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June 27, 2007

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Securities Commission
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Nova Scotia Securities Commission
New Brunswick Securities Commission
Office of the Attorney General, Prince Edward Island
Securities Commission of Newfoundland and Labrador
Registrar of Securities, Government of Yukon
Registrar of Securities, Department of Justice, Government of the Northwest Territories
Legal Registries Division, Department of Justice, Government of Nunavut

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Dear Mr. Stevenson and Mme Beaudoin:

Re: Request for Comments on National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (the Proposed Instrument), Forms 52-109F1, 52-109FMP1, 52-109FM1, 52-109F1 – IPO/RTO, 52-109F1R, 52-109F1 – AIF, 52-109F2, 52-109F2 – IPO/RTO and 52-109F2R (together, the Proposed Forms) and Companion Policy 52-109CP (the Proposed Policy, and together with the Proposed Instrument and the Proposed Forms, the Proposed Materials).

We are writing to provide comments on the Proposed Materials (Proposed Instrument, Proposed Forms and the Proposed Policy) and appreciate the opportunity to provide this feedback. Our response is



submitted by e-mail and is ordered in the same sequence as the seven specific requests for comment are listed in the Proposed Materials.

I. About Inter Pipeline Fund

Inter Pipeline Fund (“Inter Pipeline”) is an energy infrastructure business that provides unitholders with a stable source of monthly cash distributions. With four business segments operating in western Canada and western Europe, our diversified asset portfolio generates long-term and predictable cash flows. Our oil sands pipelines transport approximately 50% of the total oil sands volumes produced in Canada, while our conventional oil pipeline business transports approximately 18% of the total conventional oil produced in western Canada. Our NGL extraction business is one of the largest in North America and processes roughly 40% of the natural gas that is exported from the Province of Alberta. Our bulk liquid storage assets handle more than 250 different products for over 300 customers and have a combined storage capacity of 8 million barrels. The acquisition and development of long life infrastructure assets has made Inter Pipeline one of the fastest growing businesses in Canada. Our market capitalization is approximately \$1.9 billion.

II. Responses to Specific Requests for Comment:

1. Do you agree with the definition of “reportable deficiency” and the proposed related disclosures? If not, why not and how would you modify it?

Comment: Overall, we agree with the concept of “reportable deficiency” which replaces the terms “material weakness” and “significant deficiency” defined under the previously proposed MI 52-111. However, we believe additional guidance is required for this concept as follows:

- a. Additional Definitions:

Definitions of the following terms would be useful to issuers:

- i. “deficiency” – a “reportable deficiency” is defined, but there is no definition of what a “deficiency” is.
How can an issuer determine what a “reportable deficiency” is when a “deficiency” has not been defined?
We do not believe the sole definition of “reportable deficiency” is adequate and recommend that a definition of the term “deficiency” be added to the Proposed Materials.
- ii. “reasonable assurance” – is not strictly defined in the Proposed Materials. Instead, section 6.3 of the Companion Policy states:
The terms “reasonable”, “reasonably” and “reasonableness” in the context of the Instrument do not imply a single conclusion or methodology, but encompass a range of potential conduct, conclusions or methodologies upon which certifying officers may base their decisions.
We do not believe that this guidance is adequate and recommend that a definition of “reasonable assurance” be added to the Proposed Materials.

b. Decision tree for a “reportable deficiency”:

We believe that a decision tree with a step by step process to determine if a deficiency is “reportable” would be beneficial to issuers and recommend that the Proposed Materials be revised to include one.

2. Do you agree that the ICFR design accommodation should be available to venture issuers? If not, please explain why you disagree.

Comment: No comment as Inter Pipeline is not a venture issuer.

3. Do you agree that our proposal to provide a scope limitation in the design of DC&P and ICFR for an issuer’s interest in a proportionately consolidated investment or variable interest entity is practical and appropriate? If not, please explain why you disagree.

Comment: Overall, we agree with the concept of allowing certifying officers to limit the scope of their design of DC&P or ICFR for an issuer’s interest in a proportionately consolidated investment or variable interest entity. Inter Pipeline proportionately consolidates the financial results of another limited partnership when preparing its consolidated financial statements.

4. Do you agree that our proposal to allow certifying officers to limit the scope of their design of DC&P or ICFR within 90 days of the acquisition of a business is practical and appropriate? If not, please explain why you disagree.

Comment: Overall, we agree with the concept of allowing certifying officers to limit the scope of their design of DC&P or ICFR for the acquisition of a business.

However, we **strongly disagree** with the “90 day” time period granted in the Proposed Materials. Ninety days is not enough time to design and document DC&P or ICFR for a newly acquired business. Having made business acquisitions in every year going back to 2003, Inter Pipeline has first-hand experience with the integration process. It is time-consuming and lengthy requiring:

- Training and re-deploying management and employees of the acquired business “who have a significant role in the issuer’s ICFR” (to quote a portion of point 8 of Form 52-109F1 of the Proposed Materials). In some cases, management and / or employees from the acquired business do not join the issuer. Instead, they decide to pursue employment elsewhere. Thus, there is a loss of internal control knowledge and expertise that must be obtained by recruiting and training additional staff or re-training existing staff.
- Migrating and integrating financial data from discrete financial systems as rarely do the issuer and the acquired business use the same financial systems.
- Setting up the IT infrastructure to support the acquired business (i.e. purchase of new computer equipment, software licenses, phone systems, etc.).



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- Introducing and rolling out entity level controls and policies to management and employees of the acquired business (i.e. Inter Pipeline has a Disclosure Policy, Code of Ethics, and Whistleblower Policy).
- Amalgamating office locations of the issuer and the acquired business and relocating staff or associated resources.

We **strongly recommend** changing the time period from **90 days to 365 days** from the date of acquisition. This would allow issuers sufficient time to address the issues noted above and integrate the business acquisition into their control environment and / or design and document new controls as required. This time period also coincides with the time period allowed for reporting issuers in the United States under similar circumstances. Increasing the time period to 365 days would put Canadian issuers on equal footing with U.S. issuers.

We also note that no mention is made of the **effectiveness** of DC&P and ICFR in the 90 day scope limitation for business acquisitions. **Was this intentional?**

5. Do you agree that our proposal not to require certifying officers to certify the design of ICFR within 90 days after an issuer has become a reporting issuer or following the completion of certain reverse takeover transactions is practical and appropriate? If not, please explain why you disagree.

Comment: This comment area has been intentionally left blank.

6. Do you agree that the nature and extent of guidance provided in the Proposed Policy, particularly in Parts 6, 7 and 8, is appropriate? If not, please explain why and how it should be modified.

Comment: Excluding the comments provided in other sections of this response letter, we agree with the guidance provided in the Proposed Policy.

7. Are there any specific topics that we have not addressed in the Proposed Policy on which you believe guidance is required?

There are three topics not addressed in the Proposed Policy we recommend you comment and provide guidance on:

- a. Issuers' use and reliance on Service Organizations:

The Proposed Materials are silent regarding issuers' use of and reliance on service organizations.

In many cases, issuers engage service organizations to execute certain business processes such as processing payroll, etc. Therefore, issuers use and rely on the service organization's internal controls and not on their own. Issuers may obtain a Section 5970 - Auditor's Report on Controls at a Service Organization to obtain comfort over the service organization's internal controls. However, what would happen in the case where such a report was not available or the report contained control deficiencies? What process would an issuer need to go through before



assessing whether the certifying officers could sign their certificates? The Proposed Materials need to address these issues and provide guidance to certifying officers.

b. Issuers' use of Arms-Length Specialists:

The Proposed Materials are silent regarding issuers' use of and reliance on specialists.

In many cases, issuers engage the services of specialists to provide their expertise and knowledge on areas the issuer requires assistance. The results of the specialists' work may be incorporated into the issuer's business processes. As well, their work may be included in financial disclosures to investors. Situations where a specialist may be used include:

- Taxation and taxation planning.
- Purchase price allocation on business acquisitions
- Pension benefit valuation and liability analysis.
- Environmental remediation.

We recommend that the Proposed Materials be revised to include guidelines certifying officers may use when evaluating the role of Specialists in the design of and effectiveness evaluation of ICFR.

c. Amend Part 13 – Liability for Certificates Containing Misrepresentations to include Board of Directors:

Part 13 of the Companion Policy discusses the liability for certifying officers providing a certificate containing a misrepresentation. Liability of the board of directors is not explicitly stated in this section.

Part 9 of the Companion Policy discusses the role of the board of directors and audit committee. However, it does not contemplate the potential liability of directors associated with certificates signed by the certifying officers containing misrepresentations:

- i. Part 9.1 states: "Under NI 51-102, the board of directors must approve the issuer's annual MD&A, including the required disclosure concerning DC&P and ICFR, before it is filed."

The board of directors' approval of the issuer's annual MD&A connects them directly to the certificates filed by the CEO and CFO and would introduce civil and / or criminal liability if misrepresentations were contained in these respective certificates.

- ii. Part 9.2 states: "MI 52-110 requires the audit committee to review an issuer's financial disclosure and to establish procedures for dealing with complaints and concerns about accounting or auditing matters. Issuers subject to MI 52-110



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should consider its specific requirements in designing and evaluating their DC&P and ICFR.”

This act would again directly connect the audit committee directors to the certificates signed by the certifying officers and would introduce civil and / or criminal liability if misrepresentations were contained in the issuer’s financial disclosures.

We recommend expanding Part 13 of the Companion Policy to explicitly state liability for the board of directors as it is already implied.

III. Other Comments

We provide comments on other areas not specifically requested as follows:

1. Proposed effective date of June 30, 2008:

Comment: We support the proposed effective date of June 30, 2008 as long as the final version of NI 52-109 is published by the end of 2007. If the final instrument is published any later than December 31, 2007, we recommend delaying the effective date to December 31, 2008. This would allow issuers adequate time to implement the guidelines provided in the final instrument.

In closing, overall we support the top-down risk-based approach put forth in the Proposed Materials. The Proposed materials outline a principles-based approach allowing more professional judgment instead of a prescriptive-based approach with mandatory requirements. Inter Pipeline appreciates this opportunity to provide feedback and looks forward to the approved instrument.

If there are any questions, please do not hesitate to contact the undersigned at 403-290-6072.

Regards,

Scott Gerla, CA
V.P. Financial Reporting & Compliance

cc: Bill van Yzerloo, CFO
Anita Dusevic Oliva, Legal Counsel & Corporate Secretary