

Cochin Pipe Lines Ltd.

Box 2608

Calgary, Alberta Canada

T2P 3C1

February 15, 2007

National Energy Board
Attention: Mr. M.L. Mantha, Secretary
444 – 7th Avenue S.W.
Calgary, Alberta
T2P 0X8

Dear Mr. Mantha:

Re: Cochin Pipe Lines 2007 Tolls

On 22 December 2006 Cochin Pipelines Ltd. ("Cochin") filed Tariffs 96 to 101 with the Board for implementation on a complaints only basis as of 1 January 2007. In light of comments received by the Board from interested parties, on 28 December 2006 the Board issued Order TOI-03-2006 setting Cochin's tolls on an interim basis pending further guidance on process. The interim tolls were set at the tolls in effect in December 2006 plus 50% of the proposed increase.

On 18 January 2007 Cochin sought a deferral of additional guidance from the National Energy board ("NEB") with respect to the process to be followed to consider Cochin's tolls. The purpose of the deferral was to permit Cochin additional time to resolve shipper objections. In a letter dated 22 January 2007, the Board deferred issuing guidance and requested that by Monday 29 January Cochin report on the progress of discussions with its shippers.

On 29 January 2007 Cochin reported on the progress of discussions with its shippers. By letter dated 31 January 2007, the Board acknowledged Cochin's 29 January correspondence and directed Cochin to further advise the Board by 12 February 2007 whether agreement had been reached with its shippers, failing which the Board may immediately issue further guidance to the parties.

In addition to numerous meetings and telephone discussions with individual shippers, Cochin met with its shippers as a group on 5 February 2007 to assess the potential for settling any outstanding issues.

As a result of the discussions Cochin has agreed to certain modifications to its toll filing (the "Arrangement"). The Arrangement has the written support (non-objection) of shippers representing 75 percent of the 2006 propane volumes and 79 percent of 2006 propane and ethane volumes on the Cochin pipeline system. Although Cochin has not received written confirmation from the remaining shippers, Cochin has been advised by most, though not all, that they will not object to the proposal as set out above. At this point Cochin is not aware of any shipper that intends to take issue with the Arrangement.

Therefore, conditional on approval of the entire Arrangement by the Board, Cochin has agreed to the following:

1. Cochin will defer the proposed tariff increase to 1 April 2007. As a result, the toll for January through March 2007 would be the same as the toll in effect in December 2006. As of 1 April 2007, the full increase set out in the original Cochin 22 December filing would come into effect.
2. Tariff 104 will be adjusted to prevent any double impact of the tariff increase for use of Regina storage;
3. Tariff 102 will be revised to include an incentive volume rate;
4. In the event that volume and revenue exceeds the forecast or costs are less than forecast, Cochin would adjust the depreciation charge in the rate calculation to ensure that the rate of return on rate base does not exceed the 5.75% included in Cochin's original toll formula.

The arrangement described above was not concluded early enough to permit Cochin to seek a reduction in the current interim tolls to the December 2006 level. Invoices for January shipments will be issued based on the approved interim tolls and future invoices will be adjusted to account for the difference between the interim tolls and the December 2006 tolls that would be applicable under the Arrangement.

In the event that final tolls in accordance with the Arrangement cannot be in place before 13 March 2007, the date when bills for February volumes will be sent, Cochin requests that the existing interim tolls be reduced to the December 2006 level, increasing to the full applied-for level on 1 April 2007.

In support of the Arrangement Cochin submits the following

1. Letters of support from shippers;
2. Additional volume, cost and revenue information - Schedules 1 through 3;
3. Revised Tariffs No. 101 to 107 for the period 1 January 2007 to 31 March 2007 that reflect the December 2006 toll levels; and
4. Revised Tariffs No. 108 to 113 commencing on 1 April 2007.

Cochin submits that the Arrangement is in the public interest and will result in tolls that are just and reasonable. Therefore, Cochin requests that the Board accept the attached tolls for filing on a complaints only basis to be effective as of 1 January 2007 and 1 April 2007 as applicable.

If you have any questions please call me at (403) 233-1351.

Yours truly,

A handwritten signature in black ink, appearing to read 'S. Boucher-Chen', written in a cursive style.

Suzanne Boucher-Chen
Director, Regulatory Affairs NGL