUB Grants Request for Review of Transmission Corridor

March 14: News Release (NR 2006-10): EUB Approves Decrease in ENMAX Tariffs for Calgary Customers

March 13: News Release (NR 2006-09): Enerplus Pipeline Leak Clean Up Operations Underway

■ Bulletins

May 12: Bulletin 2006-17: Draft Conventional Oil Measurement Section of Directive 017 Available for Stakeholder Input

May 10: Bulletin 2006-16: Commingling of Production from Two or More Pools in the Wellbore

April 28: Bulletin 2006-15: Implementation Notice—May 1, 2006 - Baseline Water Well Testing Requirement for Coalbed Methane Wells Completed Above the Base of Groundwater Protection

April 26: Bulletin 2005-31 Implementation: Letter 2006-04-17 With process template on Implementation of Bulletin 2005-31: Revisions to the EUB Cost Policies and Prehearing Processes for Utility Matters

April 4: Bulletin 2006-14: Bitumen Conservation: Cold Lake Oil Sands Area - Clearwater Deposit, and Peace River Oil Sands Area-Bluesky-Gething Deposit

■ Publications

May 8: Directive 035: Baseline Water Well Testing Requirement for Coalbed Methane Wells Completed (Released: May 8, 2006)

April 17: Directive 014: Requirements for Annual Financial and Operating Reporting by Electric Utilities (Released: January 19, 2005) (Schedules revised: April 17, 2006)

■ Decisions

May 23: Decision 2006-048: EnCana Corporation - Applications for Well Licences - Countess Field

May 17: Decisions 2006-044: Direct Energy Regulated Services 2005/2006 Default Rate Tariffs and Regulated Rate Tariffs

May 17: Decision 2006-047: ATCO Electric Ltd. 2003-2004 Regulated Rate Option Tariff Non-Energy Rates

May 16: Decision 2006-045: Vermillion Resources Ltd. Application for a Pipeline Licence Chigwell and Morningside Fields

May 12: Decision 2006-046: TransCanada Pipelines Limited Complaint Against Alberta Electric System Operator (AESO) Application of AESO Contribution Policy

May 12: Decision 2006-043: Direct Energy Regulated Services 2006-2011 Electricity Regulated Rate Tariff Interim Return and Terms and Conditions

May 12: Decision 2006-041: Direct Energy Regulated Services Default Rate Tariff and Regulated Rate Tariff 2004 Non-Energy Deferral Accounts

May 11: Decision 2006-042: ATCO Gas - A Division of ATCO Gas and Pipelines Ltd Deferred Gas Account Limitation Period

May 9: Decision 2006-040 EnCana Corporation Applications for Well Licences Westeros Field

May 2: Decision 2006-037: Imperial Oil Resources Limited Applications for Well Licences and Pipelines Bantry Field

April 26: Decision 2006-038: Terasen Utility Services Inc. Part 1: Proposed Transactions

Bulletin 2005-31 implemented as one-year utility pilot project

On October 28, 2005, the EUB issued *Bulletin 2005-31* as a one-year pilot project. It provides revisions to EUB cost policies and prehearing processes for utility matters. The bulletin applies to all utility applications filed on or after January 1, 2006.

“The EUB is taking an active approach in regards to utility cost awards,” said EUB Cost Officer Bill Kennedy. “There have been concerns expressed over the magnitude of utility cost claims. We are acting on those concerns because our mission is to have a utility system that is fair, responsible, and in the public interest.”

Bulletin 2005-31 includes a requirement that unless otherwise directed by the Board, each party (intervener) must file a Statement of Intention to Participate in a utility proceeding, along with a detailed budget for its involvement in the proceeding. Based on experience with recent proceedings for which budgets have been filed, the EUB has determined that henceforth budgets will be filed after the applicant responds to information requests (IRs) from the parties, as discussed below. In conjunction with this, an issues list will be provided to the parties to give greater certainty about the issues the Board considers relevant.

The Board intends to provide a preliminary issues list shortly after an application is filed. This will identify the

issues the Board considers to be relevant and will also provide a ranking of these issues.

Budgets are to be filed by both the applicant and the interveners after the applicant responds to IRs. *Directive 031B: Utility Cost Claims*, dated March 31, 2006, has been revised to include a budget submission template to assist parties in preparing their budget. Parties will be required to identify the issues they intend to pursue and the resources expected to be used for each issue. The Board will provide timely feedback regarding the issues identified, the work proposed, and the estimated budget.

Bulletin 2005-31 indicates that technical meetings may be held by an applicant prior to the filing of its application with the EUB. While a purely technical meeting may be held prior to the filing of any application, the EUB considers it beneficial for parties to conduct preapplication meetings or consultations that address nontechnical issues in a meaningful way. The EUB believes that such meetings would enable the applicant to better address intervener concerns prior to the application, resulting in a more efficient proceeding. To be effective, these meetings should include discussion of issues, rather than just a summary of the application.

The process behind *Bulletin 2005-31* began when the EUB met with

stakeholders on June 15, 2005 to discuss improvements to the system. These comments were included in *Bulletin 2005-19*, which was distributed to stakeholders for feedback on July 15, 2005. This input was used to create *Bulletin 2005-31* in November 2005 and revise *Directive 031B* in March 2006.

An application process template has been developed that outlines all the process steps for utility rate applications from preapplication work to the issuance of the Board’s decision. This template will assist with parties’ understanding of the process steps, the timing of these steps, and the expectations on parties.

The EUB will seek and review stakeholder feedback as part of its assessment of the *Bulletin 2005-31* pilot project.

More information about *Directive 031B* and *Bulletin 2005-31* is available online at <www.eub.gov.ab.ca>.

Any questions relating to EUB cost policies may be directed to Bill Kennedy, Board Cost Officer: phone (403) 297-4304, fax (403) 297-7031, or e-mail bill.kennedy@gov.ab.ca.

Any questions relating to revisions to the EUB’s prehearing processes may be directed to Wade Vienneau, of the EUB’s Utilities Branch: phone (403) 297-8576, fax (403) 297-6104, or e-mail wade.vienneau@gov.ab.ca. ■

EUB High Level office redesignated as field centre

On April 1, 2006, the EUB suboffice in High Level underwent major changes when it was redesignated as the EUB’s ninth full field centre with newly expanded roles and boundaries.

The High Level office opened in 2000 as a suboffice for Grande Prairie to address increased activity in the area and ensure compliance with EUB requirements.

“A lot of oil and gas production is happening in the High Level area, and we needed a more prominent presence to deal with it,” said Brian Olson, EUB field

centre team leader for Grande Prairie. “This new field centre will be a real benefit to us.”

The High Level Field Centre includes four staff members, three of whom are field inspectors. They are responsible for inspections of energy facilities, communicating with residents and landowners, and responding to oil and gas incidents and emergencies.

The new High Level district covers the northwest corner of Alberta, and borders the Bonnyville, St. Albert and Grande Prairie field areas (see attached map). ■



Upcoming Public Hearings

Application No.	Applicant	Hearing Purpose
1430630	White Fire Energy Ltd.	Application for a licence to drill a Level Three critical well near the town of Lodgepole
Start date: June 6		
1423057 1423087 1423066 1423070 1423083 1423097 1423109 1423124	Dominion Exploration Canada Ltd.	Application for eight critical sour oil wells with unresolved resident landowner concerns
Start date: June 12		
1426300	Burlington Resources Canada Ltd.	Application for a licence to drill a critical sour gas well Status: Pre-hearing meeting held on February 16, 2006 Coast Terrace Inn, 4440 Gateway Blvd., Edmonton, AB Decision 2006-025
Start date: June 27, Coast Terrace Inn, South, 4440 Gateway Blvd., Edmonton, AB		

Pending Decisions

Application No.	Applicant	Hearing Purpose
1392129 1392133	Imperial Oil Resources	Application for Well Licences
1392135 1392138		
1392145 1392147		
1392149 1392156		
1392157 1392160		
1392167 1392175		
1392180 1392183		
1392185 1392189		
1392190 1392192		
1392193 1392195		
1392204 1392206		
1392207 1392208		
1392209 1392210		
1392211 1392214		
1393397 1393399	EnCana Corporation	Applications for fifteen vertical wells, a licence to amend an existing compressor station and forty-six pipelines - Wimborne & Twining Fields
1393401 1393404		
1393405 1393406		
1393407 1393410		
1393412 1393414		
1393415 1393419		
1393442 1394241		
1394246 1431492 1412764		
1389884	EPCOR Transmission Inc.	2005/2006 Transmission Facility Owner Tariff
1389878	EPCOR Energy Inc.	2005-2006 Regulated Rate Tariff Non-Energy Application
1389879	EPCOR Energy Alberta Inc.	
1389885	EPCOR Distribution Inc.	2005-2006 Phase I Distribution Tariff
1416005	MEG Energy Corp.	Approval to construct, operate and maintain the company owned 240kV Conklin 762S substation, and three 25 kV distribution feeders.
1434687	Altalink Investments Management Ltd. And Altalink Management	Restructuring / Change of Ownership

This list is subject to change at any time, so please check the complete list of upcoming public hearings on the EUB Web site at <www.eub.ca/docs/applications/hearings/hearings.pdf>. If you do not have Internet access, contact EUB Information Services at (403) 297-8190.

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For Alberta Geological Survey (AGS) documents on geological research, contact

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Questions, complaints, problems?

Utilities: For information or to file a consumer utility complaint, contact us at

EUB Utilities Branch, 10th floor, 10055-106 Street,
Edmonton, Alberta T5J 2Y2
Fax: (780) 427-6970
Complaints: (780) 427-4903*
E-mail: <utilities.concerns@eub.gov.ab.ca>

Oil and gas: For information or complaints about new or existing oil and gas developments and facilities, we recommend contacting the operating company first. If the company does not respond appropriately, you may contact the nearest EUB Field Centre.

EUB Field Centres (24-hour service)

Bonnyville	(780) 826-5352*
Drayton Valley	(780) 542-5182*
Grande Prairie	(780) 538-5138*
Fort McMurray	(780) 743-7214*
Medicine Hat	(403) 527-3385*
Midnapore	(403) 297-8303*
Red Deer	(403) 340-5454*
St. Albert	(780) 460-3800*
Wainwright	(780) 842-7570*

* To call toll free from anywhere in Alberta, dial 310-0000 and enter the phone number, including area code, or press zero for a RITE operator.

Across the Board Advisory Committee

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