

**TRANSCANADA - ALBERTA SYSTEM  
Tolls, Tariff & Procedures Committee**

**RESOLUTION**

**Business Process Change - Ending Usage Credits**

**Resolution T2000-01(e)**

The Tolls, Tariff & Procedures Committee (“TTP”) agrees to end the process of providing usage credits on customers’ bills.

Currently, customers receive a credit for the volume of usage taken in kind. Usage is charged on physical receipt volumes entering the NOVA Gas Transmission Ltd. (“NGTL”) System. The ending of usage credits will not cause a change in the annual revenue requirement. This will result in offsetting changes to the rates for tariffed services. Offsetting rate changes will result from gross FT-R volumes being used in the calculation of rates as opposed to the current practice of FT-R volumes net of fuel being used in the calculation of rates.

This process change will not be implemented prior to January 2003, is conditional on TransCanada having the required Information Systems available, and will be coordinated with TransCanada’s normal process for transportation rates approval.

**Background**

As part of the Business Process Change (“BPC”) Task Force work, TransCanada asked the task force to review the process for usage credits. Customers have asked TransCanada to change this practice because of the complexity it adds to the gas transportation business. TransCanada also wants to end the process because of its complexity and to standardize practices across the three TransCanada pipelines. TransCanada can also reduce capital and maintenance costs for new information systems (Dovetail) by not having usage credits.

There will be no impact to the annual revenue requirement because of this change. There will be some small impacts to the rates for services. These impacts have been reviewed with the BPC task force and the TTP. Currently, Firm Transportation Rates are calculated using the following formula:

$$\frac{\text{Firm Service Revenue Requirement}}{\text{Contract Demand [Delivery (gross) + Receipt (Net of Usage)]}}$$

The formula for Firm Transportation Rates with the ending of usage credits will be calculated:

$$\frac{\text{Firm Service Revenue Requirement}}{\text{Contract Demand [Delivery (gross) + Receipt (gross)]}}$$

The provisions of this Resolution will not change TransCanada's practice of having Alberta System customers pay usage in kind.

TransCanada cannot accommodate the provisions of this Resolution without implementing new Information Systems. TransCanada intends to have the new information systems technology in place for January 2003.

### **Next Steps**

TransCanada will review the required NGTL Tariff changes with the TTP prior to seeking Alberta Energy and Utilities Board ("EUB") approval. TransCanada does not expect to request EUB approval of the required Tariff changes until approximately 90 days prior to planned implementation. The estimated time for filing of the NGTL Tariff changes with the EUB is the third or fourth quarter of 2002.