

THE PROVINCE OF ALBERTA

GAS UTILITIES ACT

ALBERTA ENERGY AND UTILITIES BOARD

IN THE MATTER of approval of Amendments to the Nova Gas Transmission Ltd. Rates, Tolls, Charges and the General Terms and Conditions of the Tariff to Incorporate the Provision of Temporary Pressure/Temperature Service.

ORDER U2004-136

Application No. 1339202

File No. 5631-18

1 BACKGROUND

The Alberta Energy and Utilities Board (the Board) received Application No.1339202, dated March 18, 2004, from Nova Gas Transmission Ltd. (NGTL) requesting, under Part 4 of the *Gas Utilities Act*, R.S.A. 2000, c. G-5, as amended, approval of a temporary Pressure/Temperature Service (PT Service), the methodology for calculating PT Service rates, tolls and charges and amendments to the General Terms and Conditions of NGTL's Gas transportation Tariff (Tariff) necessary to implement the PT Service (the Application).

On February 11, 2004, NGTL applied to the Board for approval to commence negotiations on PT Service through TTFP Issue T2004-01. The Board approved NGTL's right to negotiate on March 9, 2004. On March 9, 2004, the TTFP supported the PT Service through an unopposed vote on Resolution T2004-01.

2 DETAILS OF THE APPLICATION

The proposed PT Service permits shipper requests for the receipt or delivery of gas at an increased or decreased pressure or temperature from prevailing system operating conditions, provided that the maximum operating pressure stipulated in the shipper's schedule of service or the gas temperature specification stipulated under Section 3.0 of the General Terms and Conditions of NGTL's Tariff is not exceeded. All incremental costs associated with the PT Service would be recovered through revenue generated by the PT Service. Customers subscribing to the PT Service would be required to provide a full contribution in aid of construction for any facilities required to provide the service. All PT Service revenue would be credited to NGTL's revenue requirement for 2005.

Changes to operating conditions, through the provision of the PT Service, would be limited to pressure and temperature and subject to existing contractual and Tariff limits. Service is further

May 7, 2004

limited by the allowance of service only when capacity on the Alberta System permits, and only when third party concerns have been addressed. The PT Service is proposed to commence the first day of the month following Board approval and expire on December 31, 2005. Any future services contemplated under a PT rate schedule would be subject to Board approval.

NGTL stated that approval of the PT Service would enable NGTL customers to periodically request the change of the Alberta System operating conditions on their own behalf and may result in incremental gas volume on NGTL and the subsequent lowering of tolls for all Alberta System shippers.

Notice of the Application was issued March 29, 2004. The Board received a submission from Syncrude Canada Ltd. (Syncrude) in support of the PT Service proposal at a rate to be established prospectively for services requested and required by customers after the commencement date.

By letter dated April 15, 2004, the Board received an objection to the Application from the Federation of Alberta Gas Co-ops Ltd. and Gas Alberta Inc. (FGA). The FGA's objection was based on the issue of pressure maintenance, particularly the lack of designated or specified minimum operating pressures and its affect on the security of supply for intra-Alberta delivery customers. By letter dated April 26, 2004, the FGA withdrew its objection, based on NGTL's commitment that existing customers would be consulted and allowed a reasonable opportunity to comment prior to implementation of a proposed service offering, and that any objection based on harm to the affected customer would result in the service being denied.

3 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 web site, were aware of the proposed amendments to the Tariff, and any impacts these changes may have. The Board also notes the submissions of Syncrude in support of the Application and the withdrawal of the FGA's objection to the Application.

Based on a review of the Application, the Board believes that the requested temporary PT Service is reasonable. The Board considers that any third party concerns that might arise will be satisfactorily addressed as outlined in Attachment 1 to Resolution T2004-01, PT Service Description. The Board notes that should any party requesting PT Service not be able to satisfactorily resolve the concerns of affected third parties, NGTL will recommend the withdrawal of the service or file a non-routine application to the Board.

The Board also notes that the PT service will have lower priority than firm and interruptible service and considers this, and the limitations of the service in regards to pressure, temperature, capacity and contractual considerations, to be reasonable as it will not undermine the security of supply on the NGTL system. Further, the Board considers that NGTL's customers will not be adversely affected in that all incremental operating costs associated with the PT Service will be recovered via the revenue generated from the PT Service, while capital costs related to new facilities will be recovered by a full contribution in aid of construction. The Board also accepts

that any costs associated with a regulatory proceeding related to a request for PT Service will be the responsibility of the party requesting the PT Service.

The Board expects that NGTL will file, for information purposes, the specific PT Service rates, tolls and charges calculated in accordance with the methodology set out in Sections 4.2 and 4.5 of the PT Service description. Therefore, the Board hereby approves the amendments to the NGTL Tariff General terms and Conditions of NGTL's Gas Transportation Tariff to incorporate the changes required to implement the PT Service as described in the Application, until its expiry on December 31, 2005.

Dated in Calgary, Alberta on May 7, 2004.

ALBERTA ENERGY AND UTILITIES BOARD

(original signed by Wade Vienneau)