



**ORDER FRO-002-2017**

**IN THE MATTER OF** the *National Energy Board Act* (NEB Act) and the regulations made thereunder; and

**IN THE MATTER OF** Trans Mountain Pipeline ULC's (Trans Mountain) with the National Energy Board (Board) implementation of financial resource requirements pursuant to section 48.13 of the NEB Act under file OF-Gen-06 FRR.

**BEFORE** the National Energy Board (Board) on 5 January 2017.

**WHEREAS** on 26 February 2016, the Board directed certain companies to file capacity information by 15 April 2016, and file a financial resource requirement plan by 20 May 2016;

**AND WHEREAS** on 15 April 2016, Trans Mountain filed its capacity information with the Board;

**AND WHEREAS** on 13 May 2016 the Board found that Trans Mountain was a company authorized under the NEB Act to construct or operate one or more pipelines that individually or in the aggregate has the capacity to transport at least 250,000 barrels of oil per day (*major oil pipeline*);

**AND WHEREAS** subsection 48.13(1) of the NEB Act requires *major oil pipeline* companies to maintain \$1 billion in financial resources;

**AND WHEREAS** on 20 May 2016, Trans Mountain filed its financial resource requirement plan, with subsequent filings dated 24 August 2016 and 21 October 2016;

**AND WHEREAS** Trans Mountain submitted that its financial resources included cash on hand (of typically \$6 million CAD), insurance coverage of \$900 million USD, and borrowings from its parent;

**AND WHEREAS** the Board determined that there are insufficient financial resources, including readily accessible resources, at the NEB authorization holder corporate level to satisfy Trans Mountain's \$1 billion financial resources requirement;

.../2

**THEREFORE, IT IS ORDERED**, pursuant to subsection 48.13(2) of the NEB Act, that:

1. Trans Mountain shall comply with all of the conditions contained in this Order unless the Board otherwise directs.
2. Trans Mountain shall obtain and maintain a line of credit from Kinder Morgan Inc., in the amount of at least \$500 million CAD by 28 February 2017. Trans Mountain shall file with the Board for approval, by 28 February 2017, a copy of this line of credit along with a summary of the terms by which Trans Mountain can utilize the line of credit to access funds. At a minimum, this line of credit must:
  - a. provide Trans Mountain with funds on demand and at its sole discretion;
  - b. be irrevocable;
  - c. be non-transferrable and non-assignable; and
  - d. automatically renew and remain in force unless the Board has granted approval of alternative types of financial resources for Trans Mountain.
3. Trans Mountain shall continue to maintain insurance policies in the amount of at least \$500 million (when converted to CAD). Trans Mountain shall file with the Board, by 28 February 2017, a certificate of insurance detailing its insured coverage types and amounts.
4. Trans Mountain shall notify the Board in writing if there are, or if Trans Mountain has reason to believe that there will be, any material revisions to its financial resources. This includes changes to Kinder Morgan Inc.'s financial condition or corporate structure such that its ability to provide \$500 million in funds via the line of credit to Trans Mountain may be impaired.
5. Trans Mountain shall provide an update to its financial resource requirement plan and file an updated table with the Board consistent with the format requested in NEB IR No. 1.1 g) on 10 August 2016, on an annual basis within 30 days of the release of Kinder Morgan Inc.'s consolidated annual financial statements.

NATIONAL ENERGY BOARD

*Original signed by L. George for*

Sheri Young  
Secretary of the Board