

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF THE PROVINCES OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA, ONTARIO,
QUEBEC, NEW BRUNSWICK, NOVA SCOTIA, PRINCE EDWARD ISLAND AND
NEWFOUNDLAND**

AND

**IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM FOR EXEMPTIVE RELIEF
APPLICATIONS**

AND

**IN THE MATTER OF
ALLIANCE PIPELINE LIMITED PARTNERSHIP**

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland (the "Jurisdictions") has received an application from Alliance Pipeline Limited Partnership (the "Filer") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the requirement contained in the Legislation to satisfy the 12 month reporting issuer history criteria shall not apply to the Filer so as to permit the Filer to participate in the prompt offering qualification system pursuant to National Policy 47 and section 18 of the Québec *Securities Act* (collectively the "POP System");

AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Alberta Securities Commission is the principal regulator for this Application;

AND WHEREAS the Filer has represented to each Decision Maker that:

1. the Filer is a limited partnership formed in 1996 pursuant to the laws of Alberta;
2. the general partner of the Filer is Alliance Pipeline Ltd., a Canadian corporation;
3. the Filer became a reporting issuer on March 31, 2000 in all of the Jurisdictions except Manitoba, New Brunswick and Prince Edward Island by filing and obtaining a receipt for a non-offering prospectus dated March 28, 2000;
4. the Filer is building and will operate the Canadian portion of a new natural gas transmission system (the "System") consisting of 3,000 kilometres of natural gas mainline pipeline and an additional 700 kilometers of lateral pipelines;

5. Alliance Pipeline L.P. ("Alliance USA") is building and will operate the American portion of the System and another related limited partnership, Aux Sable Liquid Products L.P. ("Aux Sable") has undertaken the construction and operation of a natural gas liquids extraction and fractionation facility in Illinois, U.S.A. near the terminus of the pipeline;

6. the System is being constructed at an aggregate cost of approximately \$5.4 billion (including capitalized returns on debt and equity invested) and is designed to transport 1.3 billion cubic feet of natural gas per day on a firm service basis from areas in northeastern British Columbia and Northwestern Alberta to the Chicago area;

7. the shares of Alliance Pipeline Ltd., the limited partnership units of the Filer, the shares of the managing general partners of Alliance Pipeline L.P. and Aux Sable and the limited partnership units of such limited partnerships are held directly or indirectly by five corporations (the "Sponsors") in identical or nearly identical proportions of the outstanding shares or units of each general partner or limited partnership;

8. one of the Sponsors is a limited partnership, Fort Chicago Energy Partners L.P. ("Fort Chicago") which has been a reporting issuer in all Jurisdictions which have such concept since December, 1997 and whose Class A limited partnership units are traded on The Toronto Stock Exchange. Fort Chicago's only assets are its interest in the Filer, Alliance USA (collectively "Alliance") and Aux Sable and related cash reserves. Fort Chicago is eligible to use the POP System;

9. in 1998, Alliance arranged credit facilities in the amount of approximately \$3.765 billion (assuming a US\$/Cdn\$ exchange rate of 1.50) with a syndicate of commercial banks and other financial institutions and finalized aggregate equity commitments from its Sponsors of approximately \$1.434 billion. Approximately \$1.931 billion of the credit facilities and \$743.6 million of the aggregate equity commitments were arranged by the Filer to fund construction of its portion of the System, of which approximately \$1.727 billion had been incurred as at December 31, 1999 (including an amount reflecting a return on equity funds used during the development and construction period);

10. it is the Filer's intent to refinance its bank debt in the Canadian capital markets in a manner which permits principal repayments to reflect the recovery of capital through approximately 70% of the depreciation component of the tolls on the System;

11. on June 25, 1999 Alliance USA completed a private placement of US \$300 million principal amount of 7.77% senior notes and on July 6, 1999 the Filer completed a private placement of \$300 million principal amount of 7.23% senior notes. The net proceeds of each issue were used by the respective issuer to refinance a portion of its credit facilities. The senior notes were rated B++ (High) from CBRIS Inc., BBB (high) from Dominion Bond Rating Services Limited, Baal from Moody's Investors Service, Inc. and BBB from Standard & Poor's Rating Service;

12. Alliance receives market coverage through the continuous disclosure obligations of Fort Chicago and two other Sponsors, through research coverage on Fort Chicago by several investment firms and through general media coverage;

13. in order to access the shelf system pursuant to National Policy Statement No. 44 (being reformulated as proposed National Instrument 44-102) as well as section 24.1 of the Québec *Securities Act*, section 58 and section 166 of the Québec *Regulation Respecting Securities* (collectively, the "POP Eligibility Requirements") for further issuances of its senior notes, the Filer will need to be eligible to use the POP System;

14. the Filer does not formally qualify as a "substantial issuer" under section 4.2 of National Policy 47 because, even though the equity invested or committed to be invested in the Filer exceeds \$700 million (and for Alliance exceeds \$1.4 billion) and even though the equity of all of the Filer's Sponsors is publicly traded, the Filer's equity is not itself listed on any exchange and does not trade directly; and even though the Filer's Senior Notes have an Approved Rating (as defined in the Legislation) the 12 month reporting history requirement continues to apply;

AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

The Decision of the Decision Makers under the Legislation is that the requirement contained in the Legislation that the Filer be a reporting issuer for the 12 months to be eligible to participate in the POP System shall not apply to the Filer, provided that:

- (i) the Filer complies in all other respects with the POP Eligibility Requirements from the date of this waiver;
- (ii) the eligibility certificate required by section 5.3 of National Policy 47 may state that the Filer satisfies the reporting issuer criteria in accordance with this decision;
- (iii) the securities issued by the Filer consist only of non-convertible debt securities which have an Approved Rating (as defined in the Legislation); and
- (iv) this decision terminates on March 31, 2001.

DATED at Edmonton, Alberta on July 10, 2000.

Agnes Lau, CA
Deputy Director, Capital Markets

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Application for relief from the 12 month reporting issuer requirement of NP 47 so as to use the POP system to issue non-

convertible, approved rated debt using the shelf system on the basis that there is adequate market coverage of the issuer through an acceptable proxy.

Applicable Alberta Statutory Provision

National Policy Statement No.47