

TRANSCANADA (ALBERTA SYSTEM)
Facilities Liaison Committee (“FLC”)
Tolls, Tariff & Procedures Committee (“TTP”)

RESOLUTION

Resolution F2001-01/T2001-05

Issue: Threshold Level for Sale of Assets

Resolution

The FLC and TTP supports the findings of the joint FLC/TTP Threshold Level for Sale of Assets Task Force (the “Task Force”) with respect to issues F2001-01 and T2001-05. The FLC and TTP agree that Resolution F2001-01/T2001-05 (the “Resolution”) be submitted by NOVA Gas Transmission Ltd. (“NGTL”) to the Alberta Energy and Utilities Board (the “Board”) for approval.

The Task Force agreed:

- to the threshold level concept, whereby the sale of an NGTL asset below a certain value would be considered in the ordinary course of business and hence not require Board approval prior to completion of the sale, while the sale of NGTL assets in excess of the threshold would be considered outside the ordinary course of business and require NGTL to obtain Board approval prior to completion of the sale;
- to a threshold level of \$6,000,000, either Sale Price or Original Cost, (the “Threshold”) per sale of NGTL asset(s);
- to keep the Threshold in place until amended by the next Alberta System Rate Settlement (the “Settlement”), the TTP/FLC or the Board;
- that NGTL in its sole discretion may seek Board approval of sales below the Threshold;
- that NGTL’s divestiture processes will include providing notice to the FLC/TTP of pipeline and building assets to be sold as a result of the initial public notice and if the assets are to be sold for above or below the Threshold;
- parties objecting to a sale of NGTL assets may continue to do so through a submission to the Board; and
- to report on a quarterly basis to the FLC/TTP on asset sales on an aggregate basis.

Background

With the approval of the sale of the NGTL Athabasca Maintenance Facility in Order U2001-196, NGTL was invited by the Board in its next application concerning the sale of NGTL assets to:

- propose a threshold level for asset sales below which the Board would treat sales as being in the ordinary course of business for the duration of the Settlement; and
- have the application accompanied by feedback from NGTL’s customers regarding the threshold concept generally, and specifically, the proposed threshold.

The Task Force was struck to address the threshold level concept and threshold level for the sale of NGTL assets.