CANADA ENERGY REGULATOR

IN THE MATTER OF the *Canadian Energy Regulator Act*, SC 2019, c 28, s 10 (the "**Act**"), and the Regulations made thereunder;

AND IN THE MATTER OF File OF-Tolls-Group2-C1017-2020-01; an Application by Campus Energy Partners Suffield LP by its general partner Campus Energy Partners Operations Inc. ("**Campus**") for Tolls and Terms and Conditions of Service for the North Suffield Pipeline (the "**Toll Application**"); and Rockpoint Gas Storage Canada Ltd. ("**Rockpoint**"), Pine Cliff Energy Ltd. ("Pine Cliff"), and Torxen Energy Ltd. ("**Torxen**") (the "**Complainants**") objections and complaints regarding Suffield Processing Limited Partnership and its general partner 2133151 Alberta Ltd. (now Campus) submission of new Transmission Tolls for the North Suffield Pipeline (the "**Complaint**")

Campus Final Argument

December 15, 2020

To Jean-Denis Charlebois
Secretary of the Commission
Canada Energy Regulator
517 – 10th Ave SW
Calgary, Alberta T2R 0A8

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I. INTRODUCTION

1. The North Suffield Pipeline competes directly with the Nova Gas Transmission Ltd. ("**NGTL**") system to transport natural gas from the Suffield area in southern Alberta to delivery points on the TC Energy Mainline (the "**Mainline**") just over the border in western Saskatchewan. North Suffield was approved, constructed, and has always operated as a commercially-at-risk pipeline charging market-based tolls at a competitive discount to the rates charged by NGTL. Campus intends to continue on this path.

2. In the Toll Application, Campus proposes new service offerings and updated market-based tolls that continue to provide shippers with a significant price incentive to ship on North Suffield instead of the NGTL system:

   (a) In response to shipper feedback, Campus has introduced a new two-year firm transportation ("**FT**") service term. At the time they were posted, Campus's proposed FT tolls, for 2, 5, 10, or 20 year terms, would provide shippers with a 22.5% to 28.6% discount on subscribing for comparable FT service on the NGTL system.

   (b) Campus also heard from its shippers that they need more flexibility. So, Campus has introduced a new and innovative interruptible transportation preferred ("**ITp**") service, which would allow FT shippers to ship a certain percentage of their committed volumes at the ITp rate, which is only $0.02/GJ more than the shipper's FT rate.

   (c) Campus also proposes to continue offering interruptible transportation ("**IT**") service, but more dynamically. Campus proposes to cap its IT toll at a discount to NGTL's posted IT tolls for comparable service. However, Campus also proposes to retain the ability to lower its IT toll beneath the cap as required when market circumstances dictate. This approach gives IT shippers the certainty that they will not pay more than the capped IT toll, but may perhaps pay less.

3. Campus's proposed market-based tolls are just and reasonable. They are unquestionably competitive with the tolls charged by NGTL. Campus's new service offerings, and

discretionary approach to keeping its IT toll competitive, illustrate that Campus is attuned to the needs of its shippers, and is working to meet those needs. Campus's proposed market-based tolls and Revised TSA should accordingly be approved by the Commission.

4. The Complainants—Rockpoint, Pine Cliff, and Torxen—would prefer not to pay the fair market price for the IT service they utilize on North Suffield, although they have offered no sound justification for why they should not have to pay the market-price of the services they obtain on a commercially-at-risk, market-based pipeline. Their only arguments against Campus's proposed tolls seems to be that (i) they are higher than the tolls charged by the previous owner of North Suffield (which is arithmetically true but is not an argument against the reasonableness of Campus's proposed tolls); and (ii) that under cost-of-service tolling the unit cost-of-service would be lower than Campus's proposed market-based tolls (which Campus disputes,[1] but is irrelevant even if true).

5. Belying the Complainants' position in this proceeding is that they have filed no evidence challenging the competitiveness of Campus's proposed tolls to those of NGTL. Nor have the Complainants filed any evidence showing that Campus's proposed tolls would skewer their producer economics. The Complainants can afford to pay Campus proposed tolls—indeed they each pay higher tolls to NGTL for similar service when Empress traded capacity is equal to or greater than the posted NGTL Empress Delivery toll[2]—they just do not want to.

6. Fundamentally, the market-based tolling methodology under which the North Suffield Pipeline has always operated remains the appropriate tolling methodology today. This is borne out by the fact that Campus's proposed market-based tolls continue to achieve the original mission and vision of the North Suffield Pipeline: a lower-cost alternative to the NGTL system. Just because different, perhaps lower, tolls might result if some other tolling methodology were applied to North Suffield does not mean that market-based tolling has somehow, suddenly become unjust and unreasonable. Instead, the Complainants' attempt to change the tolling methodology for North Suffield should be seen as a tacit admission

[1] Campus Toll Application, at paras. 88, 90 [C07022-1].
[2] See the months of March to September 2019 in Campus Reply Evidence – Revised Appendix C -- Illustrative Discretionary IT Tolls February 2019 - November 2020 [C10389-2].

that Campus's proposed market-based tolls are just and reasonable under the current market-based tolling methodology.

7. The record in this proceeding shows that the competitive relationship between North Suffield and the NGTL system persists. The *raison d'être* of North Suffield is the same today as when it was first approved. Continued competition between North Suffield and the NGTL system is ultimately in the interest of all shippers.[3] The Complainants have failed to adduce evidence refuting any of these facts. Accordingly, their complaints should be dismissed.

II. FACTS & EVIDENCE

A. Overview of North Suffield Pipeline

8. The North Suffield Pipeline is a 96 kilometer pipeline located in south-eastern Alberta, running along the western and northern boundaries of the Suffield Military Block. It transports natural gas from the Suffield area of Alberta to the Mainline at Burstall, Saskatchewan. It has a contractible capacity of 190 MMcf/d or approximately 200,460 GJ/d.[4] Campus manages and operates the North Suffield Pipeline on an integrated basis with the South Suffield Pipeline.

9. The North Suffield Pipeline was approved, constructed, and operates as a competitive alternative to the NGTL system.[5] At the time the North Suffield Pipeline was approved NGTL was staunchly opposed to it, arguing that the NGTL system had ample capacity to transport gas from the Suffield area to the Mainline.[6] However, the NEB found the North Suffield Pipeline to be in the public interest: "…the primary benefits in the North Suffield case relate to competition and choice. Shippers on the North Suffield Pipeline would be provided with an additional transportation choice, and would financially benefit because

[3] NGTL's FT receipt tolls are lower in the Suffield area as a result of competition. See Campus Response to Complainants IR 1.1(11) [C08291-3].
[4] Campus Toll Application, at para 75-76 [C07022-1]; Appendix C – Map of Suffield System [C07022-4].
[5] NEB Decision GH-2-2000, p 11-12 (PDF pages 20-21). The same applies to the South Suffield Pipeline. See NEB Decision GH-2-98 at p. 8, 14 (PDF pages 16, 22).
[6] NEB Decision GH-2-2000, p 21-22 (PDF pages 30-21).

of the large differential between the proposed North Suffield tolls and those on the NGTL system in the area."[7] The same rationale applies today.

10. As extensively detailed in Campus's evidence,[8] the North Suffield Pipeline was approved and has always operated under a market-based tolling methodology. In sum, for founding shippers the initial FT service tolls were set at a significant discount to the tolls for comparable service on the NGTL system. The founding shippers also took on the risk of long term agreements underpinning the pipeline construction that provided for lower than traditional cost of service tolls in the initial terms of the contracts. For subsequent shippers, the NEB approved North Suffield charging market-based FT tolls under commercial arrangements with new shippers. Likewise, the NEB approved an IT service offering with IT rates established on a market basis; the initial IT rate was a 10% premium over the initial five-year FT rate.[9]

11. Construction of the Suffield system (*i.e.*, both the North and South pipelines) was primarily underpinned by a twenty-year firm service agreement (the "**TCF Agreement**"), which is now held by International Petroleum Corporation ("**IPC**").[10] The initial twenty year term of the TCF Agreement is set to expire on December 31, 2022. IPC is currently the largest shipper, by volume, on the North Suffield Pipeline, and the only FT shipper. However, IPC has a declining volume commitment under the final years of the TCF Agreement, and the majority of those volumes will ship on the South Suffield Pipeline.[11] Based on publically available information, Campus has calculated that IPC has approximately 10-years of gas reserves remaining in the Suffield area.[12] IPC has the right to renew the TCF Agreement for successive one-year terms, but there is no guarantee it will exercise its renewal rights.

12. The declining IPC volumes are emblematic of an overall trend. Throughput declined steadily between 2006 and 2017.[13] There was an uptick in 2018 and 2019, attributable to

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[7] NEB Decision GH-2-2000, p. 25 (PDF page 34).
[8] Campus Toll Application, at paras 91-112 [C07022-1]; Campus Reply Evidence, at paras 3-15 [C10255-2].
[9] NEB Decision GH-2-2000, p 11-12 (PDG pages 20-21).
[10] Campus Toll Application, at para 80 [C07022-1].
[11] The volume commitment is 77,309 GJ/d for 2020, 69,063 GJ/d for 2021, and 62,165 GJ/d for 2022, and approximately 70% of these volumes ship on Suffield South: Campus Toll Application, at para 80 [C07022-1].
[12] Campus Response to Complainant IR 1.5(4) [C08291-3]; Attachment 1 – IPC Reserve Analysis [C08291-12].
[13] Campus Reply Evidence – Appendix B – Graph of Declining Throughput on Suffield System [C10255-4]

temporary maintenance issues on the NGTL system, coupled with high natural gas prices in eastern markets, particularly Ontario.[14] Throughput rose in 2018 and 2019 to approximately the same level it was at in 2013 and 2014. However, the market conditions that temporarily motivated increased throughput in 2018 and 2019 have subsided. For 2020, throughput has once again declined, in line with 2017 levels.

13. The current underutilization of the North Suffield Pipeline presents several challenges. IT service is effectively just as reliable as FT service, because of the Pipeline's excess unused capacity.[15] Thus, there is little incentive for shippers to subscribe for FT service, and make any long-term financial commitment to the North Suffield Pipeline, especially when IT rates are only marginally higher than FT rates. Changing from market-based tolls to cost-of-service tolls is also not economically viable. Under cost-of-service tolling, low throughput results in a high unit cost-of-service that would not be competitive with NGTL's rates. Campus's Illustrative Cost-of-Service Toll Model ("**Campus COS Model**") illustrates this difficulty.[16] Campus believes cost-of-service tolls could lead to a death spiral for the North Suffield Pipeline. It would require unit rates so high that no new volumes would likely be attracted to the pipeline; at best Campus could hope to retain IPC's volumes at the TCF Agreement rate.

14. Campus, however, aspires to grow throughput on the North Suffield Pipeline. To do so, it must be able to attract volumes that could otherwise go to the NGTL system. It is therefore imperative that Campus retain the flexibility to price its service offerings competitively with NGTL's rates and prevailing market conditions. This requires a continuation of the current, market-based approach to tolling.

B. Birch Hill Equity Partners Acquisition of North Suffield Pipeline from AltaGas

15. Birch Hill Equity Partners ("**Birch Hill**") purchased the North Suffield Pipeline as a commercially-at-risk pipeline with the ability to charge market-based tolls. These essential

[14] Campus Reply Evidence, at para 49 [C10255-2].
[15] Campus Reply Evidence, at paras 46-48 [C10255-2].
[16] Campus Response to Complainant IR 1.7(1) – Attachment 1 – Updated Toll Model (Appendix B to Application) [C08291-13].

characteristics factored into the value that Birch Hill saw in the North Suffield Pipeline. They were fundamental to its investment decision.

16. Pursuant to a Purchase and Sale Agreement, dated September 9, 2018 (the "**PSA**") Birch Hill acquired a bundle of natural gas processing and transmission assets from AltaGas Ltd. and certain of its affiliates (collectively, "**AltaGas**"), including the North Suffield Pipeline and certain other federally regulated assets (the "**NEB Regulated Assets**").[17]

17. The Transfer Application, upon which the Complainants place undue emphasis, was a pre-closing step under the PSA. Its purpose was to transfer ownership of the NEB Regulated Assets to a newly created limited partnership, Suffield Processing Limited Partnership ("**Suffield LP**"), which was then sold by AltaGas to Birch Hill under the PSA. A new company, 2133151 Alberta Ltd. ("**213**"), was incorporated to serve as the general partner of Suffield LP and hold legal title to the NEB Regulated Assets.[18]

18. The Transfer Application was filed by AltaGas on September 28, 2018.[19] It is important to understand that while Birch Hill was obviously aware of the Transfer Application,[20] it was AltaGas that had conduct of it. At the time, AltaGas still owned and managed the NEB Regulated Assets, and it owned all of the partnership units in Suffield LP and all of the shares in 213. The Transfer Application was a step that AltaGas needed to complete in order to close its transaction with Birch Hill. [21] This context is critical to understanding the statements contained in the Transfer Application.

19. The Transfer Application included the following statement: "2133151 has no immediate plans to alter or implement any changes to the tolls and tariffs on the Pipelines". The inclusion of the adjective "immediate" was meant to convey that 213 had no such plans *at the time* the Transfer Application was filed, while it was still owned and managed by AltaGas. It communicated that no changes were being made to any of the NEB Regulated

[17] Campus Response to CER IR 1.1(a) [C08291-2].
[18] Campus Response to CER IR 1.1(a) [C08291-2].
[19] AltaGas Holdings Inc. Transfer Application [A94251-2].
[20] Campus Response to Complainant IR 1.1(15) [C08291-3].
[21] Campus Response to CER IR 1.1(a) [C08291-2].

Assets' tolls or tariff as part of the Transfer Application. This statement contains no representations about Birch Hill's intentions following the PSA transaction.

20. The Complainants, however, wrongly treat this statement as though it were an irrevocable covenant from 213 (which is now Campus), to them, to never increase or decrease tolls on the North Suffield Pipeline. Clearly, that is not the nature or intention of the statement. They would have the Commission believe that, but for this statement, they would have opposed the Transfer Application. But to what end, they do not say. And, despite all their protestations, the Complainants did exactly nothing to confirm their supposed understanding that this statement meant tolls would not change on the North Suffield Pipeline after new management assumed control of the pipeline following the conclusion of the PSA.[22]

21. Further belying the Complainants' purported reliance on this statement is the fact that *after* the Transfer Application was filed, AltaGas filed a new tariff for the Suffield System that contained no IT rate.[23] In fact, the Complainants completely gloss over the fact that there never was a posted IT rate for the North Suffield Pipeline.[24] IT service has only ever been offered on Suffield North pursuant to the NEB's approval in GH-2-2000 to provide IT service at market-based tolls.[25] Thus, the *status quo* the Complainants so vociferously claim to have relied upon at the time of the Transfer Application was one where there was no fixed rate for IT service. Rather, the Complainants freely negotiated with AltaGas for a market-based IT rate at the time.[26]

22. Campus's proposed market-based tolls are not inconsistent with any representation contained in the Transfer Application. The Complainants' suggestions to the contrary are without foundation or credibility. Campus only proposed the market-based tolls at issue in this proceeding after assuming management of the Suffield System in February 2019, assessing the marketplace, and conducting months of consultations with current and

[22] Campus Reply Evidence, at para 25 [C10255-2].
[23] Campus Reply Evidence, at paras 26-32 [C10255-2]; Complainants Written Evidence at para 32 and Table 1 [C09222-2].
[24] Campus Reply Evidence, at para 26 [C10255-2].
[25] Campus Reply Evidence, at para 32 [C10255-2].
[26] Complainants Written Evidence, at paras 41-44, 56-57, 66 [C09222-2].

prospective shippers. [27] Far from being improper, Campus's conduct reflects the market-based tolling methodology operating as intended. The result, as discussed in the next section, are competitive tolls that continue to provide a less costly alternative to the NGTL system.

C. Campus's Proposed Market-Based Tolls

23. Campus requests that the Commission approve the following market-based tolls for the North Suffield Pipeline:[28]

Term	Toll ($/GJ)	Allowable ITp Volume
IT	$0.32	None
ITp	Firm Rate + $0.02	N/A
FT 2 Year	$0.24	Can ship 40% of firm volume at ITp
FT 5 Year	$0.22	Can ship 50% of firm volume at ITp
FT 10 Year	$0.21	Can ship 100% of firm volume at ITp
FT 20 Year	$0.20	Can ship 300% of firm volume at ITp

24. Posted in June 2019, these tolls were set in relation to the tolls charged on the NGTL system as at May 1, 2019. To deliver gas produced in the Suffield area to the Mainline, shippers on the NGTL system are required to pay both the NGTL Princess Receipt toll and the NGTL Empress Delivery toll. The following table summarizes the significant cost savings of Campus's proposed tolls relative to the posted NGTL tolls: [29]

[27] Campus Toll Application, at paras 128-129 [C07022-1]; Campus Reply Evidence, at paras 33-43 [C10255-2].
[28] Campus Toll Application, Appendix "A" - Tolls and Tariff for the Suffield Pipeline System, Effective July 1, 2019 [C07022-1].
[29] Campus Response to CER IR 1.5(c) [C08291-2].

	Campus Proposed Market-Based Toll ($/GJ)	May 2019 Combined NGTL Receipt & Delivery Toll ($/GJ)	Shipper Savings (%)
IT	$0.32	$0.34	5.8%
FT 2 Year	$0.24	$0.31	22.5%
FT 5 Year	$0.22	$0.29	24.1%
FT 10 Year	$0.21	$0.28	25.0%
FT 20 Year	$0.20	$0.28	28.6%

25. Campus acknowledges, however, that in June 2020 NGTL posted revised lower tolls. Campus's proposed FT tolls still achieve significant cost savings for shippers, but, exercising the discretion it requests in the Toll Application, Campus would have to lower its posted IT toll to be competitive with NGTL's new posted IT rate:[30]

	Campus Proposed Market-Based Toll ($/GJ)	June 2020 Combined NGTL Receipt & Delivery Toll ($/GJ)	Shipper Savings (%)
IT	$0.32	$0.29	-
FT 2 Year	$0.24	$0.27	11.1%
FT 5 Year	$0.22	$0.25	12.0%
FT 10 Year	$0.21	$0.24	12.5%
FT 20 Year	$0.20	$0.24	16.7%

26. Campus also recognizes that not all Suffield area producers with IT service on NGTL will necessarily ship their gas to the Mainline at Empress. When market prices do not justify transporting gas to eastern markets, producers may simply put their gas on the NGTL system and then sell it through the Nova Inventory Transfer ("**NIT**"). In such case, these shippers would only pay the posted NGTL Receipt toll. Thus, when market conditions

[30] Campus Response to Complainant IR 1.11(2) [C08291-3]. The manner in which Campus would have adjusted its IT toll in response to market conditions, including the lower NGTL posted tolls, is shown in Campus Reply Evidence – Revised Appendix C – Illustrative Discretionary IT Tolls Feb 19 to Nov 20 [C10389-2].

require, Campus needs to be able to compete with the NGTL's Receipt toll when gas prices are low and producers might otherwise be incented to sell at NIT.[31]

27. Campus further recognizes that Suffield area producers obtaining IT service on the NGTL system will not necessarily pay the posted NGTL Empress Delivery IT toll when they do deliver their gas to the Mainline. A secondary market exists for Empress Delivery capacity that is traded on the Natural Gas Exchange ("**NGX**"). Thus, when market conditions justify moving gas to eastern markets, Campus's IT rate needs to be able to compete with the combined NGTL Receipt toll and the traded toll for Empress Delivery capacity.[32]

28. Because of these market dynamics, it is imperative that Campus have the flexibility to adjust its IT rate in response to prevailing market conditions. That is why Campus has requested discretion to adjust its IT rates from time to time,[33] and why it produced an illustrative table showing how it could have adjusted its IT rate in response to the foregoing market dynamics.[34] Immutably fixing Campus's IT rate at a certain premium above its FT rates, as the Complainants suggests, would unjustly deny Campus the flexibility it requires to remain competitive in the market-place as well as the opportunity to exercise its discretion in pricing IT to allow it to recover the costs of its pipelines capacity from those who use it. However, the Commission affirming Campus and the North Suffield Pipeline's status as a complaint-regulated Group 2 company charging market-based tolls, would continue to afford Campus the flexibility it requires to be able to respond to changing market conditions, recover capacity costs from those that use IT, and to compete with NGTL.

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[31] For example, when the NIT-Empress Transport Day Ahead Index is at or near $0.00/GJ. See month December 2019 to November 2020 in Campus Reply Evidence – Revised Appendix C – Illustrative Discretionary IT Tolls Feb 19 to Nov 2020 [C10389-2].
[32] For example, when the NIT-Empress Transport Day Ahead Index is above $0.02/GJ but less than the NGTL Empress Posted IT Delivery Toll. See months February, October and November 2019 in Campus Reply Evidence – Revised Appendix C – Illustrative Discretionary IT Tolls Feb 19 to Nov 2020 [C10389-2].
[33] Campus Toll Application, at para 11(d) [C07022-1].
[34] Campus Reply Evidence – Revised Appendix C – Illustrative Discretionary IT Tolls Feb 19 to Nov 2020 [C10389-2].

D. Putting the Complainants' Concerns in Context

29. The Complainants' objections to Campus's proposed market-based tolls must be evaluated in their full context. The evidence on the record of this proceeding shows that the principles accepted and invoked by the NEB in approving market based tolls are at stake in this proceeding. The Complainants are simply using the Group 2 pipeline complaint process that was approved by the NEB for the purpose of toll and tariff regulation of the North Suffield Pipeline to haggle with Campus over price. While they are within their rights to file complaints with the Commission, their complaints have no merit. The Commission should accordingly dismiss the complaints and approve Campus's proposed market-based tolls.

i. None of the Complainants are currently shipping on Suffield North

30. First, it is important for the Commission to understand that none of the Complainants are currently shipping on the North Suffield Pipeline at all, or under transportation service agreements ("**TSA**") they hold with Campus. Rockpoint stopped shipping altogether after its former TSA with AltaGas was terminated, and has not shipped any volumes since North Suffield tolls became interim on August 1, 2019.[35] Pine Cliff has not shipped any volumes since the end of 2019; it shipped at the interim rates between August and December 2019.[36] Torxen is the only one currently flowing volumes but, since December 2019, is doing so indirectly through IPC under the TCF Agreement.[37] Torxen only directly or indirectly shipped with Campus at the interim rates from August to November 2019.[38] Thus, prospectively Campus's proposed market-based tolls will have no immediate effect on any of the Complainants. For the interim toll period, approval of Campus's proposed market-based IT toll would result in Pine Cliff owing Campus an additional $225,260.28 for the IT volumes it shipped from August to December 2019; Torxen would owe an additional $754,755.06 for the IT volumes it shipped from August through November 2019.[39]

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[35] Complainants Written Evidence, at para 54 [C09222-2].
[36] Pine Cliff Response to CER IR 2.3(b) [C10050-2].
[37] Torxen Response to Campus IR 1.1(o) [C10050-3].
[38] Attachement Torxen – Campus 1.1(g) [C10050-4]. Campus notes that this exhibit appears to have been mislabelled and should refer to Campus IR 1.1(e).
[39] These sums are calculated by multiply the IT volumes Pine Cliff and Torxen shipped in the referenced months by $0.32/GJ and then subtracting the interim toll paid by each shipper for these same volumes.

ii. The Complainants are IT shippers only

31. To date, none of the Complainants have ever made any long-term commitment to the North Suffield Pipeline.[40] For their own commercial purposes, the Complainants have only ever been IT shippers. There is nothing illegitimate about that, but the Complainants should not be freed from the consequence *of their own choice* to remain at risk by not locking-in their transportation costs under FT service on the North Suffield Pipeline.

32. Rockpoint claims that the nature of its business is such that it cannot subscribe for FT service.[41] That, of course, is not true. What Rockpoint is really saying is that it chooses not to bear the costs of FT service, presumably because it is uncertain whether the gas trading it does for its own account would still yield a sufficient return after covering the costs of FT service. Instead, it subscribed for IT service only under a TSA with AltaGas terminable by either party on 30 days notice.[42] Rockpoint clearly prefers to take the risk that it will be able to procure sufficient IT capacity at a sufficiently low price so that it can profitably sell gas to eastern markets when large differentials arise between gas prices in the eastern and Alberta markets. Having chosen to take this risk, there is no reason that Rockpoint should not have to pay the market-cost of the on-demand service it choses to rely upon.

33. In March 2018, when Pine Cliff first subscribed for service on North Suffield, it elected IT service over FT service, despite having almost two years worth of firm commitments to third-parties upstream and downstream of the North Suffield Pipeline.[43] At that time, the shortest FT term was five years. Pine Cliff was obviously not prepared to make a five-year

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[40] Complainants Responses to Campus IR 1.1(g) [C10050-3]. Pine Cliff and Torxen refer to have having been willing, at various times, to enter into TSA with Campus for FT Service at the below market rates previously offered by AltaGas, but no agreements for FT service were ever concluded between Pine Cliff and Torxen as shippers and AltaGas or Campus as transporter.

[41] Rockpoint Response to CER IR 2.2 [C10050-2].

[42] Campus Reply Evidence, at para 21 [C10255-2]; Rockpoint Response to Campus IR 1.1(h) [C10050-3]. Rockpoint's argument that the 30-day termination clause could not be exercised by Campus to implement new tolls is legally incorrect. Had such a restriction been intended it easily could have been stated, but it was not. Both the shipper and the transporter enjoyed an unqualified right to terminate the TSA for any reason on 30 days notice to the other party. In terminating the former Rockpoint TSA, as Campus was legally entitled to do, Campus took the risk that Rockpoint would not re-subscribe for service at the new higher rates, which is, in fact, exactly what occurred.

[43] Pine Cliff Response to Campus IR 1.1(p) [C10050-3]; Complainants Written Evidence, at paras 56-57 [C09222-2]. Even though Pine Cliff firm obligations that required service on North Suffield in March 2018, it did not approach AltaGas until August 2018, at which time it attempted to negotiated an off-tariff 15-month term for FT service.

financial commitment to the North Suffield Pipeline—despite now baldly proclaiming that it has 20 years of remaining gas "production" in the Suffield area[44]—hence, it unsuccessfully tried to negotiate a 15-month FT term with AltaGas.[45] Instead, like Rockpoint, Pine Cliff subscribed for IT service only under a TSA with AltaGas that was terminable by either party on 30 days notice.[46] This is notable for several reasons. First, Pine Cliff's unwillingness in 2018 to subscribe for even a five-year term casts serious doubt on its unsubstantiated assertion about the remaining "production" life if its Suffield area reserves. Second, Pine Cliff's attempt to negotiate a new service offering tailored to its specific needs showcases a clear embrace of a market-based approach to tolling. Third, that Pine Cliff found it to be in its commercial interest to subscribe for IT service only illustrates that the cost differential between IT and FT service on North Suffield was not sufficient to incentivise a supposedly long-term shipper to subscribe for FT service, particularly when North Suffield is underutilized and IT volumes are virtually guaranteed to flow without interruption. It is plain to see that Pine Cliff enjoyed the availability of low cost IT to evade paying for the true capacity cost of the North Suffield Pipeline.

34. Torxen also professes to have 30 years of remaining "production" in the Suffield area, so it is curious that Torxen has also been unwilling to subscribe for FT service.[47] Especially considering Torxen says that 9% of its production is captive to North Suffield.[48] Torxen's circumstances are somewhat distinct from Rockpoint and Pine Cliff, in that prior to the Transfer Application Torxen never directly entered into a TSA with AltaGas. Rather, Torxen entered into an arrangement to have BP Canada ship Torxen's gas on the North Suffield Pipeline, and it was BP Canada that entered into a TSA for IT service with AltaGas on Torxen's behalf.[49] Like with Rockpoint and Pine Cliff, the BP Canada TSA was also

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[44] Pine Cliff Response to Campus IR 1.3 [C10050-3]. Pine Cliff specifically declined to provide any details of its proven and probable gas reserves in the Suffield area, its anticipated rate of production, and other reserve life information despite being specifically asked to provide such information in Campus IR 1.3.
[45] Campus Reply Evidence, at para 18 [C10255-2]. Notably, in the email chain that Pine Cliff filed as Attachment Pine Cliff – Campus 1.1(g)(1) [C10050-5] the most recent email, from a a representative of Pine Cliff, states that "things were still up in the air".
[46] Campus Reply Evidence, at para 21 [C10255-2]; Pine Cliff Response to Campus IR 1.1(h) [C10050-3].
[47] Torxen Response to Campus IR 1.3 [C10050-3]. Torxen specifically declined to provide any details of its proven and probable gas reserves in the Suffield area, its anticipated rate of production, and other reserve life information despite being specifically asked to provide such information in Campus IR 1.3.
[48] Torxen Response to CER IR 2.7(c) [C10050-2].
[49] Complainants Written Evidence, at para 66 [C09222-2]. Campus Reply Evidence, at para 16(b) [C10255-2].

terminable on 30 days notice. [50] Thus, like with Pine Cliff, Torxen found it more commercially advantageous to (indirectly) subscribe for IT service, and thereby avoid paying for the true capacity costs of the pipeline it actually used despite supposedly having long-term shipping needs in the Suffield area. We note BP Canada has not participated in the aggrieved shippers Complaint.

iii. The Complainants can divert their gas from North Suffield to the NGTL System

35. Critically, all of the Complainants have the ability to divert all or nearly all of the gas they could ship on North Suffield to the NGTL system.[51] Both Rockpoint and Pine Cliff have ceased shipping on North Suffield, and Torxen has made alternate contractual arrangements with IPC rather than ship under its own TSA. [52] These facts prove that Campus competes directly with NGTL for volumes on North Suffield and that Campus does not have market power over any of the Complainants; each of them has a viable alternative to the North Suffield Pipeline if any of them are not satisfied with Campus's tolls. For the small portion of Torxen's production that is said to be currently captive to North Suffield, Torxen candidly acknowledges that it could connect those volumes to NGTL if it so chooses.[53]

iv. No evidence of adverse economic impact to Complainants

36. Given their strident opposition to Campus's proposed market-based tolls, one would have expected the Complainants to be able to easily show that Campus's proposed tolls would be economically unviable for each of them. To use the vernacular, to show that Campus's proposed tolls are "out of the money". Yet, the Complainants have produced nothing to this effect. In fact, they specifically declined to provide detailed economic information about this issue—even on a confidential basis—after being specifically requested to provide such information by Campus.[54] The inescapable inference is that the Complainants can afford Campus's proposed market-based tolls, they would just prefer to continue

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[50] Campus Reply Evidence, at para 21 [C10255-2]; Torxen Response to Campus IR 1.1(h) [C10050-3].
[51] Complainants Responses to Campus IR 1.1(f) [C10050-3].
[52] See paragraph 30, above, and the footnotes therein.
[53] Torxen Response to Campus IR 1.2(k)(iii) [C10050-3].
[54] See *e.g.* Complainants Reponses to Campus IR 1.1(e) and 1.2 (h) and (j); Pine Cliff and Torxen Responses to Campus IR 1.3(e); and Rockpoint Response to Campus IR 1.4(g) [C10050-3].

paying below market rates to the extent that opportunity might be made available to them as a consequence of their Complaint. Were that not the case, the Complainants would presumably have produced the economic information proving otherwise.

37. The fact is, each of the Complainants is currently paying higher tolls for comparable service on the NGTL system.[55] The Complainants have produced no evidence contesting the fact that Campus's proposed tolls would result in cost-savings for shippers. Rather, the Complainants have produced a contrived cost-of-service model (the "**Complainant COS Model**") in a transparent attempt to keep the North Suffield IT toll well below the market rate, and well below the imputed COS toll that reflects actual costs that Campus has incurred. The Commission should see the Complainant's COS Model for what it is, and dismiss it for the reasons and facts set out in Campus's Reply Evidence, which details the Complainants errors and mischaracterizations, as noted, by:[56]

(a) treating all operating expenses as variable expenses when, in fact, many are fixed costs;

(b) imputing to Campus general and administrative (G&A) expenses based on certain AltaGas costs adjusted for inflation;

(c) using improper allocation ratios;

(d) using an inappropriate deemed capital structure based other pipeline utilities that are not reasonably comparable to Campus;

(e) using an unreasonably low return-on-equity for Campus's risk profile; and

(f) using average past volumes for calculating the unit-cost-of-service rather than forecast volumes.

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[55] All Complainants acknowledge being connected to and using the NGTL system in the last five years: Complainant Responses to CER IR 2.5, 2.6, and 2.7 [C10050-2]; Complainant Responses to Campus IR 1.2(a)-(c) [C10050-3]. For Pine Cliff and Torxen, for example, any IT volumes they shipped to the Mainline on the NGTL system between February and September 2019 would have been at significantly higher cost that Campus's proposed market-based tolls: Campus Reply Evidence – Revised Appendix C – Illustrative Discretionary IT Tolls Feb 19 to Nov 2020 [C10389-2]. Rockpoint's evidence is that it purchase gas for its own account on NIT (which cost would reflect the receipt toll paid by the producer that delivered the gas to NGTL to be sold on NIT), and then either (i) returns that gas to NGTL under an IT-S toll and resells it on NIT, or (ii) pays an NGTL IT-D toll on top of the North Suffield IT toll ships it to the Mainline via North Suffield when there is a sufficient price dislocation between the NIT Price and the price at Burstall: Rockpoint Response to CER IR 2.2 [C10050-2] and Rockpoint Response to Campus IR 1.4(b) and (g) [C10050-3]. If, however, Rockpoint ever elects to transport gas on NGTL for sale at Empress then it would necessarily pay the higher NGTL tolls.

[56] Campus Reply evidence, at paras 51-65 [C10255-2].

v. The Complainants acknowledge that market-based tolls can be just and reasonable

38. It must also be borne in mind that the Complainants agree that the tolls payable under their former TSAs with AltaGas were just and reasonable.[57] These tolls were derived from the market-based tolling methodology approved for North Suffield, not any manner of cost-of-service calculation.[58] In fact, none of the Complainants even asked AltaGas for any cost-of-service financial information before negotiating and subscribing for IT service with AltaGas.[59] This shows at least two things. First, the Complainants do not really care what tolling methodology is used, so long as it yields a price they subjectively find reasonable. Second, relative to the Complainants COS Model, the Complainants agree that higher, market-based tolls can still be just and reasonable. In fact, both before and after the Transfer Application, the Complainants negotiated and agreed with AltaGas to pay higher tolls than their COS Model suggests.[60]

III. ISSUES

39. Based on the List of Issues contained in the Commission's Notice of Public Hearing,[61] and the relief sought in Campus's Toll Application, Campus submits that following issues stand to be decided:

(a) Should the Commission approve Campus's proposed market-based tolls?

(i) Should the North Suffield Pipeline continue to operate under a market-based tolling methodology?

(ii) If so, are Campus's proposed market-based tolls just and reasonable?

(b) In the alternative, if Campus's proposed tolls are not approved, what tolls should be approved for the North Suffield Pipeline?

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[57] Complainant Responses to Campus IR 1.5(c) [C10050-3].
[58] Campus Reply Evidence, at para 19 [C10255-2].
[59] Complainants Responses to Campus IR 1.1(i) and 1.5(b) [C10050-3].
[60] The Complainant COS Model suggests unreasonably low IT tolls of $0.103/GJ (2018), $0.116/GJ (2019), and $0.118/GGJ (2020), yet the Complainants agree that a $0.1815/GJ market-based IT toll (under the former Pine Cliff and BP Canada TSAs) or a $0.195/GJ market-base IT toll (under the former Rockpoint TSA) are just and reasonable.
[61] CER Letter – Campus – Rockpoint, Pine Cliff and Torxen – objections and complaints – North Suffield Pipeline – Notice of Public Hearing and Hearing Timetable, at PDF page 4 [C07764-1].

(c) Are the proposed modifications to Campus's terms and conditions of service appropriate?

40. For the reasons outlined below, Campus's proposed tolls are just and reasonable and should be approved by the Commission.

IV. LAW & ANALYSIS

A. Should the Commission approve Campus's proposed market-based tolls?

i. The North Suffield Pipeline should continue operating under a market-based tolling methodology

41. From inception, the North Suffield Pipeline has operated under a market-based tolling methodology.[62] This methodology has served the pipeline and its shippers well. The Commission should not fundamentally change the North Suffield Pipeline's tolling methodology absent clear and overriding evidence that the current methodology is wholly incapable of yielding just and reasonable tolls. No such evidence exists, and certainly not on the record of this proceeding. Accordingly, the Commission should confirm that the North Suffield Pipeline will continue to operate on the basis of market-based tolls.

42. The *Canadian Energy Regulator Act* (***CERA***) requires that tolls be just and reasonable, and not unjustly discriminatory.[63] There is no prescribed methodology that must be followed to achieve these ends. As the Federal Court of Appeal once said of the Commission's predecessor, the NEB:

> …tolls are to be just and reasonable and may be charged only as specified in a tariff that has been filed with the Board and is in effect. **The Board is given authority in the broadest of terms** to make orders with respect to all matters relating to them. Plainly, the Board has authority to make orders designed to ensure that the tolls to be charged by a pipeline company will be just and reasonable. But its power in that respect is not trammelled or fettered by statutory rules or directions as to how that function is to be carried out or how the purpose is to be achieved. In particular, **there are no statutory directions that, in considering whether tolls that a pipeline company propose to charge are just and reasonable, the Board**

[62] NEB Decision GH-2-2000, p 11-12 (PDF pages 20-21).
[63] *Canadian Energy Regulatory Act*, SC 2019, c 28, s. 10, at s. 230 and 235.

> **must adopt any particular accounting approach or device or that it must do so by determining cost of service and a rate base and fixing a fair return thereon**.[64] [Emphasis added]

43. In response to Complainants' IR 1.1(9), Campus outlined the relevant factors to consider when assessing whether market-based tolling is still appropriate for North Suffield, as set out below.[65] The Complainants have not disputed these factors. Each of the relevant factors militates in favour of maintaining market-based tolling for North Suffield:

(a) Whether the competitive relationship between North Suffield and NGTL is materially different now than it was when North Suffield was brought into service?

> **Answer:** the same competitive relationship continues to exist.

(b) Whether current and prospective North Suffield shippers have alternatives?

> **Answer**: they do, the NGTL system.

(c) The extent to which current or prospective shippers have used available alternatives in the past?

> **Answer**: each of the Complainants is currently connected to and shipping on the NGTL system.

(d) Whether North Suffield has been shown to have market power and, if so, whether it has been shown to have abused its market power?

> **Answer**: North Suffield does not have any market power over the Complainants. Each of them acknowledges that it can divert volumes from North Suffield to the NGTL system, except for a small portion of Torxen's production which Torxen acknowledges could be connected to the NGTL system.

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[64] *British Columbia Hydro & Power Authority v. Westcoast Transmission Co.*, [1981] 2 FC 464 (Fed. C.A.), at 655-56 (emphasis added). This passage was reproduced and cited with approval in *Transcanada Pipelines Ltd. v Canada (National Energy Board)*, 2004 FCA 149 at para 30. See also *Bell Canada v. Bell Aliant Regional Communications*, 2009 SCC 40 at para. 40.

[65] Campus Response to Complainant IR 1.1(9) [C08291-3].

(e) Whether current or prospective shippers have been prevented from getting the physical service (namely, transmission of gas) that they desire?

> **Answer**: None of the Complainants (nor any other shipper) with a TSA has ever been denied the physical service they desire.

44. A market-based tolling methodology is fundamentally different from a cost-of-service methodology. The two methodologies result in fundamentally different cost and risk sharing arrangements between a pipeline and its shippers. This was acknowledged and explained by the NEB in Decision GH-2-1998 when it approved market-based tolling for the South Suffield Pipeline:

> In considering whether a tolling methodology would result in just and reasonable tolls, the Board takes into account the differing points of view of shippers and pipeline owners. Shippers will be concerned with the relative risk they bear because of uncertainty about future toll levels. The pipeline company would also be concerned about whether or not its proposed tolling methodology would allow it to attract sufficient volumes to its system, recover its costs, and provide an appropriate return on its investment.
>
> The proposed Firm Service tolls on the AEC Suffield Pipeline are fixed for contract terms of 5, 10, 15 and 20 years. These tolls would not vary over their term and in contrast to traditional cost-of-service tolls, they are lower for longer contract terms. Tolls for similar contract terms would be set, possibly at a different level, for services commencing at the start of each subsequent year.
>
> **Fixed tolls would involve a different sharing of risks and rewards between the pipeline company and its shippers than would the sharing under cost-of-service regulation.**
>
> Shippers would be relieved from the risk of asset under-utilization or stranded costs and would benefit from rate certainty. The pipeline company would be responsible for any potential stranded assets and would assume any risk related to possible increases in costs due to inflation or rising financial costs.
>
> Another impact of fixed tolls is that, in the early years of a new pipeline, **shippers would not pay the relatively higher initial tolls resulting from cost-of-service regulation**. High tolls in the early life of a pipeline are caused by the fact that a greater share of a pipeline's revenue requirement is return on a rate base which has yet to be depreciated. In the absence of a pipeline expansion, the

> pipeline's rate base would be depreciated each year causing a decline in the pipeline's revenue requirement which would eventually result in lower tolls in the later years of a pipeline's life.
>
> **Fixed tolls would not allow shippers to be exposed to these lower tolls.**
>
> **AEC Suffield's proposed Firm Service tolls would insulate shippers from changes in transportation cost and some of the risks associated with more traditional tolling methodologies. The pipeline company would assume those risks but in turn may be able to earn a return that would appropriately compensate it. The Board believes that a sharing of risks and rewards that is agreed to by a pipeline company and its shippers would be an appropriate way to achieve the goals of regulation without the direct involvement of the regulator. Indeed, because both parties have a better understanding of their own circumstances and thus the most appropriate tradeoffs to make, the solution they agreed to may well be superior to the solution the regulator could make through a cost-of-service based toll. The Board also notes that shippers have the alternative of utilizing NGTL's system for transportation services. In light of the foregoing, it is the Board's view that the tolls on the AEC Suffield pipeline would be just and reasonable. Therefore, the Board accepts the Firm Service tolls proposed by AEC Suffield**.[66] [Emphasis added]

45. In Decision GH-2-2000 the NEB approved the same market-based approach to tolling for the North Suffield Pipeline.[67]

46. Likewise, in Decision GH-1-2003 the NEB approved substantially the same market-based approach to tolling for EnCana's Ekwan Pipeline:

> **7.2 Tolls, Tariff and Transportation**
>
> EnCana Ekwan stated that it is a commercially at-risk pipeline in that only EnCana Ekwan would be at risk should tolls or contracted volumes be insufficient to generate a reasonable return. The actual rate of return that EnCana Ekwan earns would depend on its ability to manage its costs.
>
> **EnCana Ekwan proposed a market-based toll for its transmission services and entered into a Precedent Agreement**

[66] NEB Decision GH-2-98, at p13-14 (PDF pages 21-22).
[67] NEB Decision GH-2-2000, p 11-12 (PDF pages 20-21). See also Campus Reply Evidence, at paras 3-15 [C10255-2].

> **with an affiliate**, EnCana Gas Marketing, to provide firm transportation service for a ten-year term at a fixed toll of $214.74 per 10^3m^3/month ($0.20/mcf).
>
> EnCana Ekwan indicated it is prepared to offer other potential shippers a similar toll for a similar volume and term. **If other potential shippers requested different types of firm service for smaller volumes or for shorter-term service commitments, EnCana Ekwan would be prepared to establish market-based tolls for those different types of transportation service.**
>
> **If capacity were available after meeting firm transportation requirements, EnCana Ekwan would be prepared to offer Interruptible Transportation Service at market-based rates**.
>
> EnCana Ekwan's application was not contested in this regard.
>
> ***Views of the Board***
>
> Pursuant to Part IV of the NEB Act, the Board must ensure that tolls are just and reasonable and that there is no unjust discrimination in tolls, service or facilities.
>
> **EnCana Ekwan's proposed fixed-term service toll would insulate its shipper from changes in transportation costs. In return for assuming the risks of potentially stranded assets and possible cost increases, EnCana Ekwan has set the toll at a level which it believes will recover costs and provide an appropriate return on investment.**
>
> The Board notes that EnCana Ekwan is prepared to offer service to other shippers at market-based rates, thus not precluding other producers from shipping gas on the proposed pipeline.
>
> Based on the above**, the Board finds the proposed tolling methodology to be acceptable**.[68] [Emphasis added]

47. The benefits of this approach continue to accrue to North Suffield shippers today. Shippers are incentivized to subscribe for FT service at the current market-rate, with that rate being fixed for the entire FT service term. This insulates FT shippers from increases in the market-cost of transportation service until the expiry of their FT term. All current and

[68] NEB Decision GH-1-2003 at p 20-21 (PDF pages 30-31).

prospective shippers on the North Suffield Pipeline—including the Complainants—would realize these same benefits by subscribing for FT service today.

48. The Complainants only apparent argument in favour of switching to a cost-of-service tolling methodology is that, as they calculate it, Campus's cost-of-service would be lower than Campus's proposed market-based tolls. As detailed below, Campus strongly disagrees with the Complainant COS Model, and Campus believes that properly calculated cost-of-service tolls would indeed be higher than its proposed market-based tolls. However, assuming for the sake of argument that cost-of-service tolls would be lower for the North Suffield Pipeline than market-based tolls, it would simply be a reflection of the fact that tolls are set on fundamentally different bases under market-based tolling as compared to cost-of-service tolling. However, a cost of service toll at this point in the pipeline's operating life would fundamentally alter the basis upon which the NEB approved the pipeline being built and operated. The pipeline as supported by market-based tolling was deemed to be in the public interest when it was approved. The NEB determined that shippers received the benefit of a lower than cost-of-service tolls at the front end of the contract terms agreed to by shippers and the pipeline accepted this risk in exchange for revenue certainty in the later term. In Campus's submission, a change to cost-of-service tolls at the very end of the 20 year contract terms the contract shippers agreed to is nether just nor reasonable. It upends the allocation of risk that the NEB found appropriate between pipeline and shipper which was founded on a market-based toll. With that said, Campus notes that even if a cost of service toll were notionally lower that does not inescapably mean market-based tolls are not just and reasonable or that cost-of-service tolls should be preferred.

49. The NEB directly addressed this issue in Decision RH-002-2014 in respect of the Alliance Pipeline, confirming that cost-of-service is not the only pathway to just and reasonable tolls:

> Alliance's proposed toll methodology is not based on cost of service. **<u>While cost of service has been widely used and accepted in toll design, there is no requirement that tolls be derived in this manner in order to be found just and reasonable</u>**. The methodology that the Board employs in setting just and reasonable

> tolls is not prescribed by law, and the Board has broad discretion to determine what is just and reasonable. The Board is of the view that different circumstances or market conditions may warrant unique or innovative tolling methodologies.[69] [Emphasis added]

50. Further, in RH-002-2014 the NEB cautioned against assessing one proposed tolling methodology against another. The question is not whether one methodology produces tolls that are equally or more just and reasonable than some other methodology, but whether the proposed methodology *itself* is capable of yielding just and reasonable tolls. The NEB stated:

> Finally, B.C.-MNGD suggested that the toll methodology proposed under the NSO constitutes a marked departure from the way in which the Pipeline has been operated historically, and that Alliance bears the onus of demonstrating that its proposal would result in tolls that are at least as just and reasonable as those currently in place. **In the Board's view, the justness and reasonableness of tolls and tariffs is not easily compared across differing sets of circumstances or toll methodologies. The Board also considers that, for any given set of circumstances, there may be several approaches to tolling that yield just and reasonable results. Each approach should be considered on its own merits and in respect of the many diverse factors that comprise its circumstances**. The Board considered the firm tolls proposed under the NSO based on Alliance's specific circumstances and the characteristics of the NSO as a whole, and has found those firm tolls to be just and reasonable.[70] [Emphasis added]

51. These principles should apply with even greater force in a case like this, where Campus proposes to maintain the status quo and continue using the same tolling methodology that was originally approved for the North Suffield Pipeline, and under which it has always operated.

52. The Complainants' self-imposed difficulty is that for their own commercial reasons they choose to subscribe for IT service only. They prefer operational flexibility over toll certainty. That is fine, but it comes at a cost. None of the Complainants' commercial reasons for preferring IT over firm service argues against the North Suffield Pipeline's

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[69] NEB Decision RH-002-2014 at p 42 (PDF page 56).
[70] NEB Decision RH-002-2014 at p 43 (PDF page 57).

market-based tolling methodology. It is telling that the Complainants have not adduced any evidence to suggest that Campus's proposed market-based tolls are not competitive in the marketplace. They obviously are: they are lower than NGTL's tolls. The reason the Complainants are eager to change the tolling methodology for the North Suffield Pipeline is not because just and reasonable market-prices for service cannot be ascertained, but because the Complainants prefer not to pay the market price.

53. To avoid paying the fair market value of the on-demand service they obtain on the North Suffield Pipeline, the Complainants are now trying to implement precisely what the NEB said Suffield shippers are not entitled to: the lower tolls that typically result under a cost-of-service methodology in the later years of a pipeline's service life after it has been substantially depreciated. The reason for this disentitlement is both simple and sound: shippers have never systematically paid a return of and on the capital invested to construct the North Suffield Pipeline. The pipeline has always been commercially at risk for recovering its investment and realizing a profit. Yet, the Complainants would now like to pretend as if shippers (albeit not them) have always borne the risks and costs of service, which in fact have always been borne by the pipeline, so that the Complainants might pay below market tolls now. That is neither just nor reasonable.

54. In substance, the Complainants' true grievance is not with the market-based tolling methodology, but with the market-price of transporting gas from the Suffield area to the Mainline. A price they prefer not to pay. But none of the Complainants' evidence proves that the market-based tolling methodology approved for North Suffield is incapable of yielding just and reasonable tolls. To the contrary, the Complainants agree that the market-based IT tolls they negotiated with AltaGas under this methodology were just and reasonable. The critical issue, then, is not whether the tolling methodology should be changed, but whether Campus's proposed market-based tolls are just and reasonable. As set out in the next section, the evidence in this proceeding establishes that they are.

ii. Campus's proposed market-based tolls are just and reasonable

55. Campus's proposed market-based tolls align with and continue to achieve the original mission and vision of the North Suffield Pipeline: to provide a lower-cost alternative to the

NGTL system for transporting gas from the Suffield area to the Mainline. Campus's proposed tolls were established in consultation with its shippers, and are intended strike a careful balance between producer economics, market requirements, competition alternatives, and the pipeline economics of North Suffield.[71] The balance they strike is just and reasonable to both Campus and it shippers.

FT Tolls

56. Campus's FT tolls are designed to attract stable committed volumes that would otherwise flow on the NGTL system. The Complainants do not dispute that the North Suffield Pipeline operates in direct competition with the NGTL System. Rather, the evidence shows that each of them is connected to both North Suffield and the NGTL system, and each Complainant acknowledges the ability to divert most or all of the volumes they ship on North Suffield to the NGTL system. This shows that the North Suffield Pipeline operates in a highly competitive environment.

57. Notably, though, none of the Complainants have suggested—much less filed any evidence showing—that NGTL's tolls are not just and reasonable. It follows that, today, as well as under the previously approved NEB market-based tolling structure, grounded in the competitive relationship between North Suffield and the NGTL system, that North Suffield tolls that are competitive with NGTL tolls are just and reasonable.

58. In this case, the evidence shows that not only are Campus's proposed tolls competitive, they are in fact lower than NGTL's tolls. As outlined in paragraph 24 above, at the time Campus's proposed tolls were posted, committed shippers on North Suffield would realize a 22.5% to 28.6% discount compared to the tolls they would pay to NGTL. So, if it is just and reasonable for shippers to pay higher tolls to NGTL to transport gas from the Suffield Area to the Mainline, then Campus's lower proposed market-based tolls are surely just and reasonable too—especially considering that the North Suffield is a commercially-at-risk pipeline and Campus has no assurance of recovering its costs or making a profit.

[71] This approach to setting market-based tolls was approved by the NEB in Decision OH-3-96 at p 10.

59. Relative to one another, North Suffield FT shippers subscribing for longer terms receive a greater discount than FT shippers subscribing for shorter terms. This manner of tiered discount structure has been approved as just and reasonable.[72] For example, in Decision OH-3-96 the NEB said the following in respect of Federated Northern's tiered, market-based toll structure:

> Concerning Federated Northern's proposal to give shippers who sign transportation agreements lower tolls and preferred access over uncommitted shippers, the Board continues to hold the view that lower tolls, renewal rights, and preferred access for contract shippers are justified by the support those shippers provide for the financing of the pipeline and their sharing of the risks associated with the pipeline.[73]

60. The Complainants have filed no evidence contesting the competitiveness of Campus's proposed FT tolls relative to NGTL's tolls. Nor have they filed any evidence that the proposed FT tolls would adversely affect their producer economics. Campus has set its proposed FT tolls at a level it thinks will attract incremental committed volumes to North Suffield at a price-point that will allow Campus to achieve a reasonable return on its investment. Campus's proposed market-based FT tolls are just, reasonable, not unjustly discriminatory, and are competitive with NGTL. The Commission should therefore approve the proposed FT tolls.

ITp Tolls

61. Campus has introduced a new and innovative ITp service as an added benefit to shippers subscribing for FT service. It was developed in consultation with shippers like Pine Cliff and Torxen. It is expressly intended to be an incentive to shippers to sign-up for FT service by giving them greater operational flexibility to meet their long-term transportation needs.[74]

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[72] See *e.g.* NEB Decision OH-1-2009 at p. 46 (PDF page 58).
[73] NEB Decision OH-3-16 at p. 11 (PDF page 18).
[74] Campus Toll Application, at paras 117 [C07022-1]; Campus Reply Evidence, at para 45 [C10255-2].

62. ITp service allows FT shippers to ship additional volumes at only a $0.02 premium over their FT rate. The proportion of additional volumes that may shipped at the ITp tolls increases with the length of the FT service term: [75]

2 Year:	40% of firm volume at ITp
5 Year:	50% of firm volume at ITp
10 Year:	100% of firm volume at ITp
20 Year:	300% of firm volume at ITp

63. The $0.02 ITp premium is just and reasonable because it requires FT shippers to pay an incrementally higher toll for volumes they are not prepared to fully commit to North Suffield. The relative discount that the ITp tolls provides to FT shippers compared to the $0.32 IT toll is in recognition of the financial commitment FT shippers make to North Suffield.

64. This new service offering is tailor-made for a shipper like Torxen. In response to CER IR 2.8(c) Torxen stated:

> For the Torxen volumes that have to flow on the North Suffield Pipeline, Torxen would look to take out firm service for 3 years or less on 50% of our forecast volumes…Given the variables involved in forecasting our production profile (decline rate, drilling of new wells, operational issues, etc.) we are not comfortable signing up for a fixed cost for a longer duration than we have the ability to forecast.[76]

65. Thus, if Torxen subscribed for a two-year FT service term for 50% of its forecast volumes, under ITp service Torxen would be able to ship an additional 40% of its committed volume (i.e. 20% of its forecast volumes) at only a $0.26/GJ (two-year FT rate of $0.24/GJ + $0.02/GJ ITp premium) rather than the full $0.32 IT rate. This would result in significant cost savings to Torxen.

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[75] Campus Toll Application, Appendix A [C07022-1].
[76] Torxen Response to CER IR 2.8(c) [C08291-2].

66. The Complainants' suggestion that ITp service somehow diminishes the value of IT service is without merit. It is true that ITp volumes would have priority of IT volumes. That is because ITp service is an adjunct of FT service and is meant to provide an additional incentive for shippers to subscribe for FT service on North Suffield and make a long-term financial commitment to the pipeline. It must also be emphasized that each FT shipper's potential ITp volumes are capped at a certain percentage of its committed throughput. By contrast, IT service is, by its very nature, the lowest priority service on any pipeline. It is in the very name: *interruptible* transportation service.

67. Perhaps what the Complainants are really concerned about is that Campus's ITp service will attract new FT volumes to North Suffield. IT volumes might then actually be at risk of being interrupted, unlike today where IT service is just as reliable as FT service because of the excess unused capacity on the pipeline.[77] But that is the very point of introducing ITp service: to increase FT throughput on the pipeline. To the extent any of the Complainants require firm capacity on North Suffield then they are welcome to subscribe for FT service and enjoy the benefit of ITp service themselves.

68. It also makes no sense to price ITp service higher than IT service, as the Complainants suggest. Doing so would defeat the very purpose of ITp. With steadily declining throughput on North Suffield, Campus needs to be able to develop and deploy creative market-solutions like ITp service to try to attract new volumes to North Suffield.

69. Finally, it bears noting, that FT shippers will not be required to use ITp service. It's a discretionary service at their disposal to use as they see fit. From time to time, as discussed below, it may be that the posted IT rate will be lower than a FT shipper's ITp rate. If so, FT shippers may choose to ship at the lower IT rate, albeit without any priority over other FT or ITp volumes.

70. Overall, ITp service allows FT shippers to make a smaller firm volume commitment while still being able to ship a capped amount of additional volumes at a discount compared to

[77] Campus Reply Evidence, at para 46-28 [C10255-2]. Each of the Complainants acknowledges that its IT volumes have never been interrupted on North Suffield: Complainant Responses to Campus IR 1.1(q) [C10050-3].

relying on IT service alone. ITp service combines the toll certainty of FT service with the operational flexibility of IT service.

IT Tolls

71. Campus proposes to cap its IT toll at $0.32/GJ, but with the discretion to post lower IT rates in response to market conditions.[78]

72. Here is how that would work. The default IT rate in Campus's tariff would be $0.32/GJ. From time to time, Campus may post a North Suffield IT rate with the CER lower than $0.32/GJ. In a TSA for IT service, Campus would stipulate that the toll payable for IT service will be the toll posted with the CER at the time volumes are shipped. This way, IT shippers will know that they will not pay more than $0.32/GJ for IT service under their TSA with Campus, but might pay less.

73. Prior to June 2020, Campus's proposed maximum IT toll was lower than the posted receipt and delivery tolls that shippers would have to pay on the NGTL system to transport gas from the Suffield area to the Mainline. It would also necessarily be lower, and sometimes significantly so, than tolls payable for service on the NGTL system when Empress Delivery capacity trades well above NGTL's posted Delivery toll—a fact the Complainants completely ignore in their evidence.[79] Subsequent to June 2020 Campus would have adjusted it IT toll to remain competitive with the lowered NGTL IT tolls.[80] These cost savings prove that Campus's proposed IT toll cap is just and reasonable.

74. Campus needs to strike a delicate balance with its IT toll. On the one hand, Campus's IT toll needs to be sufficiently higher than its FT tolls so that shippers with long-term transportation needs are incented to subscribe for FT service. Clearly, as Pine Cliff and Torxen's shipper history illustrates, setting IT rates at only 10% above the five-year FT toll

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[78] Campus Toll Application, at paras 9, 11, and Appendix A [C07022-1].
[79] See e.g. Torxen Response to Campus IR 1.1(a) [C10050-3], where Torxen compares the North Suffield IT rate to only the NGTL IT receipt toll, completely ignorig the fact that NGTL shippers also have to pay the NGTL Empress Delivery toll or purchase Empress Delivery capacity on NGX. Admittedly, Empress Delivery capacity sometimes trades at or near $0.00/GJ, but it also sometimes trades at well over $1.00/GJ: Campus Reply Evidence – Revised Appendix C – Illustrative Discretionary IT Tolls Feb 19 to Nov 20 [C10389-2].
[80] Campus Reply Evidence – Revised Appendix C – Illustrative Discretionary IT Tolls Feb 19 to Nov 20 [C10389-2].

has not motivated shippers who supposedly have long-term transportation needs to subscribe for FT service.

75. In this respect, the North Suffield Pipeline is facing challenges similar to those faced by the Trans Canada Mainline. The following statements from the NEB in Decision RH-003-2011 in the context of significant reduced throughput and changing market conditions on the Mainline are equally apposite to North Suffield today:

> The current pricing methodology for IT and STFT is not appropriate. Shippers using IT or STFT to meet a firm operating requirement do not contribute sufficiently to the Mainline's fixed costs. For example, shippers are increasingly able to meet their peak requirements for gas by contracting for STFT for a short term (for as little as one week), often paying only 110 per cent of the corresponding FT toll for that term. This provides shippers the assurance that they will receive service when they need it, but pay only a fraction of the full year's cost of having the Mainline's capacity available to them.
>
> The pricing discretion proposed by TransCanada under the Restructuring Proposal did not go far enough. In our view, conferring greater discretion on TransCanada to set bid floors for IT and STFT service will provide TransCanada the opportunity to recover the costs of its capacity, during the period of time in which its capacity is used, from those who use it.
>
> TransCanada will have to assess how to price IT and STFT. Optimizing billing determinants and maximizing net revenues on the Mainline, while mitigating the threat of bypass, requires TransCanada to exercise judgment about how much it charges. TransCanada is accountable for how it exercises its discretion and is encouraged by the new incentive mechanism to make decisions that result in the greatest Mainline net revenue, which in the long-run will benefit shippers who require Mainline service.[81]

76. Later in RH-003-2011 the NEB continued:

> …In a low load factor environment, there is little incentive for shippers to contract for firm service if the FT toll is similar to the toll for discretionary services because shippers can obtain flexibility of using the pipeline without committing for an entire year.

[81] NEB Decision RH-003-2011 at p. 2 (PDF page 21).

> In the current circumstances of underutilization, users of discretionary services receive virtually guaranteed service whenever they need it, but pay for only a portion of the annual costs of the capacity, making it difficult for TransCanada to recover the costs of that capacity. In our view, allowing TransCanada to charge higher rates for discretionary services will provide it with a better opportunity to recover the costs of that capacity from those who use it, during the period of time in which it is used.[82]

77. The North Suffield Pipeline faces the same challenges. By their own evidence, both Pine Cliff and Torxen use or have used the North Suffield Pipeline to fulfil their firm operating needs, but have never subscribed for FT service.[83] Campus should be permitted to set the default price for IT service at a level that incentivizes shippers with long-term transportation needs to subscribe for firm service.

78. On the other hand, unlike the TransCanada Mainline, Campus also requires flexibility to adjust its IT rate to respond to market conditions that might cause volumes to shift from North Suffield to the NGTL system. Campus understands that shippers connected to NGTL can sell their gas at NIT, and that Empress Delivery capacity sometimes trades below the posted NGTL Empress Delivery toll (and sometimes well above). While attracting incremental FT volumes is the ultimate objective, there may be times where retaining existing IT throughput is a greater business imperative. This is why Campus has requested discretion to adjust its IT rates below the proposed default $0.32/GJ IT rate.

79. Having such discretion allows Campus to send proper price signals to the market about the relative value of FT versus IT service, while at the same time remaining nimble enough to retain and attract IT volumes in down markets. An illustration of how Campus would strike this balance is outlined in Revised Appendix C of Campus's Reply Evidence; in all circumstances, Campus proposes to match or offer shippers a discount on the lowest toll they would have to pay NGTL.[84]

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[82] NEB Decision RH-003-2011 at p. 126 (PDF page 145).
[83] Both Pine Cliff and Torxen acknowledge having firm transportation needs but having never subscribed for FT service: Pine Cliff and Torxen Responses to Campus IR 1.1(g) and (p) [C10050-3].
[84] Campus Reply Evidence – Revised Appendix C – Illustrative Discretionary IT Tolls Feb 19 to Nov 20 [C10389-2].

80. Like with Campus's proposed FT tolls, the Complainants have not adduced any evidence challenging the competitiveness of Campus' proposed IT rate relative to NGTL tolls. The Complainants' evidence completely ignores the potential for price fluctuations in Empress delivery capacity. The Complainants have also not adduced any evidence showing that Campus's highest proposed IT rate, $0.32/GJ, would adversely affect their producer economics. Campus specifically requested the Complainants to provide evidence about their recently achieved netbacks and the minimum netbacks they would require in the future, but the Complainants expressly declined to provide that evidence to the Commission, even on a confidential basis. The reality is, each of the Complainants can and does pay higher tolls on NGTL. Not only is Campus's proposed IT toll and market-based approach to adjusting-down its IT rate just and reasonable, but it will result in real savings to the Complainants and other shippers relative to what they would have to spend for comparable service on the NGTL system.

Conclusion

81. On the whole, and given that Campus's proposed tolls are universally lower than the comparable NGTL tolls, or would be with IT toll discretion, Campus's proposed tolls are just and reasonable. They provide a competitive market-based choice on the North Suffield Pipeline as well as a range of price incentives for shippers. They incent shippers with long-term transportation needs to subscribe for FT service rather than relying on IT service. Equally, they allow Campus pricing discretion over IT service so that it can recover the costs of pipeline capacity from those that exclusively use IT service, and up to now have managed to avoid paying the true capacity costs of using the pipeline on an interruptible basis. Campus's proposed tolls are demonstratively competitive within the market that North Suffield competes. In the end, since North Suffield is a commercially-at-risk pipeline, it is only Campus that will suffer if it has priced itself out of the market—though on the available evidence there is no reason to conclude that it has. For all of these reasons, the Commission should approve Campus's proposed market-based tolls and confirm that Campus retains the discretion to post revised IT rates from time to time to respond to market conditions.

B. In the alternative, if Campus's proposed tolls are not approved, what tolls should be approved for the North Suffield Pipeline?

i. The Commission should set just and reasonable alternative market-based tolls

82. In the alternative, if the Commission is not satisfied that some or all of Campus's proposed market-based toll are just and reasonable, then the Commission should set appropriate market-based tolls. Campus notes that the Complainants have adduced no evidence about what appropriate *market-based* tolls should be, if not the tolls proposed by Campus. The Complainants have restricted themselves to arguing for a new methodology altogether, which is wrong in principle as set out above. The fact that the Complainants have suggested no alternative market-based tolls, suggests however, that if market-based tolling remains appropriate for North Suffield then Campus's proposed market-based are appropriate as well. However, as set out above, the market-based tolling *methodology* remains fundamentally appropriate for North Suffield, and this methodology should not be jettisoned in the event any of the specific tolls proposed by Campus miss the mark. In such circumstances, the Commission should apply the approved market-based methodology to the evidentiary record of this proceeding to set just and reasonable market-based tolls.

ii. Alternatively, the Commission should prefer the Campus COS Model

83. In the further alternative, and only if the Commission decides to fundamentally shift the North Suffield Pipeline from market-based tolling to cost-of-service tolling, then the Commission should prefer the Campus COS Model over the Complainant COS Model. The Complainant COS Model is based on a number of false, artificial and inappropriate assumptions that are transparently intended to produce the lowest toll possible that is neither just nor reasonable. By contrast, the Campus COS Model uses real cost and throughput numbers to calculate the unit-cost-of-service that would have to be imposed for Campus to have a fair opportunity to recover its operating costs and receive a return of and reasonable return on its invested capital. In short, only the Campus COS Model achieves the ends that cost-of-service tolling is meant to achieve.

84. To be clear, Campus does not believe that cost-of-service tolls should be implemented on North Suffield. It would undo the risk and cost sharing arrangement that the NEB found appropriate in GH-2-98 and GH-2-2000, which underpinned the construction of the

pipeline, and under which the North Suffield Pipeline has always operated. The Commission should not accede to the Complainants' transparent attempt to avoid paying fair market-based tolls simply because they prefer to earn higher profits for themselves.

85. However, if cost-of-service tolls are to be implemented on North Suffield, then they must allow Campus a reasonable opportunity to recover its investment in North Suffield over the remaining economic life of the pipeline. The following sections outline the key differences between the Campus COS Model and the Complainant COS Model, other than the obvious difference in the two Models' unit cost-of-service, and explain why the former should be preferred over the latter.

Allocation Ratios

86. Campus manages and operates the North Suffield Pipeline in common with the South Suffield Pipeline.[85] Operating costs are recorded at a system level, not individually by pipeline segment. Accordingly, for the purposes of calculating cost-of-service tolls for North Suffield only, it is necessary to allocate a portion of system operating costs to North Suffield. Likewise, G&A services are provided to Campus by its parent company, Campus Energy Partners LP ("**CEP LP**"). It is therefore necessary to allocate a portion CEP LP's G&A expenses to North Suffield for the purposes of calculating cost-of-service tolls.

87. The Campus COS Model allocates operating expenses between North Suffield and South Suffield based on the relative capacity of each pipeline. North Suffield has slightly greater capacity than South Suffield, and so Campus allocated 52.055% of operating expenses to North Suffield.[86] The reason that Campus adopted this approach is because most operating costs are fixed.[87] Campus notes that the Complainants generally do not dispute Campus's operating costs, except in respect of how surety bond premiums should be dealt with if an abandonment surcharge is also imposed (which issue is addressed in a separate section below).[88]

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[85] Campus Toll Application, para 17 [C07022-1].
[86] Campus COS Model, Schedule 0.0 [C08291-13].
[87] Campus Reply Evidence, at para 54 [C10255-2].
[88] Complainants' Written Evidence, para 116-117 [C09222-2].

88. The Complainant COS Model, by contrast, treats all operating costs (and G&A expenses) as if they are entirely variable based on the relative throughput of North versus South Suffield. Because North Suffield has lower throughput than South Suffield, the Complainants allocated only 45.067% of operating and G&A costs to North Suffield.[89] This approach is fundamentally incorrect, because most operating and G&A expenses are fixed or vary only slightly with throughput. [90] The reason the Complainants have adopted this approach is simple: to over allocate costs to South Suffield so as to artificially decrease the unit cost-of-service on North Suffield. The Complainants' approach should be rejected.

89. For allocating G&A expenses to North Suffield, the Campus COS Model follows a two-step process, with a goal of allocating the proper proportional amount of G&A to Campus based on the time and attention paid to it by CEP LP Management. It is important to reflect the fact that Management typically focuses their attention on the highest cash flow generating assets, and those assets in which the highest capital investment has been made when allocating G&A expenses, which is what Campus has done.[91]

90. In the first step, a portion of CEP LP's G&A expenses are allocated to Campus based on the average of two ratios: (i) the ratio of CEP LP's EBITDA to Campus's EBITDA, and (ii) the ratio of CEP LP's PPE to Campus's PPE. The EBITDA ratio is used because it captures all direct revenues and all direct costs required to run Campus relative to the rest of CEP LP's businesses. EBITDA does not, however, account for capital investments in property, plants and equipment. Hence the PPE ratio reflects the amount of capital invested in Campus and the Suffield System (and thus relative importance to the organization), versus the total capital invested by CEP LP across all of its business. The average of these two ratios accurately reflects the attention, and thus the relative overhead costs expended by CEP LP on Campus and the Suffield System.[92]

91. Second, once a portion of CEP LP's G&A expenses are allocated to Campus, the capacity ratio between North and South Suffield is applied to allocate G&A expenses to North

[89] Complainants' Written Evidence, para 111-115 [C09222-2].
[90] Campus Reply Evidence, at para 54 [C10255-2].
[91] Campus Toll Application, paras 21-23 [C07022-1]; Campus COS Model, Schedule 1.2 [C08291-13].
[92] Campus Reply Evidence, at para 57 [C10255-2].

Suffield. Again, Campus adopted this approach because its G&A costs are essentially fixed.[93]

92. The Complainant COS Model, however, again takes a contrived approach to allocating G&A expenses to Campus so as to artificially reduce the amount of G&A allocated to North Suffield. Rather than using the EBITDA and PPE ratios used by Campus, the Complainants instead use ratios based on the relative gross and operating margins of CEP LP and Campus.[94] The gross margin ratio is simply a measure of the revenue generated by Campus relative to the total revenue generated by CEP LP across all of its businesses; it does not reflect the relative costs incurred to earn such revenue. The operating margin ratio is better, but only captures the variable costs incurred to generate revenue; it does not account for direct, fixed G&A expenses like the EBITDA ratio does. The net effect of the Complainant COS Model's approach to allocating G&A is to significantly under-allocate the true G&A expenses incurred by CEP LP in the operation of Campus and the Suffield System business.[95]

93. For these reasons, if cost-of-service tolls are implemented on North Suffield, the allocation ratios in the Campus COS Model should be used for allocating operating and G&A expenses to North Suffield. They aim to fairly allocate what are mostly fixed costs to an asset, the North Suffield Pipeline, which is not operated on a stand-alone basis. By contrast, the Complainants attempt to artificially decrease the true operating and G&A expenses required to provide service on North Suffield should be rejected as unreasonable.

G&A Expenses

94. As noted, the Campus COS Model uses an allocation of CEP LP's actual (2019) and budgeted (2020) G&A expenses for calculating the unit cost-of-service.[96] The Complainant COS Model, however, adopts the bizarre approach of applying its above mentioned gross and operating margin ratio to certain expenses reported in *AltaGas's* 2018 unaudited financial statements, adjusted for inflation, averaged with Campus's actual and forecast

[93] Campus Reply Evidence, at para 54 [C10255-2].
[94] Complainants' Written Evidence, para 123 [C09222-2].
[95] Campus Reply Evidence, at para 56 [C10255-2].
[96] Campus COS Model, Schedule 1.2 [C08291-13].

2019 and 2020 G&A expenses, but omitting management and directors' fees.[97] It is as illogical as it is confusing.

95. The Complainants' spurious argument is that because Campus's G&A expenses are higher than what they perceive AltaGas G&A expenses to have been, it is appropriate to average Campus's expenses against inflation-adjusted AltaGas expenses. This is wrong for several reasons:

(a) First, the Complainants are simply mistaken when they assume that the "operating and administrative" expenses reported in AltaGas unaudited 2018 financial statements[98] are the equivalent to the "general and administrative" expenses in CEP LP's audited 2019 financial statements (filed confidentially on the record of this proceeding). They are not. Rather, the "operating and administrative" expenses in the AltaGas unaudited 2018 financial statements are the equivalent of the "operating expense" in Campus's unaudited 2019 financial statements. Both relate almost exclusively to the operating costs of the Suffield system.[99] Just like with Campus's unaudited 2019 financial statements, the unaudited 2018 AltaGas financial statements do not report any G&A expenses. For both companies, G&A expenses were recorded at the parent-company level. Because the North Suffield pipeline never operated under cost-of-service tolling, it is unknown what amount of corporate G&A AltaGas would have allocated to the North Suffield pipeline.[100]

(b) Second, even assuming AltaGas's G&A expenses were lower than Campus's G&A expenses (which fact is unknown on the record of this proceeding), it would not axiomatically follow that Campus's G&A expenses would be unreasonable. What matters is what Campus's costs are. Not what a different entity, with different scale and significantly different operations might have allocated to the pipeline. When a

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[97] Complainants' Written Evidence, paras 120-125 [C09222-2].
[98] Filed in this proceeding as Appendix E to Campus's Toll Application [C07022-6].
[99] See note 1 to Campus's 2019 unaudited financial statements, at PDF page 5 of 9 [C07022-7]; and see note 1 to AltaGas's 2018 unaudited financial statements, at PDF page 9 of 87 [C07022-6]. Both notes describe that the Suffield system comprised the only significant operating asset during the reporting period. Notably, Campus's 2019 operating expenses of $1.483 million were only 13% higher than AltaGas's 2018 operating and administrative expense of $1.305 million.
[100] Campus Reply Evidence, at para 55 [C10255-2].

pipeline is sold, the reasonableness of the new owner's G&A expenses cannot depend on them being equal to or less than the G&A expenses of the previous owner.

(c) Third, the only specific Campus G&A line items questioned by the Complainants are the directors and management fees, because the Complainants suspect that these fees are paid to Birch Hill. This is only partially correct. The director's fees are paid to non-Birch Hill directors (Bill Stedman, former CEO of Pembina Pipelines, and David Cornhill, the former CEO of AltaGas) who provide extremely valuable advisory services related to the strategic and operational direction of CEP LP, [101] which includes the North Suffield business. The management fees are paid to Birch Hill in exchange for financial and data analysis and other services.[102] Together, the director and management fees comprise only 5.9% (2019) and 5.1% (2020) G&A Expenses in the Campus COS Model.[103]

96. It does not make sense to calculate cost-of-service tolls for the North Suffield Pipeline using anything other than Campus's actual costs. If, through evidence, certain costs are shown to be inappropriate or inflated then those individual line items should be adjusted. However, no such evidence exists on the record of this proceeding. The Complainants have merely questioned the appropriateness of the management and directors' fees included in Campus's G&A expenses. These costs are reasonable, for the reasons set out above. Even if these fees were excluded, the portion allocated to North Suffield is so small that it would have a negligible effect on the unit cost-of-service. However, there is no evidence contesting the reasonableness of these amounts, or any of the other line G&A line items. If cost-of-service tolls are implemented, Campus's actual G&A expenses should be used, as there is no substantive evidence contesting them.

[101] Campus Response to Complainant IR 1.3(3) [C08291-3].
[102] Campus Response to Complainant IR 1.3(4) [C08291-3].
[103] These amounts are calculated by applying the G&A allocation ratios described in paragraphs 90 and 91, above to line items 14 and 17 on Schedule 1.2.1 of the Campus COS Model [C08291-13].

Depreciation Rate

97. Through to 2018, the Campus COS Model assumes, based on the rate used in the AltaGas financial statements, that the North Suffield would have been depreciated on a straight-line basis, at 2.5% per year,[104] and further assumes that estimated capital cost reported in GH-2-2000, plus certain capital additions disclosed in AltaGas financial records, as the opening plant-in-service number.[105] This double-layered assumption arises out of necessity from the fact that the actual cost to construct the North Suffield Pipeline is unknown, and, by virtue of never having operated under cost-of-service tolling, there has never been any approved rate of return for invested capital.

98. From 2019 onwards, the Campus COS Model applies a straight line 10% depreciation rate. Changing to cost-of-service tolling would be a material change of circumstances for North Suffield. The *Gas Pipeline Uniform Accounting Regulations* would require Campus to reflect this change of circumstance in its depreciation rate for the pipeline.[106] Campus believes that under cost-of-service tolling the North Suffield pipeline would have a remaining economic life of approximately 10 years. This is based on two essential facts. First, with declining throughput on North Suffield, the unit cost of service is high (as shown in the Campus COS Model) and will only continue to climb in successive years. Escalating tolls will not attract new volumes to the pipeline and may cause current shippers to abandon it, thereby exacerbating the problem.[107] Second, as a result of the first essential fact, Campus would only likely be able to retain volumes shipped by IPC under the TCF Agreement. Campus's uncontested evidence, based on publically available IPC information, is that IPC's gas reserves connected to the Suffield system have a remaining reserve-life of approximately 10 years.[108] Accordingly, if cost-of-service tolls are to be implemented on North Suffield, Campus should be given the opportunity to recover its investment over the remaining economic life of the pipeline.

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[104] Campus Toll Application, para 25 [C07022-1]; Campus COS Model, Schedule 1.3.1 [C08291-13]; Campus Response to CER IR 1.2(a) [C08291-2].
[105] Campus Toll Application, para 24 [C07022-1]; Campus COS Model, Schedule 1.3.2 [C08291-13]; Campus Response to CER IR 1.1(b) [C08291-2].
[106] *Gas Pipeline Uniform Accounting Regulation*, SOR/83/190, s. 53-55.
[107] Campus Response to Complainant IR 1.3(6) and 1.5(4) [C08291-3].
[108] Campus Response to Complainant IR 1.5(4) [C08291-3]; Attachment 1 – IPC Reserve Analysis [C08291-12].

99. The Complainants have adduced no substantive evidence to rebut Campus's evidence of a reduced economic life for North Suffield under cost-of-service tolling. Pine Cliff and Torxen baldly assert that they each anticipate "producing" natural gas in the Suffield area for the 20 or 30 years, respectively.[109] However, they refused to provide any concrete evidence about the size of their Suffield-connected reserves, their anticipated rates of production, or about the economics that will inform the actual future rates of production. The Complainants deny that remaining life of gas reserves served by the North Suffield Pipeline is an appropriate metric for assessing the remaining economic life of the pipeline, but they provide no evidentiary basis for any alternative estimate of North Suffield's remaining economic life. Instead they hide behind the ambiguity of the word "producing" and presume that it will be economical for North Suffield to continue operating so long as they are each producing some volume of gas, no matter how small or intermittently. Respectfully, the Complainants' position defies reason and common sense.

100. There is precedent for using an accelerated depreciation rate. Campus's situation is similar to that faced by the TC Energy Mainline in 2011. Volumes on the Northern Ontario Line ("**NOL**") had dropped off and were not expected to increase in the coming years. The Mainline proposed to shorten the Economic Planning Horizon ("**EPH**")—in effect, the depreciable life—of that line. The NEB approved this, saying:

> In light of the approximately 70 per cent decline in NOL volume over the past decade and TransCanada's forecast of flat to declining NOL throughput, we are of the view that it would be appropriate for TransCanada to depreciate the NOL over a shortened time frame. Accordingly, we approve the EPH of the NOL to be 2020.[110]

101. In sum, the Complainant COS Model uses a depreciation rate disconnected from the realistic remaining economic life of the North Suffield Pipeline under cost-of-service tolling. By contrast, the straight line 10% depreciation used in the Campus COS Model is reflective of North Suffield's abbreviated economic life under cost-of-service tolling, and

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[109] Pine Cliff and Torxen Responses to Campus IR 1.3 [C10050-3].
[110] NEB Decision RH-003-2011 at p. 54 (PDF page 73). Campus notes that RH-003-2011 was rendered in 2013, so shortening the EPH of the NOL to 2020 left a depreciable life only 7 years.

should therefore be used for the purposes of setting any cost-of-service tolls imposed on North Suffield.

Capital Structure

102. The Campus COS Model calculates Campus's cost of capital using Campus's actual capital structure of 36% debt and 64% equity.[111] At the time Birch Hill acquired the Suffield System from AltaGas it thoroughly tested the financial markets, and 36% debt financing was the greatest degree of debt capitalization it could obtain.[112]

103. The Complainants' suggestion that Campus should have deemed capital structure equivalent to that of NGTL or the Trans Canada Mainline is wholly without merit. As detailed in Campus's Reply Evidence, the comparator pipelines upon which the Complainants premise their argument are remarkably dissimilar to North Suffield. They are many magnitudes larger than North Suffield, have considerably larger and more stable customer bases, and are significantly less risky than the North Suffield Pipeline.[113]

104. A deemed capital structure should only be imposed if there is evidence that a pipeline company *could* and *should* more prudently capitalize its business with more lower-cost debt. If so, a deemed capital structure may be appropriate to prevent shippers from having to pay inflated tolls because of a pipeline company's voluntary and unnecessary over-reliance on equity capitalization. However, there is no such evidence in this case. To the contrary, the evidence shows that a 36%:64% debt to equity ratio was the greatest amount of debt financing that Campus could obtain. Any cost-of-service tolls should be calculated on this basis.

[111] Campus Toll Application, para 42 [C07022-1]; Campus COS Model, Schedule 4.0 [C08291-13].
[112] Campus Response to Complainant IR 1.4(5) [C08291-3].
[113] Campus Reply Evidence, at paras 58-64 [C10255-2].

Return on Equity

105. Based on a comparative and Capital Asset Pricing Model ("**CAPM**") analysis, the Campus COS Model uses a 15% return on equity ("**ROE**").[114] This ROE reflects the risk profile of the North Suffield Pipeline. It is a high-risk business.[115]

106. Under cost-of-service tolling, setting an appropriate ROE is an essential element of setting just and reasonable tolls and preserving the economic well being of the pipeline. As explained by the Federal Court of Appeal:

> Even though cost of capital may be more difficult to estimate than some other costs, it is a real cost that the utility must be able to recover through its revenues. If the Board does not permit the utility to recover its cost of capital, the utility will be unable to raise new capital or engage in refinancing as it will be unable to offer investors the same rate of return as other investments of similar risk. As well, existing shareholders will insist that retained earnings not be reinvested in the utility.
>
> In the long run, unless a regulated enterprise is allowed to earn its cost of capital, both debt and equity, it will be unable to expand its operations or even maintain existing ones.
>
> Eventually, it will go out of business. This will harm not only its shareholders, but also the customers it will no longer be able to service. The impact on customers and ultimately consumers will be even more significant where there is insufficient competition in the market to provide adequate alternative service.
>
> […]
>
> Cost of equity for a future year cannot be directly measured and therefore must be based on estimates. The Board must choose an estimate that allows the Mainline to earn what has been termed a "fair return." In *Edmonton (City) v. Northwestern Utilities Ltd.*, [1929] S.C.R. 186 (S.C.C.), at 192-93, the Supreme Court defined a fair return in the following terms:
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> > The duty of the Board was to fix fair and reasonable rates; rates which, under the circumstances, would be fair to the consumer on the one hand, and which, on the other hand, would secure to the company a fair return for the capital

[114] Campus Toll Application, para 42, 59-73 [C07022-1]; Campus COS Model, Schedule 4.0 [C08291-13].
[115] Campus Toll Application, para 54-55 [C07022-1].

> invested. By a fair return is meant that the company will be allowed as large a return on the capital invested in its enterprise (which will be net to the company) as it would receive if it were investing the same amount in other securities possessing an attractiveness, stability and certainty equal to that of the company's enterprise.
>
> Tolls which reflect a fair return on capital will be just and reasonable…[116]

107. The Complainant COS Model uses a 10% ROE, which the Complainants note is essentially the same ROE advocated by Campus less the 5.06% size premium suggested by Campus's CAPM analysis.

108. Campus strongly disagrees that a 10% ROE would be sufficient to attract capital investment in North Suffield. This is essentially the same ROE approved for the NGTL System and the Mainline, which are significantly larger and less risky businesses than North Suffield.[117] It is also less than the approved ROE for gas distribution companies like Enbridge Gas New Brunswick (10.9% ROE) or Heritage Gas (11% ROE) who both face significantly less demand risk than Campus.[118] It is also less than the 12% ROE approved for Centra Transmission Holdings Inc, a relatively small pipeline (like North Suffield), but one that services a stable consumer base including a local distribution utility and several large industrial users (unlike Campus).[119] North Suffield is also a riskier business than the Milk River pipeline (13% ROE), which provides much needed takeaway capacity for delivering crude oil streams to refineries in Montana.[120]

109. Campus notes that the Complainants have not filed any evidence challenging the veracity of Campus's CAPM analysis. It provides a cogent basis for estimating the additional risk premium investors would require to invest in Campus compared to companies like TransCanada and AltaGas (whom the Complainants suggest are comparators for Campus).

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[116] *Transcanada Pipelines Ltd. v Canada (National Energy Board)*, 2004 FCA 149 at paras 12-13, 33.
[117] Campus Toll Application, para 65 [C07022-1].
[118] Campus Toll Application, para 64 [C07022-1].
[119] Campus Toll Application, para 66 [C07022-1].
[120] Campus Reply Evidence, at paras 63 [C10255-2].

The 15% ROE used in the Campus COS Model is the mid-range of the ROE suggested by the CAPM analysis.[121]

110. When taken together, a comparative analysis (using fair comparators) and Campus's CAPM analysis suggest an ROE greater than 13% would be required in order to attract investment capital to North Suffield. The 15% ROE used in the Campus COS Model is a reasonable incrementally higher ROE than the approved ROEs for comparable pipelines like Milk River and Centra, which face lower demand risk than does Campus.

Throughput

111. The Campus COS Model calculates the unit cost of service based on actual or estimated throughput on North Suffield, net of the volumes shipped by IPC under the TCF Agreement which are transported at the fixed contract price.[122] The Complainants, by contrast, use the average throughput for the last three years (approximately 35% of the pipeline's capacity) as the basis for calculating the unit cost of service.[123] The Complainants' approach is inappropriate. Their average is skewed upwards by the temporary throughput spikes in 2018 and 2019 caused by service disruptions on the NGTL system and the large price differentials between Alberta and eastern markets. Such conditions have since subsided and the throughput on North Suffield has resumed its trend of steady decline.[124] The Complainants' approach artificially reduces the unit cost of service by assuming that higher throughput based on anomalous external market conditions will continue into the future. The evidence shows that it will not.

Abandonment Costs

112. The costs of abandoning a pipeline are a cost of service. Under the market-based tolling methodology, where tolls are not tied to Campus's revenue requirements, the costs of abandonment, like all other costs of service, are born by Campus. However, under cost-of-service tolling, all costs of service are born by shippers. Thus, as Campus has endeavoured

[121] Campus Toll Application, para 73 [C07022-1].
[122] Campus Toll Application, para 78[C07022-1]; Campus COS Model, Schedules 5.0 to 5.2 [C08291-13].
[123] Complainants' Written Evidence, at para 175, Appendix A, Schedule 5.0 [C09222-2].
[124] Campus Reply Evidence, at paras 66 [C10255-2].

to make clear, Campus only proposes to implement an abandonment surcharge if cost-of-service tolls are implemented on the North Suffield Pipeline.[125]

113. To be clear, if the Commission approves the continued use of a market-based tolling methodology as Campus requests, then Campus will continue to self-fund the abandonment liabilities for the North Suffield Pipeline, which obligation is already secured by the surety bond that Campus has posted with the CER.[126]

114. In the event cost-of-service tolls are imposed on the North Suffield Pipeline, the Campus COS Model calculates the abandonment surcharge that would be necessary for Campus to recover the costs of abandoning the North Suffield Pipeline over its remaining economic life.[127] Unless and until the Commission approved the withdrawal of Campus's surety bond in conjunction with the approval of an abandonment surcharge, then Campus would continue to have to pay the associated surety bond premiums and those costs would be properly recoverable from shippers under cost-of-service tolling.

115. As explained in response to CER IR 1.3(a), it is just and reasonable for Campus to be able to recover the full cost of abandonment from future shippers. Such shippers will benefit from the fiction that the North Suffield Pipeline was steadily depreciated from inceptions and that shippers, not the pipeline, have borne all costs and risks of underutilization. The corollary of this fiction is that future shippers should also have to bear the burdens that past shippers notionally would have borne. Had North Suffield been a cost-of-service pipeline at the time of MH-001-2013 was released, AltaGas would have surely established a trust fund and implemented an abandonment surcharge at that time. If a fundamental change to the cost and risk sharing arrangement for North Suffield is now to be implemented at the Complainants' behest, they and their fellow shippers should have to bear the full

[125] Campus Response to CER IR 1.3(a) [C08291-2].
[126] Campus Response to Complainant IR 1.8(1) [C08291-3].
[127] Campus Toll Application, para 89 [C07022-1]; Campus COS Model, Schedule 7.0[C08291-13]; Campus Response to Complainant IR 1.8(1) [C08291-3].

consequences of that decision. And that includes making up for lost time in collecting funds to cover future abandonment costs.[128]

Conclusion

116. Campus does not advocate cost-of-service tolls for the North Suffield Pipeline. But if they are to be implemented, then they should be grounded in reality. They should be based on actual costs including costs of capital, use reasonable allocation ratios, return invested capital over the remaining economic life of the pipeline, and be based on forecast future throughput. Only the Campus COS Model meets these metrics. The Complainant COS Model is counterfactual and a transparent effort to artificially reduce costs and inflate throughput to yield a low unit cost of service. Cost-of-service tolls need to be just and reasonable to both the pipeline and its shippers, not just shippers alone.

C. Campus's Revised Terms and Conditions of Service are Appropriate

117. This section addresses the contested terms and conditions of service implemented in the Revised TSA[129] that are not otherwise discussed above:

(a) Removal of periodic toll increase provision;

(b) Costs for Testing Measuring Equipment;

(c) Pricing Mechanisms related to Customer Gas Account Balances; and

(d) Specified Billing Date.

i. Removal of Periodic Toll Increase Provision

118. The Complainants request that the Commission force Campus to reintroduce a provision intentionally omitted from the Revised TSA that provides for 15-months notice of any toll increases.[130] This request is inappropriate and should be denied for several reasons. First, there is no need for such provision in TSAs for FT service, because the toll will be fixed

[128] Campus Response to CER IR 1.3(a) [C08291-2]; Campus Response to Complainant IR 1.8(1) and (4) [C08291-3].
[129] Appendix D – Campus Energy Proforma Suffield TSA (Effective July 1, 2019 – Campus Energy CER Application (North Suffield Pipeline) [C07022-5] (the "**Revised TSA**").
[130] Complainants' Written Evidence, at paras 211-213 [C09222-2].

for the entire term of the contract. For IT service, the maximum toll will be capped at $0.32/GJ, but may be adjusted from time to time to account for market conditions. What the Complainants are improperly trying to achieve is an IT toll that is fixed for at least 15-months at a time. This is wholly inconsistent with the nature of market-based tolls and complaint based regulation that allows Campus to post revised tolls at any time. It is also a significant over-reach for IT shippers to demand long-term toll certainty when they are not themselves willing to make any long-term financial commitment to North Suffield. If anything, the fact that the Complainants suggest such arguments underscores the need for Campus to have full pricing discretion for IT service.

ii. Costs for Testing Measuring Equipment

119. Both Campus and its shippers have a vested interest in ensuring that volumes put onto and taken off of North Suffield are measured accurately. Shippers want to ensure that all of their gas is duly delivered to the Mainline, and Campus wants to ensure that it is paid for all volumes that it transports. Who bears the risks of measurement inaccuracies, and therefore who bears the costs of ensuring measuring equipment is functioning properly is a matter of commercial risk allocation.

120. Exhibit "B" of the Revised TSA contains the general terms and conditions of service ("**General T&Cs**"). The Revised TSA amends Article 4.3 of the General T&Cs to require that the customer (i.e. shipper) rather than the transporter bear the costs of conducting standardized testing to ensure the accuracy of measurement equipment at the shipper's receipt and delivery points.

121. Campus implemented this change because many Suffield shippers, including Rockpoint, own the measurement equipment at their receipt points. Campus believes it is reasonable for shippers to bear the costs of ensuring the accuracy of their own measurement equipment. For shippers relying on Campus's measurement equipment, Campus believes requiring these shippers pay for periodic testing is reasonable compared to the alternative of Campus requiring such shippers to install and maintain their own measurement equipment. Under a market-based toll regime where Campus is not assured the recovery of its invested capital or costs of operation, Campus believes that it should be permitted to

enter into commercial arrangements with its shippers that allocate costs and risks as mutually agreed.[131]

iii. Pricing Mechanisms related to Customer Gas Account Balances

122. The Revised TSA amends Articles 5.4 and 5.5 of the General T&Cs to clarify the price at which the transporter will sell gas to or buy gas from the customer in the event of a discrepancy between a customer's receipts and deliveries on the system. Campus thoroughly explained the rational for these changes in its Toll Application.

123. The Complainants baldly assert, without explaining or providing supporting evidence, that these updated provisions "heavily favour" Campus and "may be considered punitive. The Commission should give no weight to these assertions without any evidence to back them up.

124. Secondly, the Complainants express uncertainty about how these provisions would operate in the event of unspecified hypothetical upstream or downstream events of force majeure. Campus cannot meaningfully respond to this vague hypothetical concern. However, Campus notes that true force majeure events are, by their nature, extreme and unforeseen. Campus would be eager to work with its shippers in these rare sorts of situations to achieve a reasonable commercial solution acceptable to all parties.

iv. Specified Billing Date

125. The administrative change to the specified billing date in the Revised TSA was identified by the Commission as an issue to be addressed in its Notice of Public Hearing. The rationale for this change is set out in paragraph 127 of Campus's Toll Application. Campus notes that the Complainants did not address this provision in their written evidence, and Campus therefore infers that they are no longer contesting this proposed change.

V. CONCLUSION

126. The market-based tolling methodology remains appropriate for North Suffield. The competitive relationship between North Suffield and the NGTL system that motivated

[131] Campus Toll Application, paras 120-121 [C07022-1];

approval of market-based tolling in the first place continues to exist today. The Complainants have certainly not produced any evidence that would justify concluding otherwise. Also, and fundamentally, given that a market-based approach was an essential feature of the North Suffield pipeline at the time it was approved, any departure from market-based tolling should be done as a measure of last resort only. There is no evidence proving that market-based tolling will invariably yield unjust and unreasonable tolls such that a switch to cost-of-service tolling is necessary. To the contrary, the evidence shows that the surplus IT capacity on North Suffield is such that shippers are financially incented to forego FT service and avoid paying the full capacity costs of the pipeline. As the NEB found in RH-003-2011 this is inappropriate and needs to be addressed by allowing full pricing discretion for IT service:

> Shippers using IT or STFT to meet a firm operating requirement do not contribute sufficiently to the Mainline's fixed costs. For example, shippers are increasingly able to meet their peak requirements for gas by contracting for STFT for a short term (for as little as one week), often paying only 110 per cent of the corresponding FT toll for that term. This provides shippers the assurance that they will receive service when they need it, but pay only a fraction of the full year's cost of having the Mainline's capacity available to them. The pricing discretion proposed by TransCanada under the Restructuring Proposal did not go far enough. In our view, conferring greater discretion on TransCanada to set bid floors for IT and STFT service will provide TransCanada the opportunity to recover the costs of its capacity, during the period of time in which its capacity is used, from those who use it.[132]

127. The Complainants themselves agree that the market-based tolls charged by Campus's predecessor were just and reasonable. The reasonableness of the market-based methodology is not really in dispute.

128. The Complainants simply do not want to pay the current market price for IT service on North Suffield. But they know that if market-based tolling remains in place they have no legitimate basis to contest Campus's proposed tolls. Campus's proposed tolls are demonstrably competitive with NGTL's tolls; and Campus's flexible approach to its capped IT toll will mean that North Suffield rates will remain competitive even in a down

[132] NEB Decision RH-003-2011 at p 2 (PDF Page 21).

market. So, the Complainants have played the only card available to them: proposing a change in tolling methodology in the hope that cost-of-service tolls will be more to their liking. But that completely misses the point.

129. The law is clear that Campus's proposed market-based tolls should be evaluated on their own merits, in light of the relevant circumstances. This is not an exercise in comparing the tolls produced by one methodology versus another and then picking the lowest number. The law recognizes that many different methods may yield tolls that are just and reasonable to both shippers *and* the pipeline. So, the question in this case is: are Campus's proposed market-based tolls just and reasonable? The answer is yes.

130. The evidence in this proceeding shows that Campus's proposed market-based tolls continue to fulfill the original mission of North Suffield: a lower-cost alternative to NGTL for transporting gas from the Suffield area to the Mainline, while at the same time allowing Campus a reasonable opportunity to recover the capacity costs of the pipeline from those that use IT service in circumstances of declining throughput and changed market conditions. True, the market-price of service has increased and decreased over the recent years, but that's no reason to deny Campus's proposed toll increase. In fact, it's the very opposite. Under a market-based tolling regime, the price of service should rise (or fall) with market-prices over time. Campus is doing what market-based tolling requires: reacting to the market and the needs of its shippers.

131. NGTL's tolls establish the market-price against which Campus must compete. Each of the Complainants is currently connected to and uses the NGTL system. Indeed, they acknowledge that they can swing most or all of the throughput from North Suffield to the NGTL system if they so choose. So, it is against the NGTL system that Campus and North Suffield must compete. The evidence is clear that Campus's proposed tolls are lower than NGTL's tolls on all fronts. So, logic dictates that if NGTL's higher tolls are just and reasonable—which the Complainants have not contested in their evidence despite currently paying those tolls—then the lower tolls proposed by Campus must be just and reasonable too.

VI. REQUESTED RELIEF

132. Based on the evidentiary record of this proceeding, and in particular Campus's Toll Application, IR responses, and Reply Evidence; and for the reasons outlined above; Campus respectfully requests:

(a) an Order pursuant to s. 226 and s. 232(b) of the *Canadian Energy Regulator Act* approving Campus's proposed market-based tolls, as set out in Appendix A of the Toll Application, effective July 1, 2019;

(b) an Order pursuant to s. 226 of the *Canadian Energy Regulatory Act* confirming that Campus remains a Group 2 company regulated on a Complaint basis and therefore has discretion to post revised IT tolls from time to time;

(c) an Order pursuant to s. 226 of the *Canadian Energy Regulatory Act* approving Campus's Revised TSA as set out in Appendix B of the Toll Application; and

(d) such further and other relief as the Commission considers just and reasonable.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 15th day of December 2020.

LAWSON LUNDELL LLP

<Original Signed By>

Lewis L. Manning
Alastair MacKinnon
Counsel for Campus Energy Partners Suffield LP by its general partner Campus Energy Partners Operation Inc.