

MADE at the City of Calgary, in the
Province of Alberta, on

28th day of June 2004.



ALBERTA ENERGY AND UTILITIES BOARD

BACKGROUND

The Alberta Energy and Utilities Board (the Board) received Application No.1346562, dated May 19, 2004, from Nova Gas Transmission Ltd. (NGTL), under Part 4 of the *Gas Utilities Act*, R.S.A. 2000, c. G-5, as amended, requesting approval of a Winter Firm Transportation – Export Delivery Service (the FT-DW Service), the methodology for calculating FT-DW Service rates, tolls and charges, and amendments to Rate Schedules FT-DW, Short Term Firm Transportation (STFT), Other Rate Schedules, and the General Terms and Conditions of NGTL’s Gas Transportation Tariff (Tariff), necessary to implement the FT-DW Service.

This issue had been adopted for discussion by the Tolls, Tariffs, and Procedures Committee on May 6, 2003, prior to the issuance of the Board’s Information Letter IL98-4 Revised Negotiated Settlement Guidelines. On February 4, 2004, NGTL had applied to the Board for approval to continue negotiations on FT-DW Service through Issue T2003-07. The Board approved NGTL’s request to continue negotiations on February 26, 2004. On May 11, 2004, the Tolls, Tariffs, Facilities & Procedures Committee (TTFP) supported the FT-DW Service through an unopposed vote on Resolution T2003-07.

DETAILS OF THE APPLICATION

NGTL submitted that the proposed FT-DW Service would be provided as a result of the difference in pipeline system winter and summer design capability created by lower ambient temperatures during the winter season. This service would be offered on a limited basis to a maximum of 35 MMcf/d at the Alberta-B.C. Export Delivery Point, and to a maximum of 35 MMcf/d at the combined Empress and McNeill Export Delivery Points. NGTL submitted that the FT-DW Service would commence November 1, 2004 and would be made available through an open season following Board approval of the service. The service would have an initial term of four years, with conditional renewal provisions. The FT-DW rate would be fixed at a price equivalent to 175% of the FT-D rate. All the revenue generated through the FT-DW Service in November and December 2004 would be credited to NGTL’s revenue requirement for 2005 through the use of the Revenue Deferral account as applied for in NGTL’s 2004 General Rate Application – Phase I (Application No. 1315423).

NGTL stated that available FT-DW Service would be limited to 35 MMcf/d to ensure that facilities on the Alberta System would not be constructed to solely provide FT-DW Service and would enable NGTL to manage uncertainties related to future system expansion requirements. In

addition, the Empress and McNeill Export Delivery Points was limited to 35 MMcf/d to mitigate concerns related to the possibility that shippers could migrate from annual Firm Transportation-Delivery (FT-D) Service to the FT-DW Service. Subsequent to Board approval of this Application, if granted, NGTL indicated that the TTFP would review annually the maximum service quantity as a component of the design review processes in place. In addition, any member of the TTFP could sponsor an issue to review available FT-DW Service at any time. Any changes in available FT-DW Service would require the support of the TTFP and Board approval.

Notice of the Application was issued May 27, 2004 requesting submissions by June 4, 2004. The Board received no submissions on this matter.

BOARD FINDINGS

The Board notes that the Application satisfied the scrutiny of NGTL's TTFP committee through an unopposed vote. The Board is satisfied that customers and interested parties, through the TTFP and NGTL's website, were aware of the proposed amendments to the Tariff, and any impacts these changes may have. Based on a review of the Application, the Board believes that the requested FT-DW Service is reasonable. The Board considers that any future concerns that might arise will be satisfactorily addressed through the TTFP. The Board also finds the attributes of the service that provide for a limited term, two-way renewal option, and no alternate access availability, to be reasonable.

However, the Board notes NGTL's submission that facilities would not be constructed to *solely* [emphasis added] provide FT-DW Service. The Board is concerned that this does not preclude facilities being built, in part, to provide FT-DW Service, and is concerned about cost recovery for such facilities. Therefore the Board considers it appropriate that NGTL provide additional FT-DW Service volumes only if they are made available through additional ambient capacity as a result of capacity additions for approved FT-D Service. If any changes in facilities result in increased capacity available for FT-DW Service, the Board orders NGTL to clearly detail, to the TTFP, the requirements change and the effect on capacity available for each service.

Therefore, the Board hereby approves the Rate Schedules FT-DW, STFT, Other Rate Schedules, and the General Terms and Conditions of NGTL's Gas Transportation Tariff, necessary to implement the FT-DW Service as described in the Application.

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