



ATCO/NGTL Integration

January 7 and 8, 2010



TransCanada
In business to deliver

Purpose of the meeting:

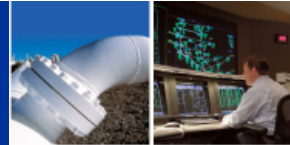


To provide information to ATCO Shippers who have not participated in NGTL processes to date:

- Provide summary of ATCO / NGTL Integration process to date
- Clarify NGTL / ATCO integration process going forward
- Discuss Alberta System services and attributes
- Discuss contract transition and election process
- Answer shipper questions

Additional meetings will be scheduled as integration proceeds

Integration: Drivers



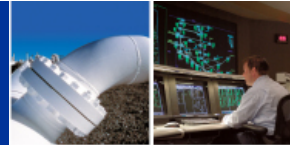
- **Customers - two tolls; distinct Tariffs & contracts**
- **Delays affecting customers and consuming significant regulatory resources**
- **For many years, a full integration of ATCO and NGTL has been contemplated and advocated by many**
- **Situation culminated in Competition Hearing**
 - EUB encouraged collaborative process to address competitive pipeline issues

Integration: Customer Input



- **Customers have indicated that they want:**
 - Integrated service across the AP and NGTL systems
 - “seamless service”
 - Optimized facility construction and operation
 - To eliminate the inefficiencies that result from regulatory interventions, both costs and delays
 - Quick delivery of reliable service with certainty

Integration: Milestones



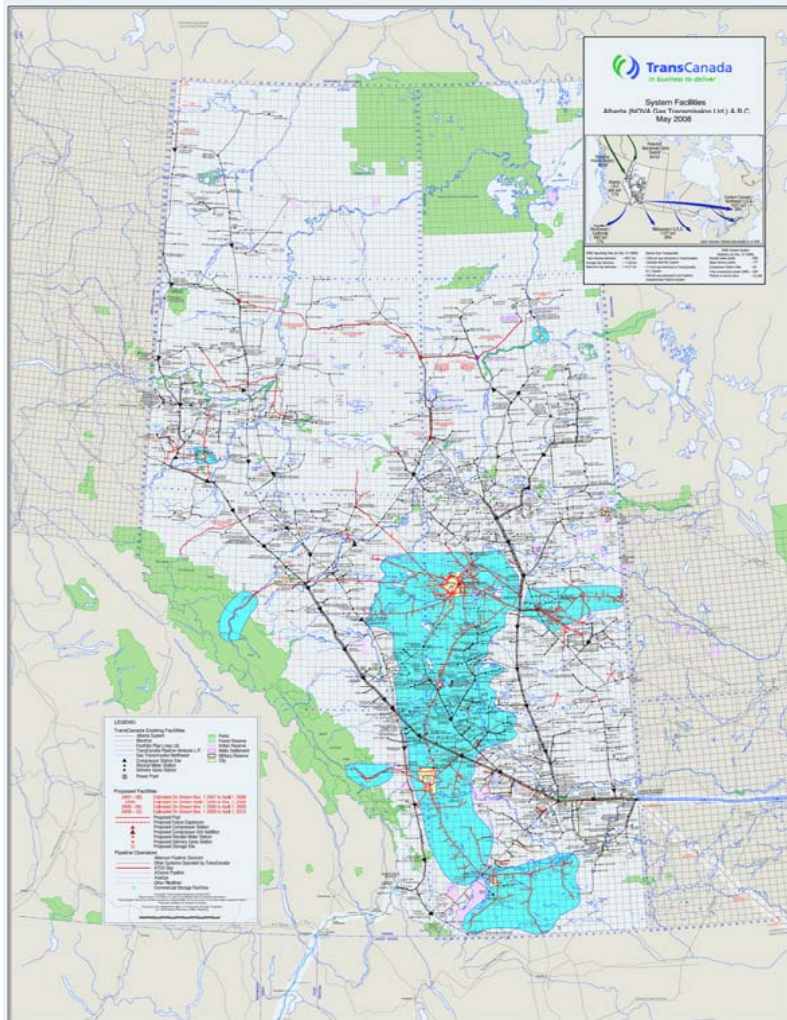
- **ATCO - NGTL Term Sheet: September, 2008**
- **Stakeholder Discussion at TTFP: September 08 – ongoing**
- **ATCO - NGTL Definitive Agreement: April, 2009**
- **ATCO Revenue Requirement / Integration Application: June 09**
 - https://www.auc.ab.ca/eub/dds/iar_query/ApplicationAttachments.aspx?AppNumber=1605226
- **NGTL Rate Design MOU: July 09**
- **TTFP Unopposed Resolution on Rate Design: September 09**
- **ATCO Revenue Requirement Settlement: November 09**
- **NGTL Rate Design / Integration Application: November 09**
 - <https://www.neb-one.gc.ca/II-eng/livelink.exe?func=II&objId=583485&objAction=browse>

Integration: High-Level Overview of Agreement



- Commercial: Single “Alberta System” service provider
 - Single Tariff & suite of services
 - 1 operating process / computer system
 - 1 ‘design’ and set of rules for expansions
 - Single, efficient Operating plan
- Distinct Geographic Footprints
 - Asset Swap

Integration: ATCO Footprint

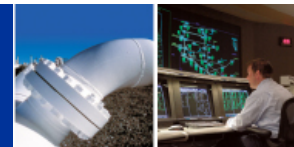


ATCO Footprint (shown in blue)

ATCO will construct, own & operate new and expanded facilities in their Footprint (excluding major 'through' lines)

Swap ownership of existing facilities to generally align with respective Footprints

Integration: Future Roles & Responsibilities



	NGTL	ATCO
Commercial Operations (contracts, billing, ops planning, nominations, scheduling, balancing, fuel, linepack, etc)	✓	
Sales (commercial interface)	✓	Agent for NGTL in dealing with ATCO Gas
Design & Annual Plan (consult with ATCO)	✓	"Minor Modifications" as per Definitive Agreement
Gas Control	TC Owned Facilities	ATCO Owned Facilities
Field Ops (maintenance, measurement, integrity, right-of-way, landowner....)	TC Owned Facilities	ATCO Owned Facilities

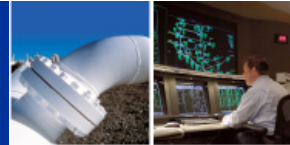


Post Integration

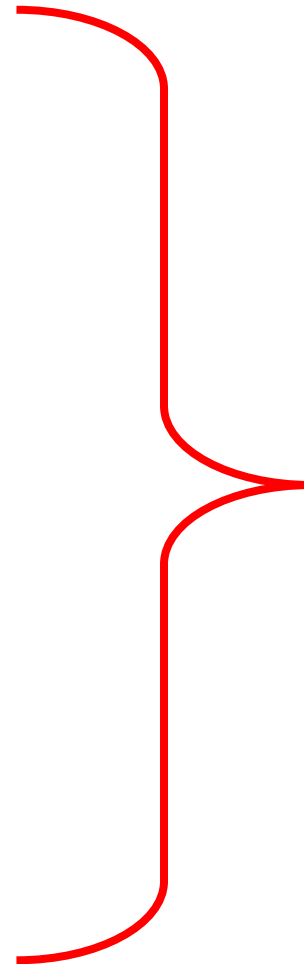


- **Single suite of services - single tariff**
- **NGTL is the single point of contact for:**
 - Contracting
 - System Design & Annual Plan
 - Daily transactions (nominations, account balancing, restrictions)
 - Invoicing
- **Only exception: ATCO Pipelines will act as agent for NGTL in commercial dealings with ATCO Gas**

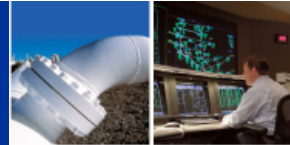
Benefits of Integration



- **Seamless service**
- **More timely provision of service and facilities**
- **Cost efficiencies related to:**
 - Reduced duplication
 - Combined operations and design
 - Concentrated field operations
 - Cumulative savings within 3 – 4 years



Integration: Commercial Activities



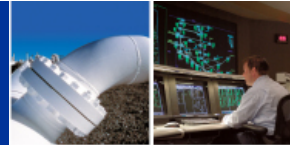
- **Modify computer systems**
 - Incorporate ATCO receipt / delivery points
 - Measurement at all ATCO points
 - Implement FT-D3 to meet core market needs
- **Transition ATCO shipper contracts**
- **Flow simulators**
 - Operations and design purposes
- **Hire & train additional NGTL staff**

Integration: Asset Swap



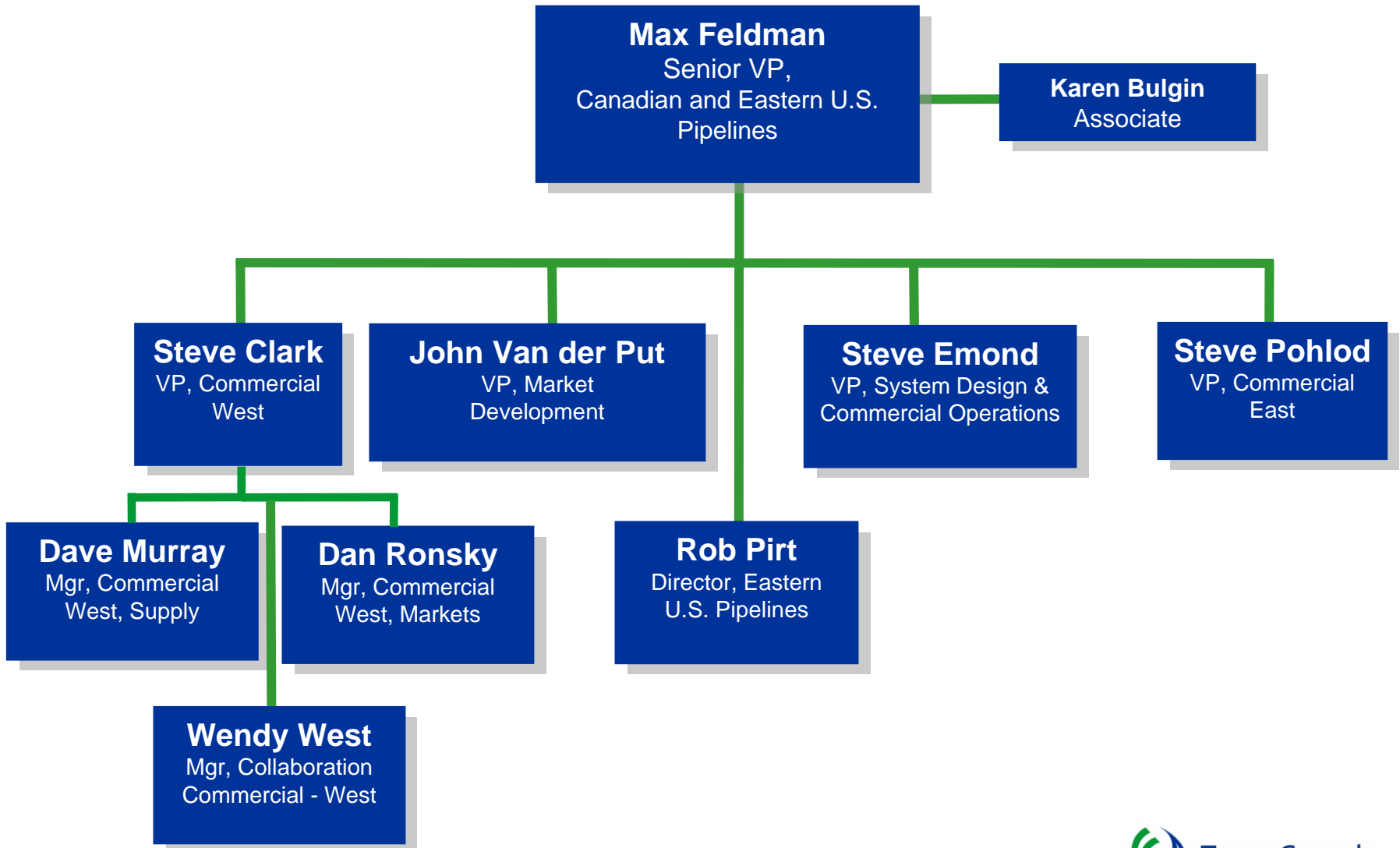
- **Identify and value facilities**
- **Landowner Consultations**
- **Obtain Regulatory and Legal approvals**
- **Re-align respective field operations**
- **Re-align Gas Control and Measurement systems**
- **Align and train field staff**

Implementation: Timelines

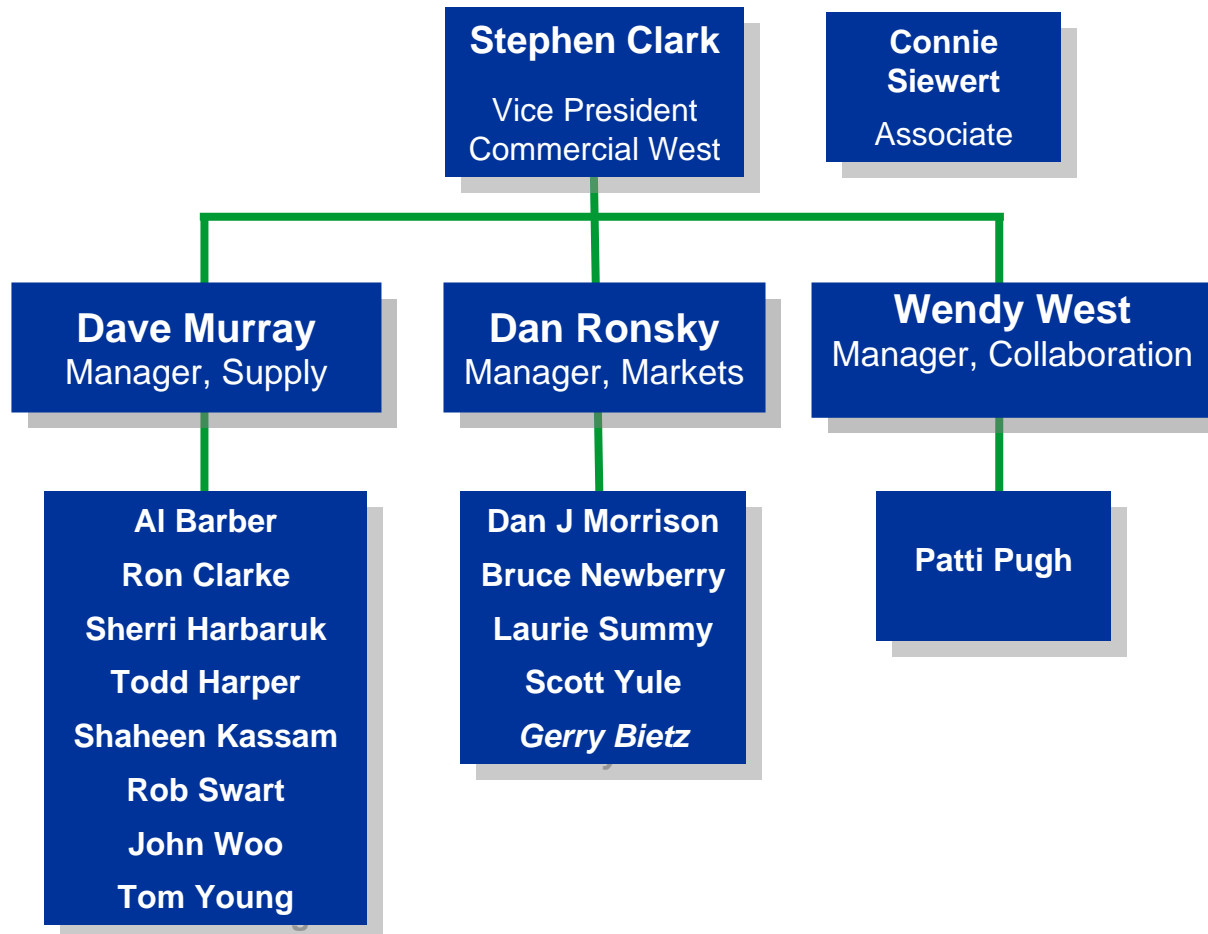
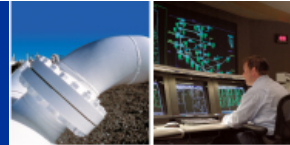


- **Immediately upon receipt of all approvals:**
 - NGTL assumes primary design responsibility for integrated system
 - Footprints come into effect for construction of new facilities
- **Between receipt of all approvals & “Commercial Integration Date”**
 - NGTL computer system modifications
 - ATCO shipper contract election process
- **Effective on the “Commercial Integration Date” - Within 12 Months of Regulatory Approvals:**
 - All ATCO shipper contracts convert to NGTL contracts
 - ATCO Tariff service ceases
 - NGTL assumes primary role for Operations Planning, Contracts, Billing, Daily Customer Inventory Balancing.....
- **Asset Swap - Within 18 months of Regulatory Approvals**

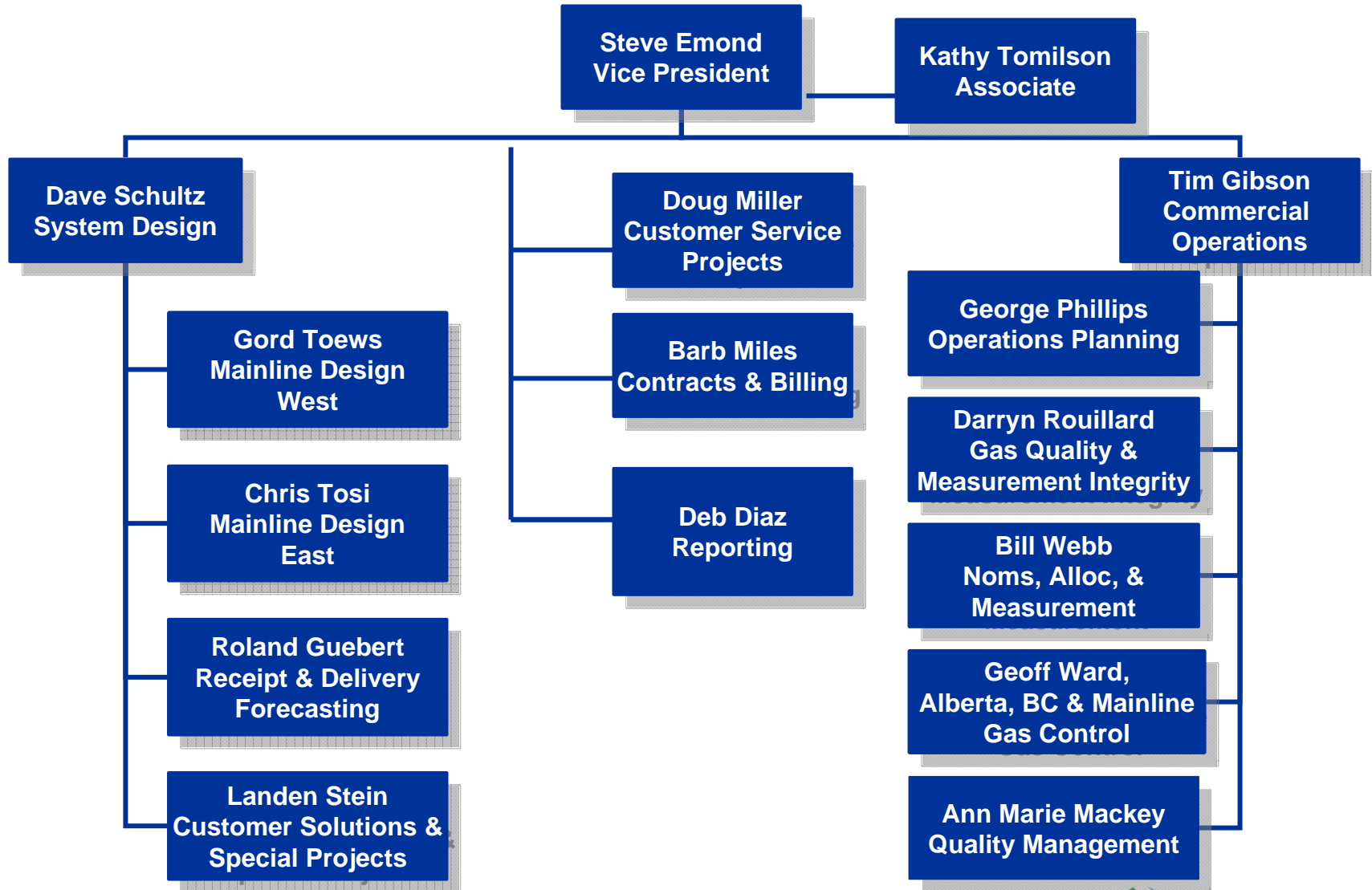
Canadian and Eastern U.S. Pipelines Team



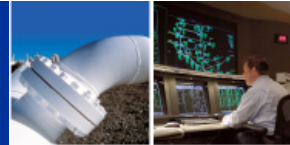
Canadian Pipelines – Commercial West



System Design & Commercial Operations



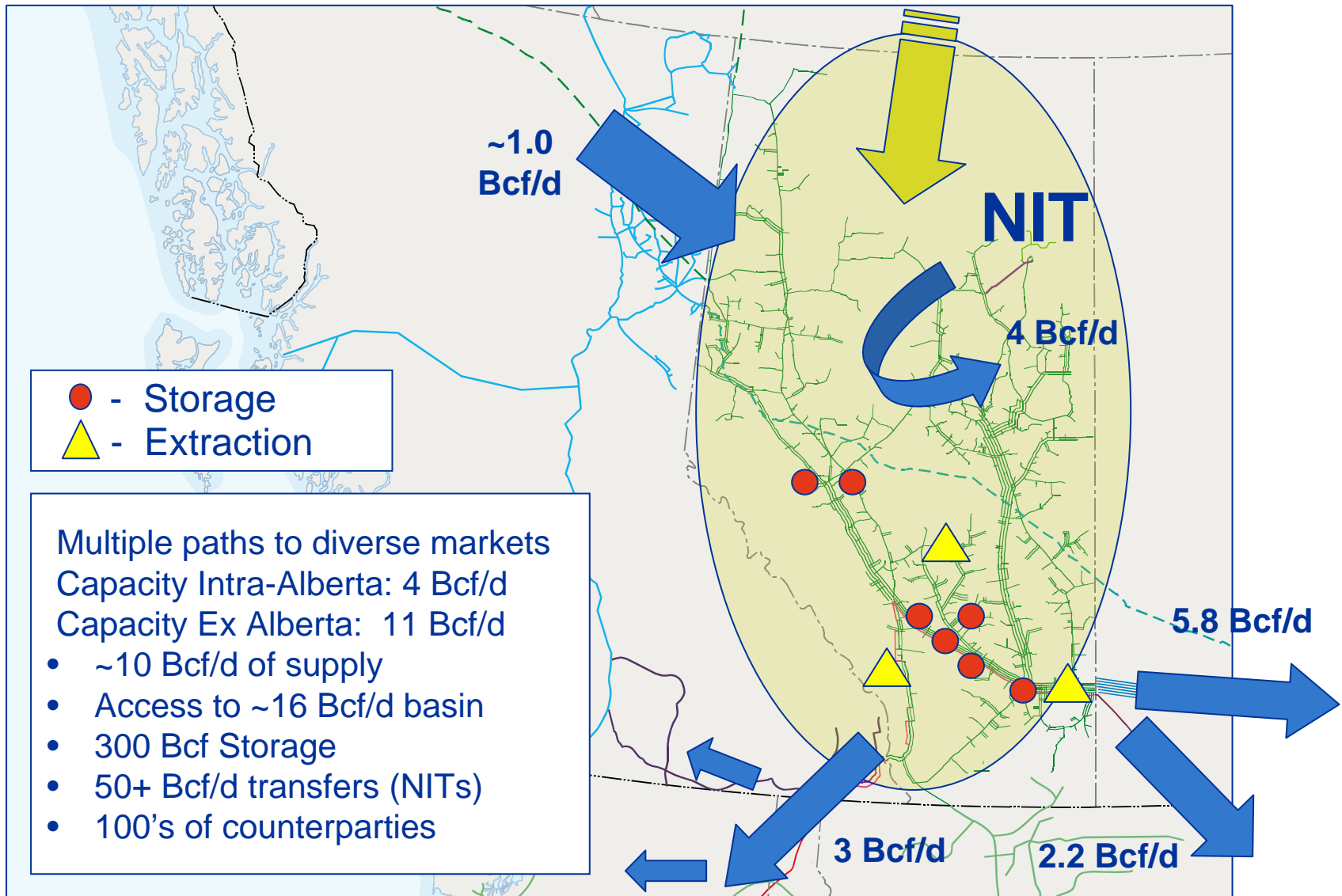
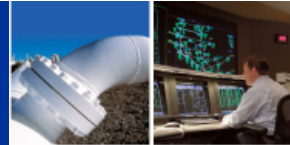
Alberta System: General Information



- Services are non-pathed (except FT-P)
- Separate Receipt and Delivery Services
- No charge Inventory Transfers
- Deliveries contracted in Energy
- Receipts contracted in Volume
- Fuel “in kind” from receipt customers
- Daily balancing of customer inventory accounts



Alberta System: Hub / NIT

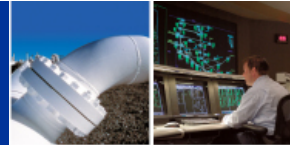


Alberta System: Service Summary



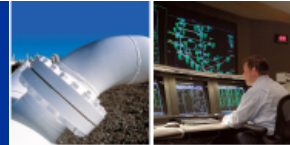
- Assumes ATCO integration proceeds
- As agreed to in Rate design and Services memorandum of Understanding (“MOU”) and adopted by TTFP
- As filed with the NEB
 - <https://www.neb-one.gc.ca/ll-eng/livmlink.exe?func=ll&objId=583485&objAction=browse>

Alberta System: Scope of Services discussion



- **FT-R, FT-RN**
 - Firm Receipt Services (R=Multi-year ; RN= 1 year)
 - no changes to services
- **FT-D (Group 1, 2, and 3)**
 - FT-D1 - Group 1 delivery locations (Ex-Basin)
 - FT-D2 - Group 2 delivery locations (Intra-Basin)
 - FT-D3 - Group 3 delivery locations (Service attributes suitable for LDC customers)
- **FT-P**
 - Points to point service for Intra-Basin Shippers
 - Allows Delivery Shippers to partner with Producers or Marketers to access gas supplies in close proximity to their delivery location
- **IT-R/ IT-D**
 - Interruptible (daily) Receipt/Delivery services

Alberta System: Firm Receipt Services



- **FT-R (Receipt)**

- Renewable
- Receipt point specific demand rates
- Assignable
- Transferable in secondary term
- Minimum Contract
 - 3 years existing stations (secondary term)
 - 4 years for contracts requiring new facilities
 - 1 year (primary) + 3 years (secondary term)

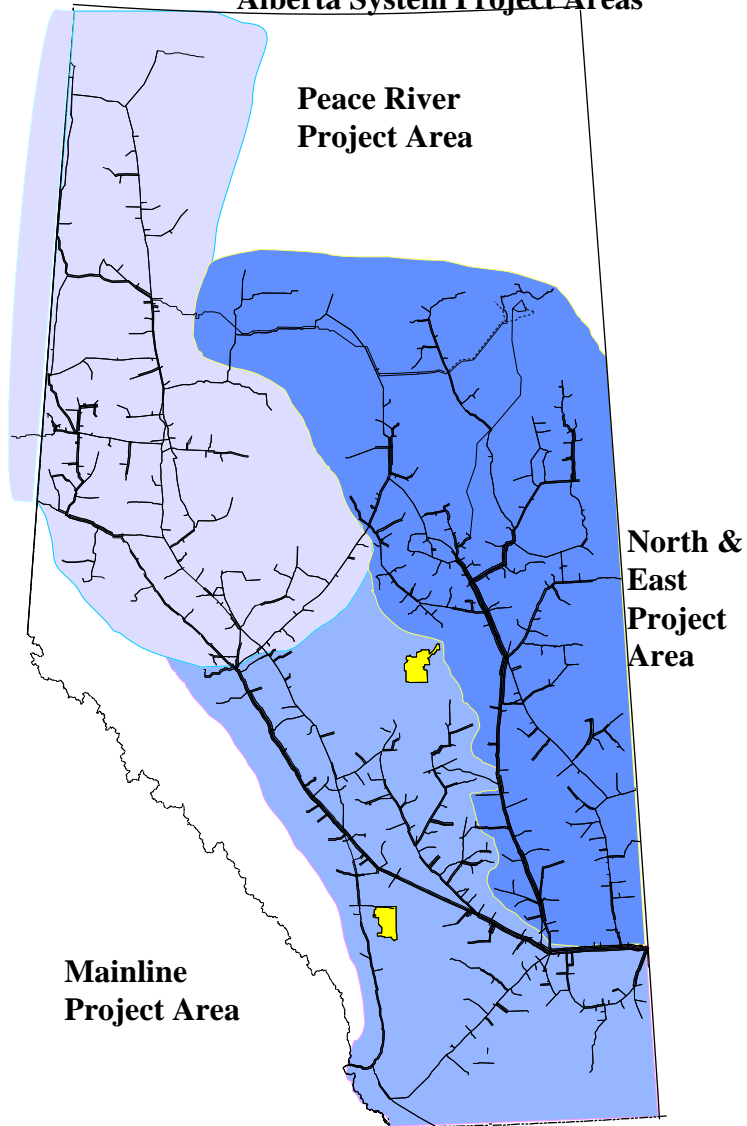
- **FT-RN (Non-Renewable Receipt)**

- Receipt point specific demand rates
- Minimum 1 month
- Maximum 1 year, non-renewable
- Not assignable / transferable (for existing stations only)
- 110% of FT-R 3 year rate

Alberta System: Receipt Project Areas and Interruptible Receipt Service



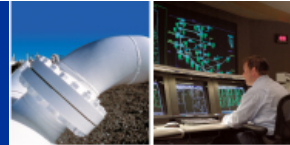
Figure 2-8
Alberta System Project Areas



- **IT-R (Receipt)**

- Lower priority service
- Commodity rate
- Toll is 115% of 3 yr FT- R
- Readily available
- Not assignable

Alberta System: Firm Delivery Service



FT- D: General Attributes

- Three Service Groups (Group 1, 2 and 3)
- Minimum Term:
 - No new facilities – 1 year secondary
 - New metering – 2 year primary, 3 year secondary
 - Other new facilities – 5 year primary, 3 year secondary
- Term differentiated rates available for all Groups
 - 1-2 year term = 100% rate
 - 3-4 year term = 95% of the 1-2 year term rate
 - 5+ year term = 90% of the 1-2 year term rate
- Alternate Access available between and within FT-D1 and FT-D2 locations
- Transfers allowed between and within FT-D1 and FT-D2
 - Within FT-D3 locations
- No fuel

Alberta System: Firm Delivery Service



- **FT- D Group 1 and 2 Delivery Points**
 - Demand rate
 - Temporary or Permanent Assignments Allowed
 - Invoices based on monthly averaging
 - Renewable on 1 year notice
 - Point specific
 - FT-D Group 2 postage stamp rate
- **FT-D1 Deliveries to Interconnects:**
 - Canadian Mainline
 - Foothills BC
 - Foothills Sask
 - Spectra
 - Alliance

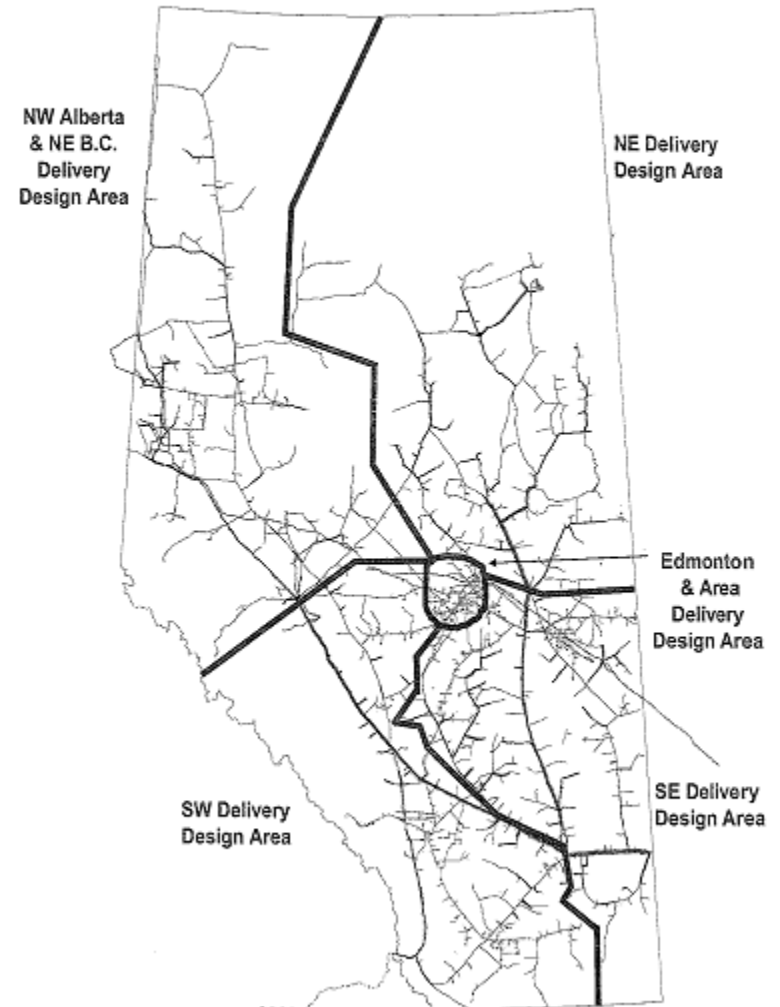
Alberta System: FT-D Group 3 and Delivery Design Areas



- **FT-D Group 3 Delivery Points**

- Higher priority than Group 1 and Group 2 locations
- Demand rate based on Peak Demand
- Renewable on 1 year notice
- Priced at 120 % of FT-D2 rate
- No Assignments Allowed

Appendix C: Delivery Design Areas



Alberta System: Interruptible Delivery Service



- **Interruptible Delivery Service (IT-D)**
 - Available at Group 1 and Group 2 delivery locations
 - Blanket service
 - one contract for all locations within group
 - 110% of 1- 2 year FT-D rate (Group 1 or 2)



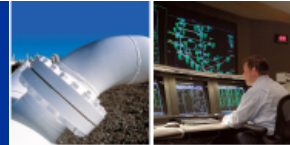
Service attributes – FT-D Mitigation tools

Alberta Alternate Access – Delivery Locations



- Tool to mitigate unutilized demand charges at multiple Group 1 and Group 2 locations
- Unutilized Demand Charges (UDC) at one location can be used to reduce IT charges at another location
- Unutilized demand value is calculated at a station at the IT-D rate
- Alternate Access credit is the lesser of aggregate IT-D charges or aggregate UDC charges

Alberta System: Firm Service Attributes



Alberta System Monthly Averaging

Invoicing for Firm Receipt and Delivery (Group 1 and 2) contracts:

- A tool to mitigate unutilized demand charges at a single location

- **Contract Demand = 100 GJ/d**

Day	FT-D Demand	FT-D Flow	IT-D Flow	Total
1	100	70	0	70
2	100	<u>100</u>	<u>30</u>	<u>130</u>
Total		170	30	200

- **Invoice**
FT-D 200 GJ
IT-D 0 GJ



Alberta Delivery Transfers (FT-D)



- Available monthly, effective the 1st of the next month
- Permanent, no return-home guarantee
- Transfers will be prorated if total requests exceed available capacity
- Attract secondary term if transfer out of design area
 - Refer to Project and Design Area maps
- Future operations meetings will provide detailed process

Project Areas

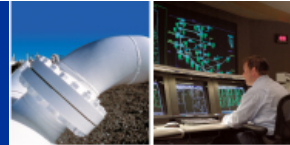
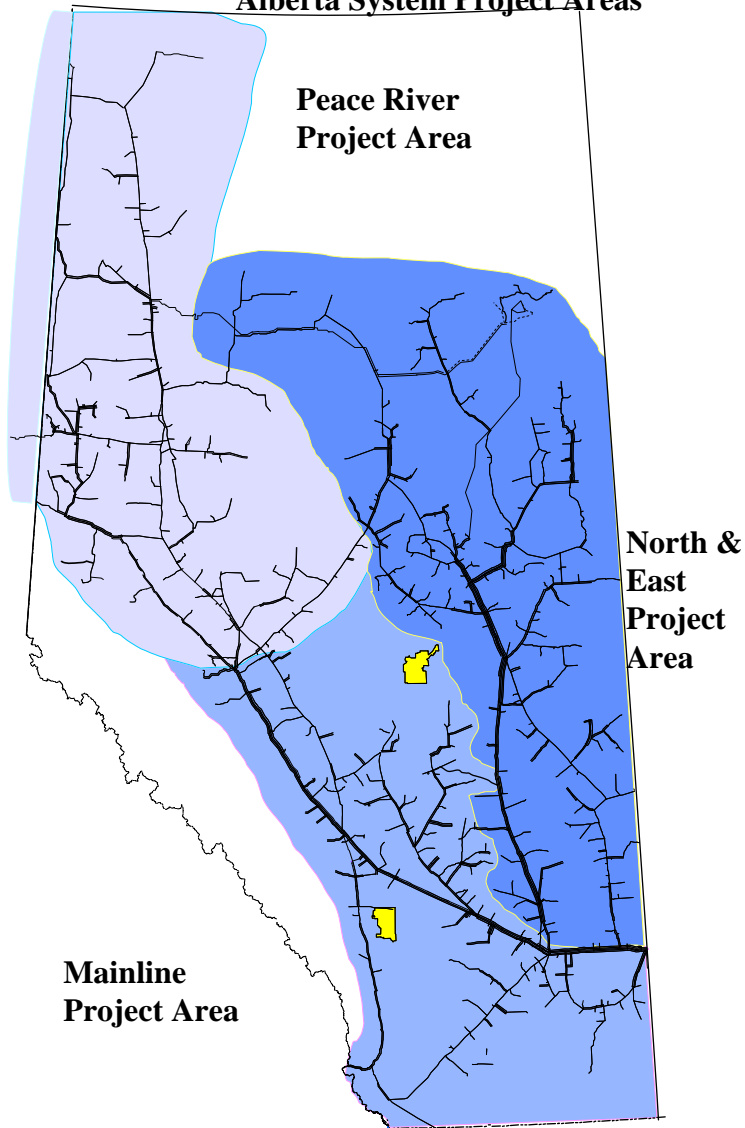
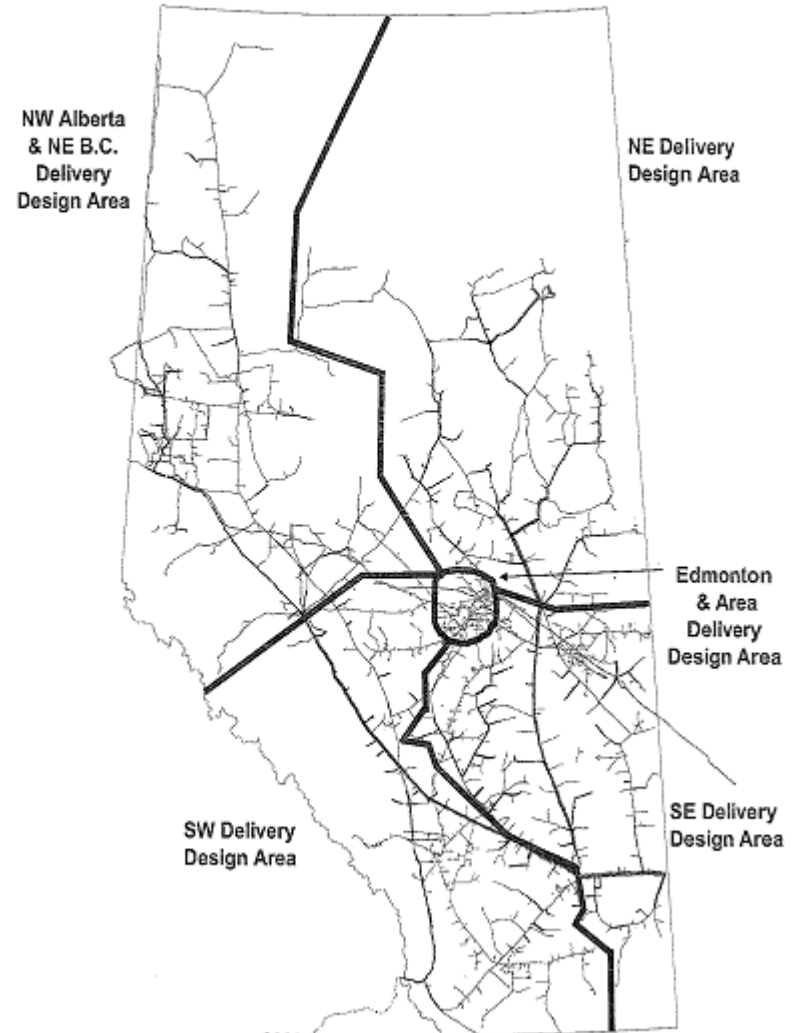


Figure 2-8
Alberta System Project Areas



Appendix C: Delivery Design Areas



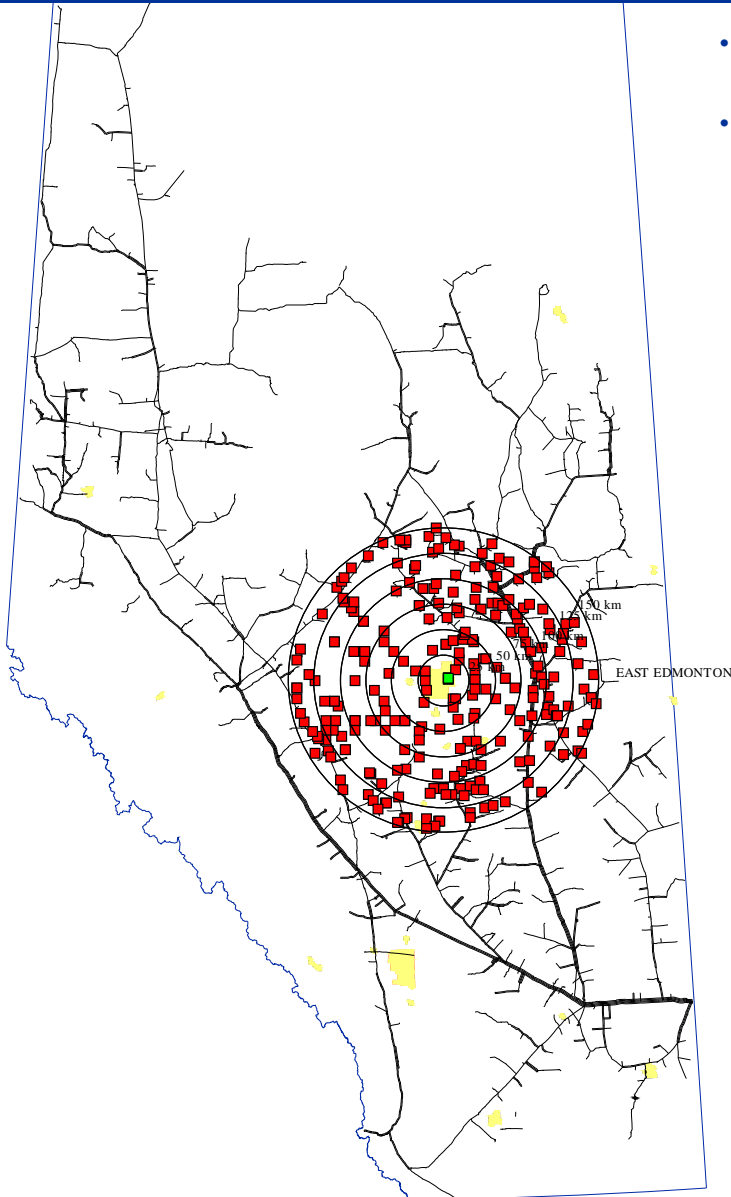
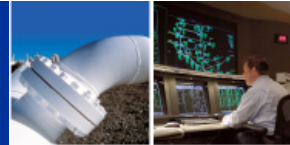
Alberta System: Firm Points to Point Service



- **FT-P (Points to Point)**

- Short haul service at a short haul rate
- Contract between designated receipt point(s) and designated Group 2 delivery point
- Up to 50 receipt points to 1 delivery point on each FT-P contract
- One CD, receipt equals delivery quantity (min 140 e3m3/d or 5 MMcf/d)
- FT-P tolls are based on a “distance band” – distance of the furthest receipt point to the delivery point
- FT-P Calculator – Customer Express
- ½ System average fuel

Alberta System: Firm Points to Point Service (Illustrative Map and Rates)



- Illustrative delivery point: East Edmonton
- Illustrative FT-P rates (¢/Mcf):

Distance Band	Maximum Distance Between Receipt		FT-P Rate Design (Rate Components in ¢/Mcf)				
	From	To	Receipt	Delivery	FT-P Adjustment	Total	
1	0	25	8.4	6.1	(4.0)	10.4	FT-P Floor Rate
2	>25	50	9.2	6.1	(3.8)	11.4	
3	>50	75	10.0	6.1	(3.6)	12.4	
4	>75	100	10.8	6.1	(3.4)	13.4	
5	>100	125	11.6	6.1	(3.2)	14.4	
6	>125	150	12.4	6.1	(3.0)	15.4	
7	>150	175	13.2	6.1	(2.8)	16.4	
8	>175	200	14.0	6.1	(2.6)	17.4	
9	>200	225	14.8	6.1	(2.4)	18.4	
10	>225	250	15.6	6.1	(2.2)	19.4	
11	>250	275	16.4	6.1	(2.0)	20.4	
12	>275	300	17.2	6.1	(1.8)	21.4	
13	>300	325	18.0	6.1	(1.6)	22.4	
14	>325	350	18.8	6.1	(1.4)	23.4	
15	>350	375	19.6	6.1	(1.2)	24.4	
16	>375	400	20.4	6.1	(1.0)	25.4	
17	>400	425	21.2	6.1	(0.8)	26.4	
18	>425	450	22.0	6.1	(0.6)	27.4	
19	>450	475	22.8	6.1	(0.4)	28.4	
20	>475	500	23.6	6.1	(0.2)	29.4	
21	>500		24.4	6.1	0.0	30.4	FT-P Ceiling Rate



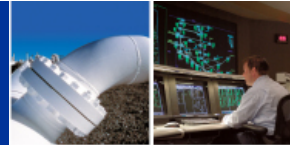
Integration of ATCO and NGTL

Contract Integration

Migration of ATCO Contracts

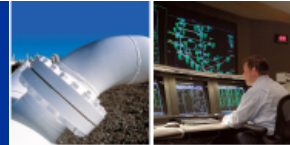






- NGTL tariff service applied to integrated Alberta System
- ATCO contracts replaced by NGTL contracts
- ATCO Pipelines tariff service no longer offered



- **ATCO contracts replaced by NGTL contracts**
 - All contracts will become NGTL contracts on Integration effective date
- **ATCO rates will transition from integration date to 2014**
- **Receipt contract CDQ will be converted to volume**
- **Delivery contract CDQ will remain in energy**
- **FSR expected to transition to FT-R**
- **FSD and FSU expected to transition to FT-D Group 2 and 3**
- **Shippers will receive election opportunity:**
 - Renew
 - Extend Term
 - Consolidate
 - Adjust volume +/- 1% (FSR only)

Election Process



- Milestone 
- Start Date 
- Work In progress 
- End Date 

Item:	2010			2011	2012	2013	2014
	Mths 1 - 10	Month 11	Month 12				
Receipt of Applicable Regulatory Approvals							
COMMERCIAL INTEGRATION							
Modify computer systems, etc.							
Integration Election Process							
NGTL Issues Initial Index of Service							
Customer Elections							
NGTL Validates Elections							
NGTL Issues Second Index of Service							
Customer Review and Execution of 2 nd Index of Service							
Notice of Integration Effective Date							
INTEGRATION EFFECTIVE DATE / START OF RATE TRANSITION FOR ATCO STATIONS							
2011 Transition Rates (for the remainder of the year)							
2012 Transition Rates							
2013 Transition Rates							
Rate Transition Period Complete							

Contract Migration – Standard Contracts FSR, FSD and FSU

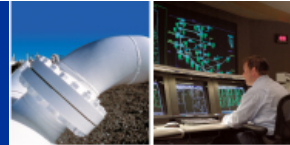


(Assuming approvals received by 2nd Quarter 2010)

- Contracts in “evergreen” phase become NGTL contracts & termination date set to Oct 31, 2011
- Election opportunity provided after approval received and prior to Oct. 31, 2010
- This captures majority of contracts

ATCO INTEGRATION CONTRACTING TIMELINE									
Year Quarter	Nov	2010 Jan	Aug	Nov	2011 Jan	Nov	2012 Jan	Nov	
Systems Changes		[Orange bar from Jan 2010 to Nov 2010]							
Customer elections			[Orange bar from Aug 2010 to Nov 2010]						
ATCO Contracts End / NGTL Contracts Begin		[Cyan bar from Jan 2010 to Nov 2010] ATCO CONTRACT IN EVERGREEN PHASE			[Green bar from Jan 2011 to Nov 2011] NGTL CONTRACT				
First year renewals							[Green bar from Nov 2011 to Nov 2012] NGTL CONTRACT		

Standard Contract with Minimum Term



- **Minimum Term covers metering/facilities constructed**
- **FSR - 20 schedules with terms from 2012 to 2015**
 - Keep minimum term as primary term (no secondary)
- **FSD - 32 schedules with 5 schedules > 8 years**
 - Keep minimum term as primary term up to 5 years
 - Keep total term to 8 years (additional 3 year secondary)

* Example below Oct. 31, 2014 termination date, extended to take advantage of 5 year term differentiation

ATCO INTEGRATION CONTRACTING TIMELINE											
Year Quarter	Nov	2010 Jan	Aug	Nov	2011 Jan	Nov	2012 Jan	2013	2014	2015	2016
Systems Changes		[Orange bar from Jan 2010 to Nov 2011]									
Customer elections			[Orange bar from Aug 2010 to Nov 2011]								
ATCO Contracts End / NGTL Contracts Begin	[Cyan bar: ATCO CONTRACT WITH MINIMUM TERM]				[Green bar: NGTL CONTRACT Primary term]						
Term extension										[Green bar: Secondary]	

ATCO Pipelines Rate Transition



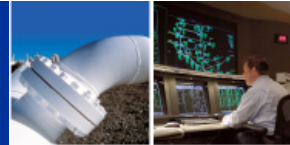
AP Receipt Stations

- Individual Receipt-Point-Specific rates
- Rate will transition by 25% per year assuming 2011 implementation

AP Delivery Stations

- Delivery rate charged will be the greater of applicable ATCO Pipeline North or South FSD/FSU rate at time of integration or the respective NGTL delivery rate (e.g. Transition FT-D2 / FT-D3 rate)
- Rates fully transitioned (to that calculated under the applied-for rate design) by 2014

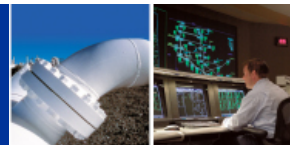
SPD Extraction Contracts



- **As of Integration Implementation Date:**
 - SPD contracts converted to NGTL OS / FCS agreements
 - attributes aligned with existing ATCO Straddle (SPD) service
 - SPD toll will continue to be paid
 - Utilize FT-X service in order to manage extraction volumes
- **Once NGL Extraction (NEXT) model is approved by NEB and implemented by NGTL, straddles on the ATCO System will transition to NEXT**

Customer Express

www.transcanada.com/customer_express



TransCanada - Customer Express - Microsoft Internet Explorer

File Edit View Favorites Tools Help

Address http://www.transcanada.com/Customer_Express/ Go

Back Forward Stop Refresh Home Search Favorites

TransCanada Home > Contacts > Site Map > Subscribe Search Go



TransCanada Home > Pipelines > Customer Express

- About TransCanada >
- Pipelines >
- Energy >
- Investor Centre >
- News >
- Social Responsibility >
- Careers >

- ### Customer Express
- Pricing & Tolls
AB | ML | FH
 - Contacts
 - Cool Tools
 - Pipeline Capacity
 - Services & Tariffs
AB | ML | FH
 - Alberta System
 - Canadian Mainline
 - Foothills System

Pricing & Tolls

> [Rates & Charges](#) AB|ML|BC|FH

Contacts

> [Who To Contact](#)

> [Contact Lists](#) AB|ML|BC|FH

> [Pipelines Organizational Structure](#)

Cool Tools

> [Toll Calculator](#)

> [Conversion Tool](#)

> [Tool for FT-P Service](#)

> [ML Diversion Toll Calculator](#)

Other Info

> [Presentations](#) AB|ML|BC|FH

> [Credit Procedures](#) AB|ML|BC|FH

> [AB Gas Quality Requirements](#)

> [Gas Quality Specifications](#)

> [AB Annual Plan](#)

Pipeline Capacity

> [Capacity for Sale](#)

> [AB FT-R Availability Map](#)

> [Contracted Capacity](#) AB|ML|BC|FH

> [Request for Service](#) AB|ML|BC|FH

Services & Tariffs

> [Service Descriptions](#) AB|ML|BC|FH

> [Tariff](#) AB|ML|BC|FH

Operational Links

> [NrG *](#) [Highway](#)|[Dovetail](#)

> [Fuel Rates](#) AB|ML|BC|FH

> [Heat Values](#) AB|ML|BC|FH

> [Reporting *](#) AB|ML|BC|FH

> [Notices](#) AB|ML|BC|FH

> [Shipper List](#) AB|ML|BC|FH

> [Gas Day Summary](#)

customerExpress

Your connection to commercial information

EXPRESS NEWS

- > The December 2009 issue of TransCanada's *Update* magazine is here!
December 17, 2009
- > The Late Fall 2009 issue of TransCanada's *Update* magazine is here!
November 30, 2009
- > Alberta System 2010 Interim Rate Application
November 16 2009
- > The TransCanada October 2009 issue of *Update* magazine is here!
October 13, 2009

[Express News Archives](#)

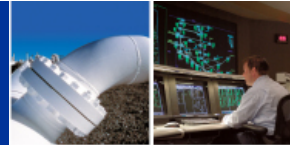


Next Steps



- **Additional meetings will be scheduled as required**
 - Operational discussion
 - Process discussion
 - Other topics
- **One on one meetings if necessary**
 - Prior to approval
 - After approval
 - To discuss election alternatives

Thank you



- Questions?
- Contacts:

Dan Ronsky

Manager, Commercial West Markets

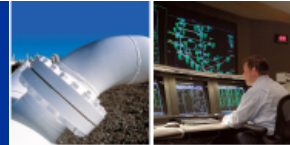
403 920-5581

Scott Yule

Account Manager, Commercial West Markets

403 920-5558

Alternate Access - Example



	(\$CDN)	(\$CDN)	
IT-D Group 1	50,000.00		
IT-D Group 2	2,000.00		
IT-D Total		52,000.00	(a)
FT-D Group 1 Unutilized Contract Demand Value	400.00		
FT-D Group 2 Unutilized Contract Demand Value	200.00		
FT-D Unutilized Contract Demand Total		600.00	(b)
Alternate Access Credit		600.00	(c)
Customer's credit for FT-D Alternate Access (c) is the lesser of the aggregate IT-D charges (a) or the aggregate of the Unutilized Contract Demand value (b)			