



National Energy Board

Performance Report

For the period ending
March 31, 1998

Canada

Improved Reporting to Parliament Pilot Document

The Estimates of the Government of Canada are structured in several parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve.

The *Report on Plans and Priorities* provides additional detail on each department and its programs primarily in terms of more strategically oriented planning and results information with a focus on outcomes.

The *Departmental Performance Report* provides a focus on results-based accountability by reporting on accomplishments achieved against the performance expectations and results commitments as set out in the spring *Report on Plans and Priorities*.

©Minister of Public Works and Government Services Canada — 1998

Available in Canada through your local bookseller or by mail from

Canadian Government Publishing — PWGSC

Ottawa, Canada K1A 0S9

Catalogue No. BT31-4/7-1998

ISBN 0-660-60672-0



Foreword

On April 24, 1997, the House of Commons passed a motion dividing on a pilot basis what was known as the annual *Part III of the Estimates* document for each department or agency into two documents, a *Report on Plans and Priorities* and a *Departmental Performance Report*.

This initiative is intended to fulfil the government's commitments to improve the expenditure management information provided to Parliament. This involves sharpening the focus on results, increasing the transparency of information and modernizing its preparation.

This year, the Fall Performance Package is comprised of 80 Departmental Performance Reports and the government's "*Managing For Results*" report.

This *Departmental Performance Report*, covering the period ending March 31, 1998, provides a focus on results-based accountability by reporting on accomplishments achieved against the performance expectations and results commitments as set out in the department's *Part III of the Main Estimates* or pilot *Report on Plans and Priorities* for 1997-98. The key result commitments for all departments and agencies are also included in *Managing for Results*.

Results-based management emphasizes specifying expected program results, developing meaningful indicators to demonstrate performance, perfecting the capacity to generate information and reporting on achievements in a balanced manner. Accounting and managing for results involve sustained work across government

The government continues to refine and develop both managing for and reporting of results. The refinement comes from acquired experience as users make their information needs more precisely known. The performance reports and their use will continue to be monitored to make sure that they respond to Parliament's ongoing and evolving needs.

This report is accessible electronically from the Treasury Board Secretariat Internet site:
<http://www.tbs-sct.gc.ca/tb/key.html>

Comments or questions can be directed to the TBS Internet site or to:

Planning, Performance and Reporting Sector
Treasury Board Secretariat
L'Esplanade Laurier
Ottawa, Ontario, Canada
K1A 0R5
Tel: (613) 957-7042
Fax (613) 957-7044



National Energy Board

Performance Report

**For the
Period ending
March 31, 1998**

Mr. Kenneth W. Vollman
Chairman
National Energy Board

The Honourable Ralph Goodale
Minister
Natural Resources Canada

Preface

On 24 April 1997, the House of Commons passed a motion dividing *Part III of the Estimates* document for each department or agency into two separate documents: *a Report on Plans and Priorities*, and *a Departmental Performance Report*. Examination of the 78 Departmental Performance Reports ("DPR") tabled in November 1997 underlined the important role that these reports played in government accountability to Parliament. Their purpose was to communicate credibly what Canadians get for the resources and the authorities provided by Parliament.

This *Departmental Performance Report* responds to the government's commitments and reflects the goals set by Parliament to improve accountability for results. It covers the period ending 31 March, 1998 and reports against the plans presented in the National Energy Board's *Part III of the Main Estimates* for the fiscal year 1997-98.

The National Energy Board is committed to fulfilling the various requirements of results-based management:

- i) to specify the Board's expected program outcomes;
- ii) to develop meaningful indicators to demonstrate Board performance;
- iii) to perfect the Board's capacity to generate information; and
- iv) to report on the Board's achievement.

Comments or questions can be directed to the Treasury Board Secretariat ("TBS") Internet site or to:

Government Review and Quality Services
Treasury Board Secretariat
L'Esplanade Laurier
Ottawa, Ontario
K1A 0R5
Tel: (613) 957-7042
Fax: (613) 957-7044

TABLE OF CONTENTS

Table of Contents	i
List of Figures and Tables	iii
Executive Summary	iv
Section I: Chairman’s Message	1
Section II: Agency Overview	2
A.1 Legislative Mandate	2
A.1.1 Corporate Vision and Goals	3
A.2 Operating Environment	3
A.2.1 Operating Context	3
A.2.2 Corporate Strategic Objectives 1997-98	5
A.3 NEB Organization and Structure	6
A.3.1 Business Unit Responsibilities	8
Section III: Agency Performance	10
B.1 Key Results Commitment	10
B.2 Agency Performance Overview	11
B.2.1 Performance Accomplishments	12
B.3 Afterword	29
Section IV: Financial Performance	31
C.1 Overview	31
C.2 Summary of Voted Appropriations	31
C.3 Comparison of Total Planned Spending to Actual Spending	32
C.4 Historical Comparison of Total Planned Spending to Actual Spending ..	33
C.5 Non-Applicable Tables	33
C.6 Revenue to the CRF	34
C.7 Other Non-Applicable Tables	35
C.8 Contingent Liabilities	36

Section V: Consolidated Reporting	37
D.1 Special Travel Policies	37
D.2 Cooperation with Other Government and Regulatory Agencies	38
D.3 Quarterly Regulatory Reports	40
Section VI: Other Information	44
E.1 Contacts for Further Information	44

List of Figures and Tables

Section II : Agency Overview

Figure 1 Organizational Framework 7

Section III : Agency Performance

Table 1 Safety and Occupational Health Inspections 1997-98 15
Table 2 Environmental Inspections 1997-98 16
Table 3 Frontier Activity 1997-98 17
Table 4 Reviews - Historical Data 1993-98 22
Table 5 Appeals/Judicial Reviews - Historical Data 1993-98 23
Table 6 Historical Staffing 1993-98 26

Section IV : Financial Performance

Chart 1 Historical Financial Information 31
Table 1 Summary of Voted Appropriations 31
Table 2 Comparison of Total Planned Spending to Actual Spending ... 32
Table 3 Historical Comparison of Total Planned to Actual Spending ... 33
Tables 4-6 Non-Applicable Tables 33
Table 7 Revenues to the CRF 34
Tables 8-14 Other Non-Applicable Tables 35
Table 15 Contingent Liabilities 36

Performance Report

Executive Summary

The Agency Performance Report covers the period ending March 31, 1998 and reports against the plans presented in the National Energy Board's *Part III of the Main Estimates* for the fiscal year 1997-98.

Legislative Mandate

The National Energy Board came into being by the proclamation of the *National Energy Board Act* ("NEB Act") on November 2, 1959 which includes regulatory and advisory functions. The Board also has regulatory powers under the *Canada Oil and Gas Operations Act* ("COGO Act") and certain provisions of the *Canada Petroleum Resources Act* ("CPR Act"). Furthermore, the Board has specific responsibilities under the *Northern Pipeline Act* ("NP Act") and the *Energy Administration Act* ("EA Act"). In addition, Board's safety inspection officers are appointed by the Minister of Human Resources Canada to administer *Part II of the Canada Labour Code*. Under the *Canadian Environment Assessment Act* ("CEA Act"), the Board is responsible for conducting environmental assessments of energy projects within its jurisdiction.

Corporate Vision and Goals

The Board's Corporate Vision is to become a Strategically Managed High Performance Organization. In April 1997, the Board reorganized and since then, it has pursued transformation aimed at more effectively delivering results crucial to the Board's purpose of making regulatory decisions that are fair, objective and respected.

Along with its ongoing responsibilities, its corporate goals are:

- To maintain and enhance the quality and timeliness of its regulatory services;
- To increase its cost effectiveness; and
- To improve its ability to attract, develop and retain highly skilled staff.

Operating Context

Regulatory

During the fiscal year 1997-98, industry activity continued to be very strong. This high level of industry activity has had a direct effect on the demand for the Board's regulatory services, leading to a greater workload for the Board. A total of 171 days were dedicated to public hearings held in various locations across Canada, up by 75 percent from the average experienced over the previous three years. The Board held eleven public hearings, four written hearings and it dealt with numerous applications and other matters.

This was a remarkable achievement given that the workforce had been reduced to a twenty-year low and the Board also handled a large amount of transformation and change management activities during the fiscal year.

In addition, heightened activity in "physical" regulation was experienced; this was driven by public interest factors such as pipeline integrity and environment assessments. For example, over the past decade, the amount of time in hearings addressing the physical regulation of pipelines has increased from 7 percent to 37 percent of the hearing time.

Furthermore, federally-regulated pipeline infrastructure has increased from 32 000 km to 40 000 km over the last decade, and a large percentage of oil and gas pipelines are now more than 30 years old. Ageing pipelines operating at high reliability levels have put greater emphasis on ensuring the integrity of the existing pipeline infrastructure through the Board's safety and audit functions.

Organization

Competition amongst employers for skilled employees has meant that the Board has had to seek ways to attract and retain highly skilled staff. This competition coupled with the implementation of a new organizational structure and the need to relocate our national Office within Calgary has challenged the Board, its management and staff.

The *1997-98 Estimates - A Report on Plans and Priorities* underline a number of Corporate strategic objectives: Electronic Regulatory Filing, Transformation, Improved Performance Management, New Ways of Doing Business and Exploring the Limits of Separate Employer Status. To achieve these objectives, the Board reorganized into five major Business Units: Applications, Operations, Commodities, Corporate Services and Information Management. The Organization is supported by a Legal Services Team led by General Counsel, and by a Professional Leadership Team.

Accomplishments

In consideration of the increased regulatory activities, the issues surrounding change management and the complexity of major public interest matters, notably environmental assessments, the Board has achieved a number of underlying accomplishments. The major accomplishments are:

- The Board handled all public hearings, written hearings, applications and other matters which represented an increased regulatory workload; this is an increase of 75 percent from the previous three year average.
- Several initiatives were successfully implemented in close cooperation with federal-provincial counterparts and participants from industry, notably the

- recommendations of the Stress Corrosion Cracking Inquiry, and the development of a Common Reserves Database.
- Discussions were held with various key stakeholders pertaining to fundamental transportation issues, the environmental assessment process, uniform standards for design, construction and operation of pipelines, investigations of pipeline incidents and Electronic Regulatory Filing.
 - Liaisons with other countries were developed or enhanced through providing information and accommodating officials interested in the Board's regulatory role and energy related matters.
 - The reorganization of its corporate structure was achieved by re-evaluating positions and assigning job titles; by developing leadership sessions and training; by establishing new management systems; by designing a development process; and by reaching a collective agreement with one of its two unions. The transformation has enabled the Board to respond effectively to current and future changes in the regulatory environment while prioritizing change management issues concerning staff expectations and concerns.

Shortfalls

The Board has encountered shortfalls in relation to its Corporate goals, strategic objectives and expectations identified in the *1997-98 Estimates - A Report on Plans and Priorities*. The Shortfalls were:

- Promulgation of regulations and preparation of guidelines that streamline and harmonize processes or provide clarification, are at various drafting stages because of the increased regulatory load and the time required for legal administrative changes.
- The Electronic Regulatory Filing initiative was not fully implemented due to the complex technical and security provisions, delays in the performance of one contract, coupled with the importance of maintaining consensual arrangements with industry participants.
- The review of information technology systems was deferred to 1998-99 due to the importance of developing a corporate information management vision and plan as the first initial step.
- The full implementation of the Board's transformation met several challenges due to change management issues, and the high regulatory workload.

Fiscal year 1997-98 proved to be a challenging one for the Board, its management and staff. Both accomplishments and shortfalls were encountered during the past year. Given that the workforce had been reduced to a twenty year low, the regulatory workload had increased substantially and the reorganization had taken place, the Board succeeded in a number of vital proceedings and initiatives.

Section I: Chairman's Message

Fiscal year 1997-98 was marked by a high workload which arose due to the proposed development of the Sable Island projects, an upsurge in industry activity in the Western Canada Sedimentary Basin, and industry's desire for more competitive transportation options. It is with great pride that I wish to underline that we successfully dealt with all applications that came before the Board; a remarkable achievement given that our workforce had been reduced to a twenty-year low. The exceptional capacity of Board Members and staff in managing this workload highlights our commitment to achieve our purpose to serve with our best efforts the public interest of Canada in the matters of energy. In fulfilling this purpose, we aspire to be recognized, nationally and internationally, as a model energy regulatory tribunal.

This year also saw the successful implementation of the Board's multi-disciplinary, team-based structure. The reorganization was vital to transforming the Board's workplace to enhance our capability of responding to the changing regulatory environment and to ensure employees focus on critical processes and results. Furthermore, the Board continues to operate under a Cost Recovery Plan through which 85 percent of its costs have been recovered from the regulated community rather than the taxpayer.

As well, the Board has encouraged cooperation with other agencies, wherever practical, to reduce regulatory overlap and provide more efficient regulatory services. The Board has ensured that projects under the NEB Act receive an appropriate degree of environmental assessment in accordance to that Act and, where applicable the *Canadian Environmental Assessment Act*. As a result, the Board has pursued with the Canadian Environmental Assessment Agency approaches to streamline the process, while properly giving effect to the legislation and ensuring protection of the environment and other pipeline matters. In addition, the Board has provided assistance to other countries who seek to benefit from our long experience and successes as a national regulatory agency.

During 1997-98, the Board was challenged in attracting and retaining staff in the prevailing economic climate. In the years to come, we will continue to strive to reach our goal to be an employer of choice by offering a reasonable compensation package and an outstanding working environment. Also, the Board will develop more effective tools to deal with increased volumes of information, providing means for users to select the relevant information, and delivering information more efficiently to those we serve. Our commitment to acquire new technological capabilities is a key element of our strategy of serving all Canadians from one location and, remains vitally important to the Board's regulatory and advisory functions.

In achieving its success, the Board owes a great deal for its success to the commitment, hard work and skill of all those involved and I remain confident in our ability to deal with whatever challenges lie ahead.

Kenneth W. Vollman

Section II: Agency Overview

The National Energy Board ("NEB" or "the Board") came into being by the proclamation of the National Energy Board Act ("NEB Act") on November 2, 1959. The Board has all the powers vested in a superior court of record with regard to attendance at hearings, the swearing in and examination of witnesses, the production and inspection of documents, and the enforcement of its orders. Most hearings are conducted by three Members, who constitute a quorum of the Board, with one acting as Presiding Member. The Board's regulatory decisions and the reasons for them are issued as public documents. At year end, the Board consisted of five permanent Members and two temporary Members supported by a staff complement of 256 full time equivalents who provide advice on subjects such as economics, engineering, environment, finance, geology, law and energy market developments.

A.1 National Energy Board - Legislative Mandate

Under the NEB Act, the Board's **regulatory powers** include the granting of authorizations for:

- the construction and operation of interprovincial and international oil, gas and commodity pipelines;
- the construction and operation of international and designated interprovincial power lines;
- the setting of tolls and tariffs for oil and gas pipelines under its jurisdiction;
- the export of oil, natural gas and electricity and the import of natural gas.

The Board also has **regulatory powers** under the *Canada Oil and Gas Operations Act* ("COGO Act") and certain provisions of the *Canada Petroleum Resources Act* ("CPR Act") for oil and gas exploration and activities on Frontier lands not otherwise regulated under the joint federal/provincial accords. The Board's mandate includes the provision of expert technical advice to the *Canada-Newfoundland* and *Canada-Nova Scotia Offshore Petroleum Boards*, *Natural Resources Canada* and *Indian and Northern Affairs Canada*.

Furthermore, the Board has specific responsibilities under the *Northern Pipeline Act* ("NP Act") and the *Energy Administration Act* ("EA Act"). In addition, Board inspectors are appointed safety inspection officers by the Minister of Human Resources Development Canada to administer Part II of the *Canada Labour Code*.

The Board also has an important **advisory** function and may, on its own initiative, hold inquiries and conduct studies on specific energy matters as well as prepare reports for the information of Parliament, the Federal government and of the general public. The NEB Act requires that the Board keep under review matters relating to all aspects of energy supply, production, development and trade which fall within the jurisdiction of the

Federal government. In addition, the Board carries out studies and reports at the request of the Minister of Natural Resources Canada.

As a matter of key public interest, the Board has long been responsible for conducting *environmental assessments* of energy projects within its jurisdiction. Additionally, since 1995, the Board has specific responsibilities under the *Canadian Environment Assessment Act* ("CEA Act"). Pursuant to the NEB Act and the COGO Act, the Board's environmental activities have evolved into three distinct phases: evaluating the potential environmental effects of the proposed projects; monitoring and the enforcement of terms and conditions pursuant to the project approval; and monitoring of the ongoing, long-term development of operations.

A.1.1 Vision

The Board's *Corporate Vision* is to become a Strategically Managed High Performance Organization. In April 1997, the Board reorganized and since then has pursued a transformation aimed at more effectively delivering results crucial to the Board's *purpose* of making energy regulatory decisions that are fair, objective and respected.

Along with its ongoing responsibilities, its *corporate goals* are:

- To maintain and enhance the quality and timeliness of its regulatory services;
- To increase its cost effectiveness; and
- To improve its ability to attract, develop and retain highly skilled staff.

A.2 The National Energy Board - Operating Environment

As outlined in the *1997-98 Estimates - A Report on Plans and Priorities*, the following important factors have influenced the Board's programs and services. These factors played a crucial role in the overall operating context and the Board's capabilities in achieving its corporate goals to its fullest.

A.2.1 Operating Context

Internal and External Factors

Increased Industry Activity

Fiscal year 1997-98 proved to be one of the busiest years ever as many companies sought to construct new pipelines, expand on existing ones and in some cases make associated applications for long-term gas export applications. This year was marked by a high workload which arose due to the Board's regulatory activities, notably the Sable Gas

Projects and the Alliance Pipeline hearings. As outlined in *Section V - Consolidated Reporting - Quarterly Regulatory Reports*, the Board held eleven public hearings, four written hearings and it dealt with numerous applications and other matters. A total of 171 days were dedicated to public hearings held in various locations across Canada, up by 75 percent from the average experienced over the previous three years. This was a remarkable achievement given that its workforce had been reduced to a twenty-year low and the Board also handled a large amount of transformation and change management activities throughout this fiscal year.

Changing Regulatory Environment

The Board has led a dramatic change in economic regulation, moving away from traditional cost-of-service regulation to negotiated, incentive settlements and term-linked tolls. In turn, this has led to a decreasing role of economic issues in major facilities' hearings. However, in the same period, heightened activity in "Physical Regulation" has been experienced. This has been driven by public interest factors such as pipeline integrity and environmental assessments. Over the past decade, the amount of time in hearings addressing the physical regulation of pipelines (e.g. engineering, land and environment) has increased from 7 percent to 37 percent of hearing time.

Pipeline Integrity

During the past decade, the magnitude of federally regulated pipeline infrastructure has increased by roughly 25 percent, from some 32 000 km to 40 000 km. About half of federally regulated oil pipelines and one quarter of federally regulated gas pipelines are more than 30 years old.

Although companies have been successful in performing preventative maintenance to keep ageing pipelines operating at high reliability levels, the Board's safety and audit functions have become increasingly important. The Board has put greater emphasis on ensuring the integrity of the existing pipeline infrastructure, while still maintaining the safety of pipeline design and construction.

Alberta Labour Market

The Alberta economy, particularly the energy sector, was very strong throughout 1997-98 and it is expected to continue to outperform most other regions in the next few years. This has caused employer competition in Calgary for a number of skill sets the Board needs to fulfil its mandate. In order to maintain the high level of service and public confidence, the Board sought ways to attract and retain highly skilled staff in the past fiscal year.

Change Management

The implementation of the reorganization coupled with the arrival of new Board members and staff has been challenging as people become familiar with new issues and processes. The cultural transformation of the organization, the familiarity with new issues and processes, and the high regulatory workload have also created change management issues.

Through its management and staff, the Board has explored new ways and means to better meet staff expectations in the new multi-disciplinary, team-based structure. The Board has invested resources in providing employees with the skills to maximize the potential of such an organization, and in developing systems to clarify roles and accountabilities. In addition, it has anticipated that the relocation of its office in the summer of 1998 to a more adaptable team based office environment will help the Board in achieving the full implementation of its cultural transformation.

A.2.2 Corporate Strategic Objectives 1997-98

i) Electronic Regulatory Filing ("ERF")

The main goals of ERF will be to improve the regulatory process, reduce costs, accelerate document interchange through standardized filings and improve public access to Board information. A secondary goal is that the staff development and training required to support installation and operation will facilitate increased use of the electronic medium for better communication and improved decision making.

The Board has pursued its ERF initiative as a cooperative venture with the Ontario Energy Board ("OEB") and twenty other key participants in the regulatory arena. During 1997-98, the primary focus of ERF was the development of standard document types in a Proof of Concept which was tested with a temporary document repository in early 1998. A fourth independent cost-benefit assessment was also performed leading to a decision by all stakeholders, in late 1997, to proceed towards implementation.

In order to proceed towards implementation, the Board has developed an implementation plan and communication was held with all stakeholders during fiscal year 1997-98.

ii) Transformation

The primary objective of the transformation is to reach our vision of becoming a Strategically Managed High Performance Organization. The Board expects that the transformation will enable it to respond effectively to current and future changes in the regulatory environment while significantly improving the effectiveness and morale of

staff. The decision to reorganize the Board was driven by the need to remove structural barriers typical of a function-based organizational design.

iii) Improved Performance Management

A new Performance Management Framework has been introduced for units, teams and individuals that clearly identify responsibilities and goals in result terms, and provides clear measures of results. This new performance management framework will be fully implemented during fiscal year 1998-99.

iv) New Ways of Doing Business

In order to respond to regulatory changes without increasing the Board's resources, new ways of doing business have been essential. Memoranda of Understanding with other regulatory agencies has allowed the Board to coordinate its activities and processes more effectively. In addition, the Board has examined new approaches to regulation and will continue to take a leadership role in extending market-based regulation.

v) Exploring the Limits of Separate Employer Status

The Board has explored the limits available to it through the Separate Employer Status ("SES") in order to attract and retain staff by: streamlining the remuneration and staffing processes, reviewing its classification system, and entering into its first Collective Bargaining with one of its two unions, the "Professional Institute of the Public Service of Canada" ("PIPSC"), and the "Public Service Alliance of Canada" ("PSAC").

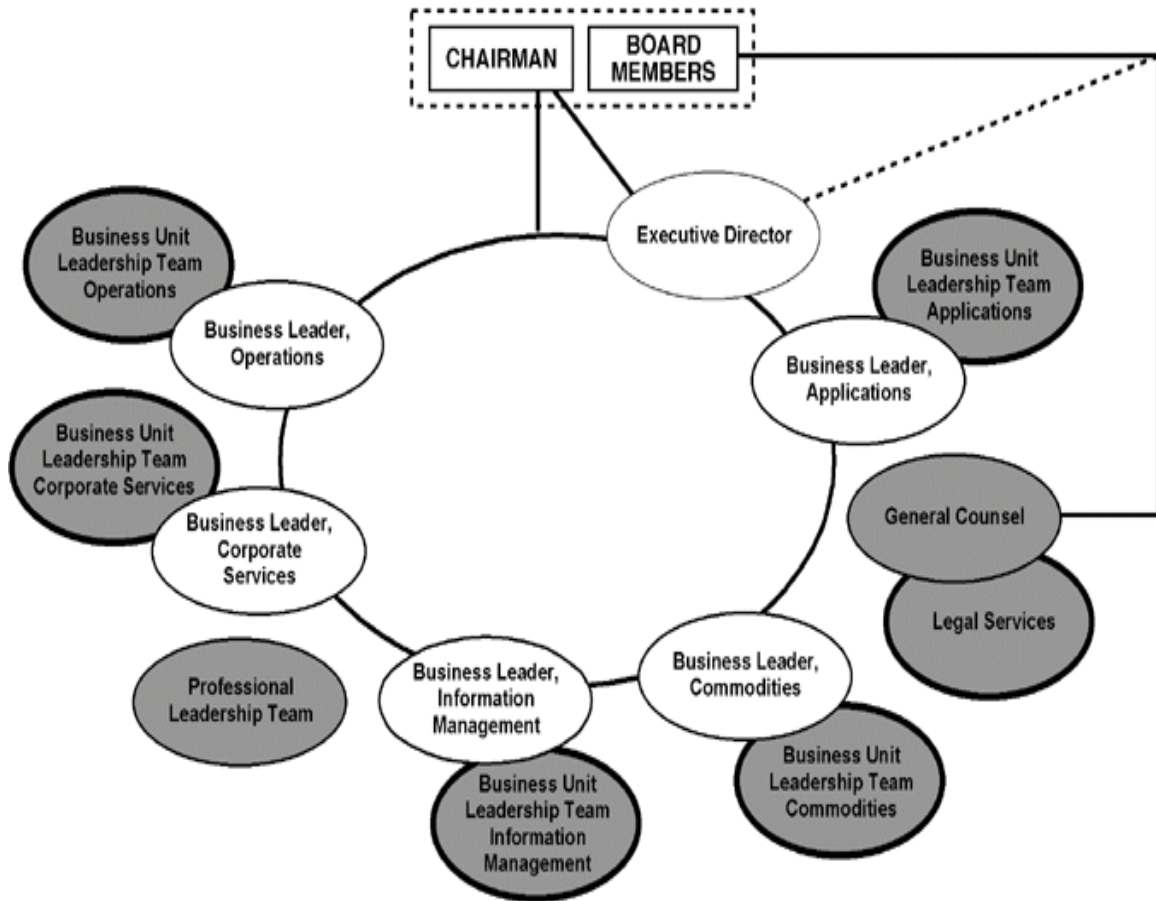
A.3 NEB Organization and Structure

On 1 April 1997, a new organization structure that best supported the Vision was put into place. This new structure and associated management style has provided the Board with:

- the development of a high performance organization with clear goals and with business units and staff committed to those goals;
- the opportunity to work effectively in multi-disciplinary teams;
- the implementation of a proactive approach towards change management;
- the commitment of managers to a participative approach to decision making;
- the promotion of positive working relationships; and
- the development of a quality work environment for talented people.

The Board has reorganized into five major Business Units: Applications, Commodities, Operations, Corporate Services, and Information Management. The organization is supported by a Legal Services Team led by General Counsel, and by a Professional Leadership Team.

Figure 1
Organizational Framework



A.3.1 Business Unit Responsibilities

Applications

The Applications Business Unit is responsible for the processing and assessment of regulatory applications submitted under the NEB Act. These fall primarily under Parts III, IV and VI of the Act corresponding to facilities, tolls and export licence applications. The Applications Unit is also responsible for the financial surveillance and audits of NEB-regulated pipelines.

Commodities

The Commodities Business Unit is responsible for assisting the Board in fulfilling its mandate through energy industry and marketplace surveillance, the updating of guidelines, and regulations relating to energy exports as prescribed by Part VI of the NEB Act. In the context of evolving market conditions, it is also responsible for the disposition of applications for short-term exports of gas, oil and NGLs, imports of natural gas and the disposition of applications concerning electricity exports and international power lines.

Operations

The Operations Business Unit is responsible for safety and environmental matters pertaining to facilities under the NEB Act, the COGO Act and the CPR Act. It conducts safety and environmental inspections and audits, accident investigations, monitors emergency response procedures, regulates the development of hydrocarbon resources in non-accord Frontier Lands, and develops regulations and guidelines with respect to the above.

Corporate Services

The Corporate Services Business Unit is responsible for providing those services necessary to assist the Board in its management of human, material and financial resources.

Information Management

The Information Management Business Unit is responsible for developing and implementing an information management strategy for the Board that enhances its ability to deliver fair, objective and respected decisions and provides the information required by internal and external stakeholders.

Legal Services and Professional Leadership

The Legal Services Team, led by General Counsel, provides legal advice for both regulatory and management purposes; while the Professional Leadership Team has the responsibility for maintaining and enhancing technical expertise within the NEB in the economic, environment, energy resources and engineering fields.

Section III: Agency Performance

B.1 Key Results Commitments

to provide Canadians with:	To be demonstrated by:	Reference
Social and economic benefits through regulation of the Canadian energy industry (oil, gas and electricity).	i) The effectiveness and efficiency of application processing by ensuring that proceedings are fair, understandable and user-friendly, while also maintaining the timeliness of application processing under high workload conditions;	Section III, (i) p.12
	ii) The safety and environmental record of facilities under the Board's jurisdiction;	Section III, (ii) p.13
	iii) Impacts of cooperation with industry, other government departments and the public regarding safety and environmental issues;	Section III, (iii) p.17
	iv) Public access and use of the Board's decisions, public records and information and cost effectiveness of Information Management;	Section III, (iv) p.18
	v) Cost effectiveness of energy market monitoring and information gathering;	Section III, (v) p.20
	vi) Cost effectiveness of regulation related to construction and operation of pipelines;	Section III, (vi) p.20
	vii) The quality of advice and assistance to Board Members and Management;	Section III, (vii) p.22
	viii) Competitiveness in the Calgary labour market; and	Section III, (viii) p.23
	ix) Internal client Satisfaction	Section III, (ix) p.24

B.2

Agency Performance Overview

National Energy Board	
Planned Spending	\$28,000,000
Total Authorities	\$29,417,398
1997-98 Actuals	\$28,048,563

The Board strives to continuously find ways to streamline its processes in order to improve on the efficiency and effectiveness of its operations. Various streamlining initiatives have enabled the Board to handle an increasingly heavy workload in the changing regulatory environment. In the years ahead, the Board will continue to find new ways to achieve continuous improvement, taking account of fluctuations in oil and gas activities and the complex public interest matters in public hearings, while working with limited human and financial resources. During 1997-98, the Board sought more proactive and innovative approaches to ensure that its information and processes are understandable and accessible to the Canadian public and the regulated community.

The Board's major accomplishments for the period ending March 1998 were:

- The handling of public hearings, written hearings, applications and other matters which represented an increase in workload of 75 percent from the average experienced over the previous three years;
- The cooperation the Board achieved with other agencies, including in other jurisdictions, with the view to minimizing duplication and streamlining energy regulated processes;
- Various discussions were held with key stakeholders pertaining to fundamental transportation issues, the environmental assessment process, uniform standards for design, construction and operation of pipelines, investigation of pipeline incidents and Electronic Regulatory Filing;
- The transformation and reorganization of the Board's operations which has enabled it to respond effectively to current and future changes in the regulatory environment while prioritizing change management issues to address staff expectations and concerns; and

- The Proof of Concept Phase for Electronic Regulatory Filing was completed, a fourth independent cost-benefit assessment was performed and stakeholders agreed to move towards implementation.

B.2.1 Performance Accomplishments

I. Social and economic benefits from regulation of the Canadian energy industry (oil, gas and electricity)

- The effectiveness and efficiency of application processing by ensuring that the proceedings are fair, understandable, and user friendly, while also maintaining the timeliness of application processing under high workload conditions.***

Public Hearings

In the fiscal years 1992-96, the Board experienced a gradual decline in the number and length of oral hearings. This decline was reversed in fiscal year 1997-98 which witnessed 171 sitting days. As outlined in the *1997-98 Estimates - A Report on Plans and Priorities*, the year 1996 was the most active for upstream oil and gas activity in Canada. This high level of industry activity had a direct effect on the demand for the Board's regulatory services in 1997-98. The complexity of public interest matters also played a major role in the overall regulatory activity levels. As a result, these hearing activity levels exceeded any seen since 1986. Board Members and staff were significantly challenged to fulfil the Board's obligation to consider applications.

The Board held eleven oral hearings to consider new pipeline construction, existing pipeline expansion and reactivation, pipeline tolls and tariffs as well as access to pipeline facilities. Furthermore, the Board held four written hearings to consider applications for licences to export natural gas. The Sable Island Gas Projects hearing convened for 54 days of public hearings and two days of informal hearings. The Alliance Pipeline Ltd. - Natural Gas pipeline began its formal hearing in January 1998 and continued for 56 sitting days, having involved six pre-hearing sitting days in November of 1997. Also, the Alliance Pipeline hearing instituted a new process to engage more public input during the environmental scoping of the project. In 1997-98, these two projects alone represented a large allocation of resources on the part of the Board in order to effectively address the complex public interest issues and matters. (see Section V - D.3 - Quarterly Regulatory Reports).

Cycle Times

The Board continues to strive to process applications as quickly as possible, while ensuring that all relevant public interest matters are duly considered. Depending on the completeness of the applications and the complexity of the issues raised, applications for

short-term export orders are normally processed in two days and applications for small-scale pipeline facilities are usually processed in less than seven weeks. The processing times for such applications was similar to the calendar year 1996.

During fiscal year 1997-98, the Board took an average of approximately 30 weeks to process applications considered by hearings. This is a longer cycle time than in 1996-97, largely due to the complexity and evolving nature of hearings, as well as new environmental processes and new issues specific to particular proceedings. New pipeline construction and existing pipeline expansion often raise complex environmental issues. For example, it took 79 weeks to process the applications for the Sable Gas Projects.

Environmental Assessment

The Board has ensured that projects under the NEB Act receive an appropriate degree of environmental assessment in accordance with that Act and, where applicable the CEA Act. The CEA Act has increased the Board's regulatory process requirements. As anticipated in the *Part III of the Estimates*, a number of complex applications for new pipeline systems during the fiscal year 1997-98 have required review under the CEA Act, which have involved provincial governments as well as federal and provincial agencies. In the case of the Sable Gas Review, for example, a five person joint public review panel was struck to make decisions pursuant to several Acts, including the CEA Act. It completed its deliberations and rendered its decision regarding the environmental effects of Sable Gas Projects among other issues. Through the process, a complex and challenging environmental review was successfully handled using a single-window, joint panel process.

The Board has pursued with the Canadian Environmental Assessment Agency and key responsible authorities approaches to streamline these processes, while properly giving effect to the legislation and ensuring protection of the environment and other pipeline matters. One aspect of this is the Agency's *Regulations Respecting the Coordination by Federal Authorities of Environmental Procedures and Requirements*.

ii) The safety and environmental record of facilities under the Board's jurisdiction

Pipeline Facilities

Canada's federally regulated pipeline network started in the late 1950s with the construction of major pipeline systems. The network has expanded steadily since that time and currently there are 40 000 km of pipeline under the Board's jurisdiction. A pipeline failure can result in death or cause severe environmental damage. The ageing of the infrastructure, increasing competitiveness and cost-consciousness of the pipeline industry, as well as the encroachment of people into the original pipeline corridors have required that the Board be vigilant in ensuring the safety of those pipeline infrastructure

systems under its jurisdiction. As well, the construction of new pipelines has required careful attention since they can affect numerous landowners and raise environmental concerns.

To ensure the safe operation of pipelines and the protection of the environment, the Board has developed a comprehensive regulatory program which includes the development of regulations, the conduct of regular safety and environmental inspections and audits, as well as public inquiries into safety related issues. In the event of a pipeline failure, the Board investigates to determine whether the company is in compliance with the regulations and whether the regulations need to be modified. In mid-1997, the Board completed the drafting of major revisions to its *Onshore Pipeline Regulations* ("OPR") that is less prescriptive than the current version and places greater emphasis on pipeline maintenance. These regulations are presently under review by the federal Department of Justice.

Another major accomplishment in 1997 was the follow-up to the 1996 Stress Corrosion Cracking Inquiry on Canadian oil and gas pipelines. As anticipated for fiscal year 1997-98, all recommendations were successfully implemented to promote public safety on oil and gas pipelines.

Pipeline Incidents

The Board has tracked safety performance of companies and has adjusted its regulatory program accordingly. No fatal accident involving a member of the general public has ever been recorded on a federally-regulated pipeline. This performance has been achieved even though the kilometres of pipeline in service continue to increase each year.

Companies are required to immediately report incidents which result in a fatality, an injury requiring hospitalization, a fire or explosion, a spill of oil or natural gas liquids, a pipeline rupture, or any other failure or malfunction of a pipeline. In calendar year 1996, there were 69 incidents reported in accordance with the OPR. In fiscal year 1997-98, there were 91 incidents reported in accordance with OPR. Despite the increase in the number of incidents reported, the majority of these consisted of relatively minor malfunctions which did not result in significant impacts on the public, the environment or company employees. There were nine work-related injuries and two fatalities related to pipeline construction; no member of the public was injured. In 1997-98, the Board conducted five major incident investigations.

Safety Inspections and Audits

The Board has conducted regular on-site safety inspections of pipeline systems to ensure compliance with regulatory requirements, approved specifications and procedures and the terms and conditions set out in certificates of approval, and to ensure safety of company personnel and the public. Table 1 identifies the Board's activities in this area for the fiscal year 1997-98.

The safety inspection program identifies situations of non-compliance which are then brought to the attention of the company. In the majority of instances, companies respond quickly to correct the violation, often before the inspector leaves the site. Companies are required to provide their Assurance of Voluntary Compliance ("AVC") for violations which cannot be rectified quickly and do not present an immediate or serious hazard. The AVC is verified by Board staff at a later date to ensure that the company has taken appropriate corrective action. Hazardous situations which require immediate and direct action are addressed through the on-site issuance of a Board Order by the inspector. All violations in 1997 were successfully rectified via the AVC approach. No field emergency Board Orders relating to safety were issued in 1997.

The Board's approach of diligently working with the pipeline industry in a cooperative manner will lead to improvements in regulatory compliance and overall safety over time. During fiscal year 1997-98, NEB inspectors visited 249 sites and received 468 AVCs (1.9 AVCs per site). This compares to 273 sites visited and 373 AVCs received in calendar year 1996 (1.4 AVCs per site).

Table 1

Safety and Occupational Health Inspections-1997-98

Type	Inspections	AVCs Issued
Construction	16	54
Facility and Plants	148	271
Audits	12	26
Pipeline Crossings	10	7
Frontier	63	110
Total:	249	468

Environmental Inspections and Audits

The Board has developed an environmental inspection program to ensure compliance with its regulatory requirements, approved specifications and procedures, and the terms and conditions set out in any certificates of approval for a project. This program has consisted of inspections during the construction, post-construction and operational phase of a facility. Incidents resulting in the release of hydrocarbons or other noxious substances have also been inspected as shown in Table 2. The program ensures that regulated facilities and right-of-ways have been appropriately protected, remediated or reclaimed to approved or legislated standards. Addressing landowner complaints related to environmental or land rights issues have also been part of this program.

Board-appointed Environmental Inspection Officers are empowered to make orders which could require a company to suspend activities or take measures to ensure safety, and protection of property and the environment. If no immediate assurance and actions for protection of the environment can be obtained from the company, the Environmental Inspection Officers will then follow the Board's normal procedures for assurance of voluntary compliance or emergency order. As a result of this consultation process, no AVCs or emergency orders were issued relating to environmental non-compliance during the 1997-98 fiscal year.

Table 2

Environmental Inspections - 1997-98

Type	Number of Inspections
Construction and Operation	145
Emergency Response	9
Frontier	7
Total:	161

Development of Hydrocarbons on Frontier Lands

The Board continues to regulate the technical and operational aspects of exploration and production of petroleum resources in frontier areas that are not subject to federal/provincial accords. This principally includes lands north of the 60th parallel. These responsibilities are exercised in accordance with the provisions of the COGO Act and certain provisions of the CPR Act. In addition, the Board has provided technical assistance to the Offshore Petroleum Boards and the Department of Indian and Northern Affairs.

In considering Frontier applications, the Board has established requirements for conservation of the resource, public and worker safety, protection of property and the environment, as well as the financial capability of operators to meet any potential liabilities which may arise from authorized activities. Table 3 shows the frontier activity in 1997-98 which underlines the increased activity from the previous year. There were no reviews or appeals related to COGO Act decisions in the period ending 31 March 1998.

The Board also conducts environmental and safety inspections in the non-Accord Frontier Lands pursuant to the COGO Act and the *Canada Labour Code* and their associated regulations. In calendar year 1996, the Board conducted 45 inspections and received 109 AVCs. Comparatively, in 1997-98, NEB staff conducted 70 inspections and received 110 AVCs.

Also in 1997-98, discussions neared completion with the Yukon Government regarding the use of the Board's frontier regulations as a foundation for their regulatory regime, and the "contracting " of the Board's services to conduct related assessments and inspection services. As a result, the foundations have been laid for a consistent, harmonized regulatory framework for operators conducting oil and gas activities north of the 60th parallel.

Table 3

Frontier Activity - 1997-98

Type	Approvals Issued
Drilling Program Authorizations	1
Authority to Drill Wells	20
Authority to Abandon Wells	4
Renewal of Suspended Well Status	5
Authority to Abandon Facilities	6
Total:	36

iii) Impacts of cooperation with industry, other government departments and the public regarding safety and environmental issues

The Board continues to develop a national and international reputation as an expert regulatory tribunal with a long and successful track record within the Canadian federal and provincial energy regulatory regime.

As a model regulator, the Board's services and advice are increasingly being sought by the public, other agencies and foreign organizations. Provincial/territorial departments and agencies have worked with the Board on numerous initiatives. In particular, the Board has worked closely with: Northern Pipeline Agency, Transportation Safety Board of Canada, Human Resources Development Canada, Canadian Environmental Assessment Agency, Natural Resources Canada, Yukon Department of Economic Development, Alberta Energy and Utilities Board ("AEUB"), British Columbia Ministry of Employment and Investment, Ontario Energy Board ("OEB"), Saskatchewan Department of Energy and others.

Of particular note, discussions were held with the Canadian Environmental Assessment Agency ("CEAA") regarding the most effective process for the Board to meet its obligations for the preparation of a Comprehensive Study Report ("CSR") while enabling the Minister of Environment Canada to make related determinations in advance of a Board hearing. As well, opportunities for streamlining of the environmental assessment processes and for use of substitution of the Board's hearing process for a CEAA Panel Review were discussed. In effect, agreement of shared principles for CSRs and other assessments was reached and a cooperative, harmonious relationship confirmed, which has laid the foundations for further successful outcomes in the subsequent year.

In addition, foreign governments have come to the Board to learn more about the Board's mandate, legislation and regulatory processes and its approach to energy studies. As a measure of the degree to which the Board's expertise is recognized internationally, in 1997-98 representatives of more than 10 foreign governments consulted with the Board in the course of developing energy regulatory regimes suited to their requirements. The Board also participated on the Energy Working Group within the Asia Pacific Economic Cooperation comprising of 18 member countries in the Pacific Rim. The sharing of its expertise and knowledge has led to increased awareness of Canada's energy regulator and further cooperation with foreign energy officials.

iv) Public access and use of the Board's decisions, public records and information and cost effectiveness of Information Management

Electronic Regulatory Filing

The processes involved in the exchange of regulatory information are often complex and manually intensive. Information movement between the Board and the clients with which it deals consists largely of the manual distribution of multiple copies of paper based documents. In an effort to increase both the efficiency and responsiveness of the Board, the Electronic Regulatory Filing ("ERF") initiative was initiated in 1993 to examine the issues and potential for applying computer technology in the electronic handling and filing of regulatory documents.

The first two phases which would lead to the eventual implementation were successfully achieved. In concert with the OEB and industry, the Board decided in November 1997 to proceed with implementation of ERF. This decision was taken after a successful Proof of Concept phase, which tested the electronic filing types developed during the previous year.

This initiative will greatly enhance the ability of clients to participate in the Board's regulatory process regardless of their proximity to the Board's national Office. This system is aimed at the creation, exchange, use and re-use of regulatory information in electronic format.

Internet Site

The Internet site, launched in 1996-97, was accessed by a large number of Canadians and others during 1997-98. The Internet site provides worldwide electronic access to a wide range of Board documents and information services including background on the Board's history, its organizational fabric, its regulatory role and mandate, its hearing process, monthly statistical reports, regulatory agenda, news releases and other documents. The Internet Site is a cost-effective tool since it provides the Board with the opportunity to shift its emphasis to electronic document production and dissemination reducing the time and printing costs associated with paper documents. In 1997-98, the Internet Site had on average 25 000 hits per month, up from the initial 8 000 hits per month in 1996-97. Public access is available at any time through worldwide electronic access. This has resulted in increased user choice and access of a wide range of documents and information services.

Dial-In Sound Access

As a service to regulatory participants and staff who are unable to attend proceedings in Calgary, the Board has been offering dial-in sound access to its hearings. In 1997-98, the Board offered this service in all eleven of its major proceedings. This service is both effective and efficient in the sense that it provides both staff and clients with the opportunity to hear the formal proceedings without officially attending. This has resulted in more effective access to live proceedings.

Other

The Board has provided other information services throughout the fiscal year: a quarterly Regulatory Agenda, a mailing list database used to disseminate important information, and information bulletins. In addition, the Board houses a specialized library open to the public consisting of reference materials, books, periodicals and information not yet available electronically. This resulted in providing services for better public

access to the Board's decisions, public records, documents and information on regulatory matters.

v) *Cost effectiveness of energy market monitoring and information gathering*

Common Reserves Database Agreements with the province of Alberta and British Columbia and preliminary discussions with the province of Saskatchewan have resulted in cooperative arrangements with the Board to optimize the use of expertise, to save costs and to avoid duplication in areas of common regulatory interest.

In addition, the Board's *Guidelines for Filing Requirements* were modified and a new procedure for the licensing of long-term exports of crude oil was issued. This has resulted in a more practical procedure for crude oil export licensing. As well, the Board decided to amend the level of gas supply information required to be filed for a certificate to reflect the changing nature of the industry. The changes have reduced the cost of regulation and have enabled better responsiveness and prompt decision making.

Reports were issued entitled "Producers Response to Changing Market Conditions 1992-96" and "Unconnected Gas Supply Study - Phase II - Evaluation of Unconnected Reserves in British Columbia". These reports have provided the public and private sector with valuable information. A major report to be entitled "Canadian Energy and Supply Demand - 1998-2025" is planned for 1999. The report will provide energy supply and demand analysis over a twenty-five year period. In 1997-98, the implementation plan was designed and the first round(s) of public consultations was completed.

vi) *Cost effectiveness of regulation related to the construction and operation of pipelines*

The Board worked diligently to bring about new approaches to regulation in the fiscal year 1997-98. Although the work is ongoing, the Board has taken important first steps towards the new ways of doing business which meet the challenges of the changing energy sector.

As mentioned previously, under cooperation with other departments and agencies, discussions were held with the Canadian Environmental Assessment Agency regarding the Board's obligations for the preparation of a Comprehensive Study Report ("CSR") which will lead to more effective and efficient processes for environment assessment.

Working closely with several industry associations, the Board facilitated a September 1997 workshop on key questions regarding economic regulation. This effort resulted in industry commitment to pursue development of a common view within associations on how economic regulation should evolve, though further specific progress has been slow.

A less tangible, though meaningful outcome resulted in a new level of openness and receptiveness which could facilitate further agreements in industry.

Westcoast Energy filed for approval a "Framework for Light-Handed Regulation", having reached agreement with its shippers on several critical issues. The Board approved the Framework in fiscal year 1998-99. This has resulted in a revolutionary, market driven mechanism for negotiated tolls for gathering and processing services which will enable shippers and the pipeline company to conduct business more responsively, and confidentially, without regulators involvement.

In addition, during 1997-98, the Board hosted "Awareness 97" dedicated to safety issues on interprovincial pipelines which has enhanced dialogue on key transportation issues and has resulted in the sharing of best practices.

As well, in order to avoid duplication of work, the Transportation Safety Board ("TSB") and the Board coordinate their pipeline incident investigations. The TSB and Board have been working hard toward a single window notification system for reportable incidents which should be in place by the end of fiscal year 1998-99.

The *Onshore Pipeline Regulations* were forwarded to the Department of Justice as a new draft consolidation. These regulations are in the process of being changed to reflect a move away from prescriptive regulations to performance-based, goal-oriented regulations. These revisions will increase emphasis on pipeline maintenance and will require companies to be proactive in managing risks. They will also reduce the regulatory burden.

The *National Energy Board Cost Recovery Regulations* have been amended to include Express Pipeline Ltd. as a large pipeline for the purposes of cost recovery. Other cost recovery amendments were drafted and approved in April 1998, and that will eliminate the need to amend the Schedules to include new companies as new generic definitions will encompass all companies subject to cost recovery. These changes will result in greater efficiencies to the cost recovery processes considering the Cost Recovery Program has recovered 85 percent of its operational costs directly from the regulated community during 1997-98.

The Board has coordinated its Stress Corrosion Cracking ("SCC") related activities with two provincial regulatory agencies, the AEUB and the Technical Standards and Safety Authority of Ontario to ensure that the Inquiry recommendations were fully implemented. All recommendations of the SCC Inquiry were implemented pertaining to the design of pipelines, the development of an industry-wide SCC database and the improvement of emergency response practices and information sharing. This has led to improved community level understanding of SCC and enhanced dialogue on key transportation safety issues.

vii) *The quality of advice and assistance to Board Members and Management*

Proportion of Decisions Appealed and Reviewed

As a Court of Record, the Board's regulatory decisions are based on evidence filed in the public domain and on open and established processes.

The Board plays a key role in Canada's energy economy by ensuring that thorough consideration is given to all aspects within the Board's legislative mandate and by using regulatory procedures that are results-oriented, efficient and effective.

The Board's Performance in carrying out its regulatory responsibilities is reflected in part by the frequency of appeals and decisions and requests for reviews of decisions, and in the elapsed time required to produce decisions.

Reviews

The Board processed over 4000 applications in the last five years and there were 26 requests for Board review. In 1997-98, five requests for review applications were filed with the Board and there were 750 applications processed. Of these five, two were dismissed or denied by the Board, two were granted leave resulting in one decision being varied and one being confirmed. One remained outstanding as of 31 March 1998. (Table 4)

Table 4

Reviews - Historical Data 1993-98

Year	Requests for Board Review	Confirmed	Varied/ Rescinded	Denied/ Dismissed/ Withdrawn
1993-94	9	1	3	5
1994-95	3			3
1995-96	5		1	4
1996-97	4	1	2	1
1997-98	5*	1	1	2
Total	26*	3	7	15

* One matter remains outstanding as of 31 March 1998.

Appeals

As well, during the period of these five years, 37 matters were brought before the Courts. Of these, 34 were applications for leave to appeal, appeals and judicial reviews with the balance being references and access to information proceedings. Of the six appeals for which leave was granted, five had been heard by the Courts as of 31 March 1998. One matter has yet to be heard. The decline in appeals and judicial reviews being heard by the Courts and those upheld underlines the sound advice and assistance provided to Board and Management.(Table 5)

Table 5

Appeals/Judicial Reviews - Historical Data 1993-98

Year	Initial Applications and Appeals	Upheld	Overtured	Denied/ Dismissed Withdrawn
1993-94	5			5
1994-95	3			3
1995-96	9	1	2	6
1996-97	9*	3	1	4
1997-98	8*			7
Total	34*	4	3	25

* One matter remained outstanding as of 31 March 1998.

Furthermore, a statement of expectations was prepared by Board Members to share with management and staff clarifying their requirements to ensure that decisions are fair, objective and respected. The importance of sound advice based on good analysis and research, consistency, an ethical code of conduct and clear and concise style are examples of the requirements stipulated to staff by the Board. This has resulted in a clear line of direction to ensure sound advice and assistance to the Board Members.

viii) Competitiveness in the Calgary Labour Market

Effective use of "Separate Employer Status"

Like most organizations in the energy sector in Calgary, the Board has been faced with a challenge in attracting and retaining professional staff. Our goal has been to be an employer of choice in the Calgary labour market by offering a reasonable compensation package and an outstanding working environment. This can be achieved through the team-based structure, the commitment to trust, honesty and mutual respect, the

participative decision making model, the flexible work arrangements provided and the emphasis on employee development.

While the Board is under the Federal government umbrella, it has the capacity to determine its own compensation policies and practices. Employees are largely unionized, including the professional staff, and like the rest of the federal public service they have recently come out from a six year period of salary restraints. Negotiations on two collective agreements with the two unions representing staff commenced in 1997 using the interest-based approach to negotiating. As discussed below, the Board successfully reached agreement with the Professional Institute of the Public Service of Canada ("PIPSC") and negotiations are ongoing with the Public Service Alliance of Canada ("PSAC").

Rewards and Recognition

To recognize employee commitment, the Board adopted a formal program of Rewards and Recognition centering on "Long Service Awards" and "Team Celebrations". In 1997-98, 150 employees received Long Service Awards and teams across the Board held team celebrations in recognition of accomplishments achieved. The Board has also proudly acknowledged employee participation in the Calgary community. In 1997-98, Board staff were recognized for their participation in the United Way campaign and received a Bronze Award. The Rewards and Recognition program has provided individual employees and teams with an appreciation for their work commitment and dedication in the numerous initiatives undertaken during a given year.

"Made-in-NEB" Collective Agreements

As a separate employer, the Board is endeavouring to negotiate collective agreements which reflect its unique circumstances; agreements which will make it competitive in the Calgary market and yet recognize key Public Service values. The Board researched salaries for comparable jobs in the Calgary market which it used as a base for negotiations. The collective agreement negotiated in January 1998 with PIPSC was a significant step in this direction. It contained salary adjustments and retention bonuses that significantly lowered the Board's 18 percent turnover rate for professional staff, and a number of benefits that were not typical of the Calgary market place and did not address the Board's needs.

ix) Internal client satisfaction

Reorganization

On April 1, 1997 the reorganization of the Board from ten functional branches to five cross-functional business units was implemented. The Applications, Operations,

Commodities and Information Management Business Units were formed at that time while Corporate Services completed its reorganization in July 1997.

Shortly after the reorganization went into place in April, the Business and Team Leaders went on leadership training sessions which covered such areas as decision making, effective meetings, establishing objectives and change management.

In 1997-98, work started on a new performance management process, the objective of which is to have each employee provided with clear accountabilities, objectives and measurable achievement criteria for output as well as descriptions of the behaviours reflected in Our Commitment. The process is intended to link employee accountabilities to those of the team, the Business Unit and ultimately, to the corporate goals as defined in the *1998-99 Estimates - A Report on Plans And Priorities*. It is also intended to have significant focus on development and continuous learning. The design described above has incorporated the participation and cooperation of employees through the use of focus groups, questionnaires and open house sessions with members of the Executive Team.

A relocation plan for the Board's national headquarters was also implemented in 1997-98. The end of the Board's lease and a change of venue after tender approval provided the Board with the opportunity to restructure the physical setting to better meet the cross functional business unit cultural transformation. A Move Team was put into place in the winter of 1997 to plan and coordinate the relocation activities. The Board occupied eight and a half floors in the Energy Plaza Building, and as of 17 August 1998, the Board occupies less than four full floors in the Barclay Centre at 444 - 7th Ave SW in Calgary.

Corporate Programs and Staffing Requirements

Since 1991, the Board has been operating under a Cost Recovery Plan, through which 85 percent of its costs have been recovered from the regulated community rather than the taxpayer. Cost Recovery is based on staff time spent on the regulation of each commodity, the volume of throughput of natural gas, crude oils and liquids on Board-regulated pipelines, and on the quantities of electricity exported. The Cost Recovery Plan goes hand-in-hand with the Time Reporting System of the Board. In 1997-98, a Time Reporting System has been instituted to track regulatory and advisory tasks per business unit in order to define the projected regulatory costs in the most efficient and effective manner.

Since the mid-1980s, the Board has been steadily reducing the resources it utilizes to carry out its responsibilities. The number of employees in the early 1990s reached approximately 400 and through more efficient means in the Board's regulatory and advisory functions, the number of employees was gradually reduced to the present 1997-98 levels of 256 full-time equivalents. (Table 6).

Table 6

Historical Staffing 1993-98	
Fiscal Year	Full-time Equivalents
1993 - 1994	335
1994 - 1995	298
1995 - 1996	279
1996 - 1997	272
1997 - 1998	256

Cultural Transformation

The reorganization was a prerequisite to transforming the Board into a workplace where individuals on participative decision-making teams focus on work processes and results. In 1997-98, the Board invested resources by providing employees with the skills to maximize the potential of such an organization and in developing systems to clarify roles and accountabilities. The Board has also started to streamline corporate programs and processes to attain optimum efficiency and effectiveness. For example, a leadership program is in place to assist Business Unit Leaders and Team Leaders to develop cohesive, purposeful leadership teams which understand and assume their role and accountability for leadership of the organization; a study has been initiated to design a classification system which supports overall Board strategies; and work has begun on designing and implementing an employee performance management system to enable employee objective setting and performance review. Although change management issues to deal with staff expectations and concerns were numerous in 1997-98, the Board has instituted a number of initiatives to address these issues through focus groups, questionnaires and surveys coupled with facilitator sessions. This has resulted in better communication and understanding of the cultural transformation.

Professional Leadership

Moving from a discipline-based to a process-based structure risks the reduction in professional and technical quality because expertise has been dispersed on multi-disciplinary teams. As a result, the Board developed and launched the Professional Leadership Program. In order to maintain and enhance technical and professional competencies, critical to the role of regulation, the Board has created four professional leader positions in engineering, economics, environment and energy resources. This

Program was defined through an extensive employee participation process. Objectives of the program were defined as follows:

1. Maintain and enhance the Board's technical capabilities;
2. Ensure that the Board's need for professional and technical information and advice are met;
3. Enhance excellence of teams and team members; and
4. Maintain and enhance the Board's ability to attract, develop and retain skilled staff.

The Year 2000 - Y2K

The Board considers preparedness for the year 2000 a priority both for itself and for the industry that it regulates. The Board has been active in the industry and regulatory community promoting awareness of the issues and collecting information on the level of preparedness of regulated companies. Internally the Board has taken steps to identify and address any year 2000 concerns.

Our Regulatory Initiatives

The Board has taken an active role externally with respect to year 2000 ("Y2K") issues. For Canada's pipeline infrastructure, Y2K could have significant consequences should date sensitive software or embedded logic result in reduced pipeline capacity and corresponding shortages for consumers. It has asked all of our regulated pipeline companies for an assessment of their preparedness. This information has recently been received and is currently being analyzed. As of June 1998, preliminary review of Y2K plans of regulated companies suggests the major pipelines have Y2K plans in place. The Board has advised its regulated companies that it will be asking for updates on Y2K plans at calendar year-end and June 1999.

In addition, the Board has contacted many of our provincial pipeline regulatory counterparts to raise awareness of the issues and see whether there is need for a coordinated approach. To raise awareness, in April 1998, the Board made a presentation on Y2K issues at the Canadian Association of Members of Public Utilities Tribunals ("CAMPUT"), a forum which includes most provincial energy regulators. These contacts are ongoing and may result in a greater role for the Board.

The Board has a limited regulatory role with respect to electricity transmission. We are, however working cooperatively with Natural Resources Canada and the Canadian Electricity Association to develop an assessment of the capability of the Canadian electricity infrastructure to deal with the Y2K issue.

Our Internal Systems

Corporate Applications

The Board has several computer-based applications which are utilized to ensure the efficient functioning of the Board. These applications support its line businesses and include: human resources applications, financial and time reporting systems, material management and contract management systems. These applications are either Commercial Off The Shelf ("COTS") or have been developed in-house in FoxPro or MS Access. The Board has completed its inventory of corporate systems, and work plans for compliance are in place and on schedule. New projects initiated in recent years, for example, the ERF project, are fully compliant.

Regulatory Applications

Regulatory applications have been developed by business units to support their regulatory role. None of these systems can be defined as "Mission Critical", that is, those which would have an impact on health, safety, or security to Canadians. The compliance of these applications to Y2K requirements is not known and is being assessed. The consequences of being non-compliant are limited to minor inefficiencies in the handling of data.

In order to ensure that the Board is not vulnerable to an incident because of a Y2K issue, the Board is planning to take the following actions:

- inventory all applications (completed);
- conduct a legal and operational risk assessment (completed in July 98);
- identify contingency plans (to be completed by November 1998); and
- take remedial action (replace, retire or repair) to correct any Y2K deficiencies.

Many of these systems require migration to a new technology platform because of upgrading the information technology infrastructure.

Information Technology Infrastructure

Two significant projects have been identified which will help to meet our operational needs as well as Y2K requirements. The first of these projects is to replace its current desktop environment on all workstations in 1998, as part of its long overdue information review and maintenance. The new desktop environment will be compliant. The second is the migration of applications off

the Vax hardware infrastructure onto a new Y2K compliant hardware infrastructure which will be completed in September 1999.

Embedded Systems

The Board does not own equipment with embedded systems other than a small amount of office equipment and it does not consider embedded systems to be a concern.

B.3 Afterword

During fiscal year 1997-98, the National Energy Board undertook a drastic structural change at a time when industry activity increased significantly. No one could anticipate a 75 percent increase in regulatory activity from the average over the previous three years.

With a staff complement of 256 full-time employees, the Board dealt with complex public interest issues in its public hearings and it worked diligently to handle the numerous applications and matters. In addition to the above, the Board implemented its reorganization put into place in April 1997. As a result, the Board faced numerous challenges throughout the year. Regardless, the Board developed a number of important initiatives to streamline and harmonize processes, to shape and conduct strategic and systematic reviews of ageing pipelines, and to successfully reorganize the Board's structure and administrative processes.

Given that the workforce had been reduced to a twenty year low, the regulatory workload had increased substantially and the new transformation had been implemented during the fiscal year, the Board accomplished several important initiatives as outlined in *Section III - Performance Accomplishments*.

However, in consideration of the above, the Board has encountered shortfalls in relation to its Corporate goals, strategic objectives and expectations as outlined in *Part III of the Estimates*. The shortfalls in fiscal year 1997-98 were:

- Promulgation of regulations and preparation of guidelines that streamline and harmonize processes or provide clarification, are at various drafting stages because of the increased regulatory load and the time required for legal administrative changes.
- The Electronic Regulatory Filing was not fully implemented due to the complex technical and security provisions coupled with the importance of maintaining consensual arrangements with industry participants.
- The review of Information Systems was deferred to 1998-99 due to the importance of developing a corporate information management vision and plan as the first initial step.

- The full implementation of the Board's transformation met several challenges due to change management issues, and the high regulatory workload.

The fiscal year 1997-98 proved to be a challenging year for the Board, its management and staff. Both accomplishments and shortfalls were encountered during the past year, however, the Board succeeded in a number of vital proceedings and initiatives.

Section IV: Financial Performance

C.1 Overview

The National Energy Board strives to continually improve the efficiency and effectiveness of its operations and to minimize the cost of operations. For many years, the Board has been able to operate with ever-reducing reference levels.

Chart 1

Historical Financial Information (millions)

	<u>1992/93</u>	<u>1993/94</u>	<u>1994/95</u>	<u>1995/96</u>	<u>1996/97</u>	<u>1997/98</u>
Reference Level	\$33.6	\$32.0	\$30.9	\$30.3	\$30.1	\$28.0 ⁽¹⁾
Actual	\$27.5	\$28.4	\$27.4	\$25.9	\$26.9	\$28.0

1 NEB received Supplementary Estimates Authority of \$1.4 million for a 1996-97 lapse carry forward in 1997-98 for total authorities of \$29.4 million

Historically, 65% to 75% of the Board's operating costs have been related to salaries.

C.2 Summary of Voted Appropriations

Financial Table 1

Authorities for 1997-98 - Part II of the Estimates				
Financial Requirements by Authority (millions of dollars)				
Vote		1997-98 Planned Spending	1997-98 Total Authorities	1997-98 Actuals
	National Energy Board			
35	Operating Expenditures	24.7	26.1 ⁽¹⁾	24.7
(S)	EBP	3.3	3.3	3.3
		28.0	29.4	28.0
1 NEB received Supplementary Estimates Authority of \$1.4 million for a 1996-97 lapse carry forward in 1997-98.				

C.3 Comparison of Total Planned Spending to Actual Spending

Financial Table 2

Departmental Planned versus Actual Spending by Business Line (millions of dollars)									
Business Lines	FTE's	Operating	Capital	Voted Grants & Contributions	Subtotal: Gross Voted Expenditures	Statutory Grants and Contributions	Total Gross Expenditures	Less: Revenue Credited to the Vote	Total Net Expenditures
Energy Regulation & Advice									
-planned expenditure	300	27.4	.6	-	28.0	-	28.0	-	28.0
<i>(total authorities)</i>	<i>300</i>	<i>28.8</i>	<i>.6</i>	<i>-</i>	<i>29.4</i>	<i>-</i>	<i>29.4</i>	<i>-</i>	<i>29.4</i>
-actuals	256	26.2	1.8	-	28.0	-	28.0		28.0
Other Revenues & Expenditures									
Revenue credited to the Consolidated Revenue Fund									-23.0
<i>(total authorities)</i>									<i>-23.0</i>
(Actuals)									-24.8
Cost of services provided by other departments									3.2
<i>(total authorities)</i>									<i>3.2</i>
(Actuals)									3.2
Net Cost of the Program									8.2
<i>(total authorities)</i>									<i>9.6</i>
(Actuals)									6.4

Note: Numbers in italics denote Total Authorities for 1997-98 (main and supplementary estimates and other authorities).

Bolded Numbers denote actual expenditures/revenues in 1997-98.

Due to rounding, figures may not add to totals shown.

C.4 Historical Comparison of Total Planned Spending to Actual Spending

Financial Table 3

Departmental Planned versus Actual Spending by Business Line (millions of dollars)					
Business Lines	Actual	Actual	Planned	Total	Actual
	1995-96	1996-97	Spending 1997-98	Authorities 1997-98	1997-98
Energy Regulation & Advice	25.9	26.9	28.0	29.4 ⁽¹⁾	28.0

- 1 NEB received Supplementary Estimates Authority of \$1.4 million for a 1996-97 lapse carry forward in 1997-98.

C.5 Non Applicable Tables

Financial Table 4: Crosswalk between Old Structure and New Structure

Not applicable to the National Energy Board

Financial Table 5: Resource Requirements by Organization and Business Line

Not applicable to the National Energy Board

Financial Table 6: Revenues to the Vote

Not applicable to the National Energy Board

C.6 Revenues to the CRF

Financial Table 7

Revenues Credited to the Consolidated Revenue Fund by Business Line (\$millions)					
	Actual 1995-96	Actual 1996-97	Planned Spending 1997-98	Total Authorities 1997-98	Actual 1997-98
Energy Regulation & Advice	23.6	24.6	23.0	23.0	24.8
Sub total	23.6	24.6	23.0	23.0	24.8
Total Revenues Credited to the CRF	23.6	24.6	23.0	23.0	24.8

C.7 Other Non-Applicable Tables

Financial Table 8: Statutory Payments

Not applicable to the National Energy Board

Financial Table 9: Transfer Payments

Not applicable to the National Energy Board

Financial Table 10: Capital Spending by Business Line

Not applicable to the National Energy Board

Financial Table 11: Capital Projects

Not applicable to the National Energy Board

Financial Table 12: Status of Major Crown Projects

Not applicable to the National Energy Board

Financial Table 13: Loans, Investments and Advances

Not applicable to the National Energy Board

Financial Table 14: Revolving Fund Financial Summaries

Not applicable to the National Energy Board

C.8 *Contingent Liabilities*

Financial Table 15

Contingent Liabilities (millions of dollars)			
List of Contingent Liabilities			
	Amount of Contingent Liability		
	March 31 1996	March 31 1997	Current as of March 31,1998
Loans	N/A	N/A	N/A
Details			
* details			
* details			
Details			
Claims and Pending and Threatened Litigation			
Litigations	-	-	.1
Non-litigations	14.6	15.2	21.7
Total	14.6	15.2	21.8
<p>One of the major companies regulated by the Board filed a statement of claim with the Federal Court of Canada in respect to the Board's authority to recover relocation costs from the regulated companies. In 1995, a decision was made by the Federal Court in favour of the Board. This decision was overturned by the Federal Court of Appeal on 10 June 1997.</p> <p>The costs associated with the relocation of the Board were found to be not recoverable pursuant to the National Energy Board Cost Recovery Regulations. Therefore the court granted to the appellant, in addition to the reimbursement of the relocation costs paid, pre and post judgement interest. The judgement has been satisfied.</p> <p>Subsequently, a number of the regulated companies have filed a statement of claims, in light of potential limitation issues. The Board is negotiating on behalf of the Crown to settle these claims.</p>			

Section V - Consolidated Reporting

D.1 Special Travel Policies

National Energy Board Absence Provisions for Sable Hearing

The following provisions are to apply to National Energy Board Calgary-based employees and Board members working on the Sable Hearing who are expected to be in travel status for a period of ten weeks or more.

1. Trips home

Employees will be entitled to one additional trip home (or travel cost equivalent) for every eight weeks in travel status. When added to the existing provisions, this will provide the following entitlement:

<u>Anticipated Weeks of Absence</u>	<u>Base Entitlement</u>	<u>Trips Home Extended Absence Trips</u>	<u>Total Trips</u>
10	2	1	3
11-13	3	1	4
14-15	4	1	5
16	4	2	6
17-19	5	2	7
20-22	6	2	8

The number of trips home is based on the expected duration of the absence and can be used at any time during the absence, subject of course, to operational requirements. For instance, an employee who is expected to be absent for 16 weeks is entitled to 6 trips home and could decide not to make any trips home for the first 8 weeks and then return home every weekend for the next 6 weeks.

An example of equivalent travel cost is that an employee may, as an alternate to returning home, be reimbursed costs associated with spousal/family member travel to the employee's duty location (i.e. airfare and local transportation to and from the airport) provided that these costs do not exceed that which would have been incurred by the employee had she or he returned home.

2. Extended Absence Allowance

To provide employees with reasonable reimbursement of the additional cost they will incur in both their residence and their temporary work location because of the

extended absence, an Extended Absence Allowance of \$5 per day will be paid. This will be paid in addition to the existing incidental allowance of \$6 per day and the incidental allowance will be paid for each day the employee is absent from home. While only payable to employees who are expected to be absent for a minimum of 10 weeks, it is payable from day one of the absence.

April 22, 1997

D.2 Cooperation with Other Government and Regulatory Agencies

Northern Pipeline Agency ("NPA")

The Board provides technical and administrative assistance to the NPA, which, pursuant to the Northern Pipeline Act, has primary responsibility for overseeing the planning and construction of the Canadian portion of the proposed Alaska Natural Gas Transportation System by Foothills Pipe Lines Ltd. Mr. Kenneth Vollman, Chairman, serves as Administrator and Designated Officer of the Agency.

Transportation Safety Board of Canada ("TSB")

While the National Energy Board has exclusive responsibility for regulating the safety of oil and gas pipelines under federal jurisdiction, it shares the responsibility for investigating pipeline incidents with the TSB. The roles and responsibilities of each body with regard to pipeline accident investigations are outlined in a Memorandum of Understanding ("MOU") between the two boards.

Human Resources Development Canada ("HRDC")

The Board has an MOU with HRDC to coordinate safety functions under the COGO Act and the NEB Act. This MOU applies to all Board-regulated pipelines and associated facilities.

Natural Resources Canada ("NRCan")

The Board has an MOU with NRCan to reduce duplication and increase cooperation between the agencies. This MOU covers items such as data collection and development, the enhancement of energy models and special studies.

Yukon Territory Department of Economic Development ("DED")

The Board continues to work with Yukon officials to facilitate the transfer of oil and gas regulatory responsibilities in accordance with the Yukon Accord Implementation Agreement. The Board provides expert technical advice to the DED.

Alberta Energy and Utilities Board ("AEUB")

The Board has an MOU with the AEUB on Pipeline Incident Response. The agreement provides for mutual assistance and a faster and more effective response by both boards to pipeline incidents in Alberta.

During 1997, the Board continued its involvement in a Pipeline Task Force with the AEUB. The purpose of this task force is to develop consistent and compatible regulatory requirements. It is expected that this process will result in more efficient use of organizational resources, leading to a reduced regulatory burden on both the pipeline industry and the public.

The Board and the AEUB have developed a common reserves database for oil and gas reserves in Alberta. Both boards are committed to developing more efficient methods for maintaining estimates of reserves and to exploring other opportunities for cooperation.

British Columbia Ministry of Employment and Investment ("MEI")

In December, the Board and the MEI signed a Reserves Database Agreement to develop a common reserves database for oil and gas reserves in British Columbia. Both agencies are committed to developing more efficient methods for maintaining estimates of reserves and to exploring other opportunities for cooperation.

Ontario Energy Board ("OEB")

The Board is pursuing its Electronic Regulatory Filing ("ERF") initiative as a joint venture with the OEB and twenty other key participants in the regulatory arena. The ERF project will result in a fully functional electronic system for the creation, exchange, use and reuse of regulatory information. Cooperation with the OEB will ensure its applicability in both jurisdictions.

Saskatchewan Department of Energy and Mines ("DEM")

Preliminary discussions have been held with regard to establishing a common reserves database.

Nova Scotia and Newfoundland

The Board has an MOU with Natural Resources Canada ("NRCan") by which the Board provides advice and assistance to NRCan and the provinces of Newfoundland and Nova Scotia in drafting federal and provincial versions of regulations which pertain to the offshore areas under joint resource management accords.

**D.3 National Energy Board
Quarterly Regulatory Reports**

**Table I
April 1 - June 30, 1997**

Public Hearings	Results	Outcomes
I. Federated Pipelines (Northern) Ltd. Oil and Natural Gas Liquids Pipeline OH-3-96	Decision Issued: 10 April Location: Calgary, Alberta Hearing: 24-27 February (4 days)	8 250 cubic metres (52,000 cubic feet) per day Estimated Cost: \$40.8 Million
II. Interprovincial Pipeline Inc. Reactivate Line 8 OH-4-96	Decision Issued: 17 April Location: London, Ontario Hearing: 27-31 January (4 days)	Reactivate approximately 210 km (130 miles) of pipeline
III. Novagas Clearing House Pipeline Ltd. Natural Gas Liquids Pipeline OH-2-96	Decision Issued: 1 May Location: Calgary, Alberta Hearing: 10-12 February (3 days) 12-13 March (2 days)	Construction of 58 km (35 miles) of pipeline. Estimated Cost: \$8 Million

Written Hearings	Results	Outcomes
I. Various gas exports - GHW-2-96 (Costal gas marketing Co., Enron Capital & Trade Resources Corporation, Pan Energy Marketing Limited Partnership, ProGas Ltd., and United States Gypsum Company)	Decision Issued: 23 April	Five applications to export 9.5 billion cubic metres (333.4 billion cubic feet) of natural gas
II. Trans Quebec & Maritimes Pipeline Inc. (TQM) Multi-year Tolls Agreement - RHW-1-97	Decisions Issued: 30 April	Approved settlement provides for a revenue requirement or \$65,926,000

Note: The Board had before it a number of applications and other matters (which were all completed). These did not require a public hearing:

Natural Gas Matters . . . 5 matters	Frontier Matters 1 matter
Electricity Matters . . . 4 matters	Safety Matters 1 matter
Pipeline Matters 3 matters	Other Matters 4 matters
Traffic, Tolls and Tariff Matters 5 matters	

Table II
July 1-September 30, 1997

Public Hearings	Results	Outcomes
I. Amoco Canada Petroleum Company Ltd. on behalf of Dome Kerrobert Pipeline Ltd. Natural Gas Liquids Pipeline OH-1-97	Decision Issued: 17 July Location: Calgary, Alberta Hearing: 16 June (1 day)	18,577 cubic metres (116,850 barrels) per day Estimated Cost: \$23 million
II. Westcoast Energy Inc. 1997 tolls RH-2-97	Decision Issued: 22 August Location: Vancouver, British Columbia Hearing: 23-27 June (4 days)	Approve a five year incentive-based negotiated settlement on tolls, or methodology for determining tolls for the period 1 January 1997 to 31 December 2001
III. Trans Canada Pipelines Limited 1997 tolls RH-1-97	Decision Issued: 18 September Hearing: (3 days)	Approve new tolls effective 1 January 1997 Approve FST conversion proposal

Written Hearings	Results	Outcomes
I. Various Gas Exports - GHW-1-97 (Androscoggin Energy Inc., PanCanadian Petroleum Ltd., ProGas Limited, Vermont Gas Systems Inc., Wascana Energy Inc.)	Decision Issued: 30 September	Six Applications to export 37.8 Billion cubic metres (1.3 trillion cubic feet) of natural gas.

Note: The Board had before it a number of applications and other matters (which were all completed). These did not require a public hearing:

Natural Gas Matters 4 matters
 Electricity Matters 2 matters
 Pipeline Matters 5 matters
 Traffic, Tolls and
 Tariff matters 1 matter
 Frontier matters 1 matter
 Safety matters 2 matters
 Other matters 1 matter

Table III
October 1-December 31, 1997

Public Hearings	Results	Outcomes
I. Novagas Canada Ltd. - Westcoast Energy Inc. - Gas Arrangements at Taylor, British Columbia - MH-2-97	Decision Issued: 15 October Location: Calgary, Alberta Hearing: 15-29 September (4 days)	Hearing into the practices of Westcoast Energy Inc. with respect to gas stripping contract at Taylor, British Columbia
II. Interprovincial PipeLine Line 9 Reversal - OH-2-97	Decision Issued: 18 December Location: Calgary and London, Ontario Hearing: August/September (21 days)	Approved construction of pipeline at a capital cost of \$89 M.
III. Sable Island Gas Projects - GH-6-96	Decision Issued: 3 December Hearing: 4-5 April 7 April - 14 July (56 days)	Joint public review panel report issued 27 October 1997.
IV. TransCanada PipeLines Limited - 1998 Facilities - GH-2-97	Decision Issued: 8 December Hearing: 22 September-1 October (6 days)	Construct facilities through Saskatchewan, Manitoba and Ontario in 1998 Estimated Cost: \$824.9 M

Note: The Board had before it a number of applications and other matters (which were completed). These did not require public hearings:

Natural Gas Matters 3 matters
 Electricity Matters 2 matters
 Pipeline Matters 6 matters
 Traffic, Tolls and
 Tariff Matters 3 matters
 Frontier Matters 1 matter
 Other Matters 2 matters

Table IV
January 1-March 31, 1998

Public Hearings	Results	Outcomes
I. Trans Quebec & Maritimes Pipeline Inc. (TQM) Natural Gas Pipeline - PNGTS extension GH-1-97	Decision Issued: 3 April Location: Montreal, Quebec Hearings: 17 November - 17 December (20 days)	5.9 million cubic metres (210 million cubic feet) per day to supply markets in U.S. North East. 1.4 million cubic metres (48.7 million cubic feet) per day to supply Eastern Townships of Quebec.ps of Quebec.
II. Alliance Pipeline Ltd. ("Alliance") Natural Gas Pipeline GH-3-97	Decision Issued: Not issued Locations: Calgary, Fort St. John, Edmonton, Regina Hearings: Ongoing (56 days)	Public Hearing commenced on 6 January 1998 on an application from Alliance Pipeline Ltd. for approval to construct the Canadian portion of a natural gas pipeline and associated facilities from northeastern British Columbia and northwestern Alberta to midwest United States. Estimated Cost of Canadian portion (if approved): \$1.9 B

Written Hearings	Results	Outcomes
I. Various Gas Exports - GHW-2-97 Androscoffin Energy Inc., Pan Canadian Petroleum Limited, ProGas Limited, Vermont Gas Systems Inc., Wascana Energy Inc.	Decision Issued: 3 March	Eight licenses to export 35.2 billion cubic metres (1.2 Trillion cubic feet) of natural gas

Note: The Board had before it a number of applications and other matters (which were completed). These did not require public hearings:

Natural Gas Matters	1 matter	Safety Matters	1 matter
Electricity Matters	2 matters	Frontier Matters	1 matter
Pipeline Matters	8 matters	Other Matters	2 matters
Traffic, Tolls and Tariff Matters	4 matters		

Section VI - Other Information

E.1 Contacts for Further information:

For additional information, contact anyone of the Board Members and Staff listed below:

National Energy Board
444 - 7th Avenue S.W.
Calgary, AB T2P 0X8

Telephone: (403) 292-4800
Facsimile: (403) 292-5503
Internet: www.neb.gc.ca

Kenneth W. Vollman	Chairman
Gaétan Caron	Executive Director
Brenda Kenny	Business Leader, Applications
John McCarthy	Business Leader, Operations
Terrance Rochefort	Business Leader, Commodities
Scott Richardson	Business Leader, Information Management
Sylvia Farrant	Business Leader, Corporate Services
Judith Hanebury	General Counsel
Peter Schnell	Team Leader, Planning and Reporting
Elizabeth Arden	Website Administrator