

# Tolls, Tariff, Facilities & Procedures Committee

## Resolution T2005-03: Pressure/Temperature Service Review

### Resolution

The Tolls, Tariff, Facilities & Procedures Committee (TTFP) agrees to the report outlining the review of the Pressure/Temperature Service (PT Service), amendments to the service description and Tariff changes, as attached. Changes to the service description and the Tariff amendments are required to:

- remove the December 31, 2005 expiry provision
- provide for PT Service application cost recovery
- provide for the termination of service that is suspended for more than one year
- remove the maximum one year term provision.

NGTL will provide annual notice to the TTFP and customers of the review referred to in the PT Service Description, identifying the PT service contracts which will continue to be active. The annual notice will provide NGTL and customers the opportunity to review existing contracts for the purpose of assessing third party impacts that may have arisen subsequent to the implementation of the specific PT Service contracts.

### Background

PT Service was approved by the Alberta Energy & Utilities Board (EUB) and implemented on the NGTL system on June 1, 2004. This service enables NGTL to operate, modify, construct facilities and recover associated costs to enhance specific customer operations. PT Service has an expiry date of December 31, 2005 and a report must be developed and given to the TTFP no later than six months prior to this expiry date.

The PT Service review was adopted by the TTFP as Issue T2005-03 on April 12, 2005. At the May 2005 TTFP meeting, NGTL presented the report on PT Service which included all the information to be provided as prescribed in the Issue Summary. TTFP members reviewed the report and provided feedback, the finalized report is attached to this Resolution.

Through the review, TransCanada identified a number of amendments to the PT Service. Removal of the expiry date will effectively make Rate Schedule PT a permanent service on January 1, 2006. Any existing Schedule of Services which expires on December 31, 2005 must be applied for to be effective under the amended Rate Schedule PT. PT Service will no longer have a maximum one year term in order to reduce administrative burden while retaining affected parties ability to have their concerns addressed. In addition, NGTL can terminate a schedule of service if it has been suspended for more than a year. This change was made because the pipeline system can change in that timeframe necessitating an analysis before utilization. Suspended PT Rate Schedules would also complicate further requests for PT Service. In addition, application cost recovery will apply to all applications for PT Service regardless of whether the application is approved which ensures the original guiding principle of having users paying for all costs associated with its provision.

### Next Steps

TransCanada will file Tariff amendments with the EUB for approval. Upon EUB approval, the amended Rate Schedule PT will become effective January 1, 2006 and TransCanada will post the amended NGTL Tariff to TransCanada's web site.

## Pressure/Temperature Service Description

The following describes the process steps and rationale related to the Pressure/Temperature Service (PTS or Service). The Service was developed through industry consultations over an 11-month period in 2003. This Service Description contains the following:

1. History;
2. Service overview;
3. Guiding statements;
4. Service process overview; and
5. Service program

### 1.0 History

From time to time, various users of the Alberta System have made requests to change the normal operation of the system. These requests have been to either increase or decrease operating pressure at a Customers facility, which is connected to the Alberta System. Certain users of the Alberta System have also asked for a decrease in operating temperature at their facility where they have received gas from the Alberta System. These requests were made to enhance Customer's operation. NOVA Gas Transmission Limited (NGTL) has been unable to satisfy these requests as provisions, which would enable NGTL to recover costs associated for changes in operation for such a service, ~~did~~ not exist under the Tariff.

In March 2002, a collaborative process was initiated to determine the feasibility of a service meant to satisfy requests to change pressure or temperature conditions. A task force made up of TTP ([predecessor to the Tolls, Tariff, Facilities & Procedures Committee](#)) members was convened and met 20 times during 2003 in order to develop and recommend a potential service. This group comprised a cross section of NGTL Customers including potential users and those affected by the potential use of the Alberta System assets required for this Service. The process described herein is a direct result of this work and strikes a balance between the needs of those that would benefit and those that may be affected by the implementation of the Service.

During these discussions a number of issues were raised and subsequently worked. The following list briefly describes the format the task force used to bring this issue to a close and the recommended Service described herein:

- (i) established guiding statements
- (ii) developed a list of issues
- (iii) developed a PTS process
- (iv) worked through practice exercises using actual pressure service requests
- (v) addressed the task force members' issues
- (vi) reviewed and recommended a Rate Schedule-PT/Service Agreement and PTS Description

Through resolution T2004-01 Pressure/Temperature Service was adopted by the TTFP on March 9, 2004 and subsequently approved by the Alberta Energy Board (EUB). The Service was implemented on the NGTL system on June 1, 2004 enabling NGTL to operate, modify and construct facilities and recover costs to enhance specific Customer operations. The Service (temporary) had an original expiry date of December 31, 2005 with an expectation to develop and present a review of the Service no less than 6 months prior to expiry date. In the report to the TTFP on May 10, 2005 NGTL concluded that the Pressure Temperature Service as structured, generally met the needs of customers. The number of requests received and the diversity of requesting parties and locations for which service had been requested suggested that the service had a relatively broad application. The significant capital dollars that some customers were willing to spend indicated that in some instances the customers expected to achieve substantial value from the service. As a result, NGTL recommended that the Pressure Temperature Service should be made into a permanent service. Some minor modifications to the service attributes would be desirable, but in general, the service as was currently structured was reasonable.

## 2.0 Service Overview

Customers periodically request NGTL to change Alberta System operating conditions on their behalf. These requests are to enhance Customer operation and have the effect of lowering Customer's operating and occasionally capital cost. From an Alberta System perspective, this may result in incremental gas volume. For the purposes of this service, operating condition changes are limited to pressure and temperature changes and will be subject to existing contractual and Tariff limits. Further, any future services contemplated under this Rate Schedule will be subject to a collaborative process review (Tolls, Tariff, Facilities & Procedures Committee) and approval prior to application to the Alberta Energy and Utilities Board (EUB) for approval to be added to the Rate Schedule-PT Section 2 Service Description and Availability.

The Service is divided into four parts:

- 2.1 *Application and Analysis:* This part deals with the application made by a Customer for the Service through an Application for Service (AFS) together with the payment of a non-refundable administration fee in the amount of \$10,000. The purpose of the administration fee is to ensure recovery of the average costs and expenses incurred by NGTL to evaluate and implement an AFS. The requester can be an existing or new NGTL Customer, a connecting pipeline operator or a producer connected to the Alberta System. NGTL will perform an analysis in terms of a Customer credit assessment as well as a technical assessment. This technical assessment will determine the feasibility of changing the operating condition, what facilities on the Alberta System are involved, the approximate operating cost for this mode of operation and the approximate amount of time the facilities would be available for this mode. In addition, if any new facilities are required as a result of the request for service, these are quantified and the

Customer is required to provide a full Contribution In Aid of Construction (CIAC) costs.

- 2.2 *Notification:* If the requester would like to proceed based on the analysis, NGTL will notify its Customers, any affected connecting pipeline operators and common stream operators (both upstream and downstream of the point at which a change in operation is contemplated). The notification will contain information pertinent to the request such as affected Alberta System facilities (both upstream and downstream of the facility that an operating change is contemplated) and the nature of the change in operations (ie; operation of a compressor unit or a gas cooler). It also will contain the degree to which the change will affect pressure or temperature (both upstream and downstream if applicable) and the duration of the contract being requested. The notification will request that any concerns be communicated to NGTL in a specified time period.
- 2.3 *Concern Handling:* If upon notification, concerns from parties are received by NGTL, a process will be initiated to deal with these concerns. NGTL will facilitate discussions between the requesting party and the concerned party if requested to do so. If these parties cannot satisfactorily resolve the concern, NGTL will recommend withdrawal of the service request but under certain circumstances can make a non-routine application to the EUB for approval to offer the Service. If there are no concerns or concerns have been resolved to the satisfaction of all concerned parties, or upon approval from the EUB in the case of a non-routine application, NGTL would proceed to the execution/operation part of the process. NGTL will notify its Customers and the Interested Parties of its facilities where related responses were received (with concerns, no concerns and no reply).
- 2.4 *Execution/Operation:* This involves execution of the Schedule of Service between NGTL and the requester(s). The EUB would be informed of the new Rate Schedule-PT as it pertains to the facility listed. At this same time, the TransCanada electronic bulletin board would be updated with a posting describing the change in operation, facilities involved and the duration of the contract. Notification would also be provided to NGTL Customers and [TPTTFP](#) members. The Service would go into effect immediately and would be invoiced based on the days available and operating on behalf of the Customer.

### 3.0 Guiding Statements

Guiding statements were developed through consultation with the task force and helped to focus the work of the group as they developed and refined the service:

- 3.1 The Service is limited to pressure and temperatures only where and when capacity on the Alberta System allows and only when third party concerns have been satisfactorily addressed.
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- 3.2 The pressure and temperature services must not exceed existing contractual and Tariff limits and would only be considered where NGTL capacity existed and minimum delivery pressures can be maintained.
- 3.3 All revenue collected will be credited to NGTL's revenue requirement and is designed to more than offset the actual costs of providing the Service.
- 3.4 The Service is available to all Customers and potential Customers on a non-discriminatory basis.
- 3.5 PTS has a lower priority than firm and interruptible service. This service will be interrupted if NGTL requires the facility (compressor or associated equipment) for Alberta System requirements.

~~3.6 The Service will be available for approximately 24 months (expires on December 31, 2005) during which time NGTL will monitor and report on specific parameters to the TTP. At the expiration of this time period, the Service will cease to exist. The TTP, upon review of the parameters may modify the Service and/or may recommend making PTS permanent in the Tariff.~~

~~3.7.3.6~~ The Service should be simple and timely to administer.

~~3.8.3.7~~ Any additional capital required to meet a specific service request will be paid for by the requester using full CIAC.

#### 4.0 Process Overview

The following description relates to Figure 1 PTS Process Diagram. This section describes and provides the rationale of the significant process steps:

- 4.1 *Application for Service:* This will be in a form very similar to the NGTL standard application for service. It will be modified to include a section to check for pressure or temperature service as well as a description of the service request and desired pressure or temperature. Along with the AFS will be a requirement for payment of a non-refundable administration fee in the amount of \$10,000 to ensure recovery of the average costs and expenses incurred by NGTL to evaluate and implement an AFS. The rationale for using this format is the familiarity Customers have with this form and ease of administration. The application cost allows NGTL the ability to recover these costs as per guiding statement 3.3.
- 4.2 *Application Analysis:* This section is split into three parts; Credit Assessment, System Operation Review and Facilities Review. The Credit Assessment involves a review of the requester's credit worthiness and NGTL's billing requirements for

a determination of Letter of Credit (LoC). This is standard for any party expected to be invoiced for a Tariff service.

The System Operation Review involves a technical analysis of the request. It determines what Alberta System facilities are required in order to meet the Customer-desired pressure or temperature. Once the facilities required have been identified, computer simulations are carried out to determine the pressure or temperature impact both upstream and downstream from the NGTL facility. These pressures and temperatures for individual Receipt and Delivery Points are then tabulated. From this point, a forecast of service availability is determined. This forecast will differentiate the Alberta System [requirements](#) ~~requirements~~ plus scheduled and unscheduled maintenance from the availability predicted for the requester. This is typically expressed as a percentage of time.

The Technical Analysis will quantify the expected cost in order to meet the requester's desired conditions. Operating cost will be split into two components. The first is the incremental cost to maintain and operate the NGTL facilities needed. This component is then increased by 10%. The second component is the fuel gas required to operate the equipment. Data regarding maintenance costs and gas usage is well known to NGTL and is used to optimize operation on a continuous basis on the Alberta System. This data is used to predict future maintenance and gas usage and is valuable in the process for determination of requester costs. These costs are based on specific types of equipment such as a particular compressor unit.

In some circumstances, current facilities may not meet this request and modifications or a new facility would be required. Examples of minor modifications would include a new valve tie-in to connect the requester's facility to the required NGTL facility. An example of a new facility may be a gas cooler to meet a requester's desired gas temperature. While minor modifications would proceed as part of the PTS Process, new facilities that are outside of current NGTL facility right of way, would require a separate facility application to the EUB. However, new facilities are not expected to be required as a result of this Service based on its attributes and previous requests for this type of service. In either of these cases, a full CIAC for any new NGTL facilities is required from the requester. Although the facility is part of the NGTL rate base, its value is zero, based on the full CIAC against the value of the facility.

Once these parts of the Application Analysis are completed, a letter to the requester is generated to outline the description of the service if it is feasible and costs specific to the request. The letter asks the requester to decide to proceed to the Notification process or withdraw the request.

The rationale for the Application Analysis section was to adhere to the guiding statement that all incremental costs are the responsibility of the PT subscriber and no other ratepayers will be impacted by this change in operations. Operating costs

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and gas usage are well known for specific pieces of equipment and any change to the operations can readily be simulated with current technology thus facilitating the Notification process as well as the cost analysis. Since Alberta System facilities are being used for a specific Customer or Customers, an additional contribution above incremental cost was addressed through incorporation of a percentage added to the NGTL facility operating cost. The cost is added to this portion to reflect a contribution towards the capital employed under this Service. Gas usage is reflective of current market conditions and is applied using the average monthly AECO Hub gas price and the gas usage of the specific NGTL equipment used to facilitate the pressure or temperature service.

4.3 *Notification Process:* Once NGTL has determined the pressure or temperature affects both upstream and downstream of its facility and the requester decides to proceed, the process of notification begins. This process is comprised of development of an information package that includes, at a minimum, the following:

- A notice containing the nature of the request, Alberta System facilities involved in meeting the request, reference to maps and tables described below, and a request to notify NGTL (Customer Sales Representative or The PipeLine) within a prescribed period of time with any concerns related to the request.
- NGTL System Facilities map with the specific temperature or pressure impacted area highlighted.
- A table showing contract, historical operating and predicted operating temperature or pressure for both upstream and downstream areas. These indicate a high, low and average for both historical and predicted values.

This package is provided to the upstream and downstream Common Stream Operators (CSO) and Connecting Pipeline Operators (CPO) in the affected areas. It is also provided to all NGTL Customers via Electronic Bulletin Board (EBB) posting and to interested parties via e-mail. The Facilities Liaison Committee list will be the interested party list, which is available to a party expressing interest in NGTL facility matters and is maintained by NGTL. These parties have a specific period of time to respond to NGTL with any concerns including the nature and magnitude of any impact related to the request.

The rationale for this section was to allow a party to relate the operating condition change relative to the request to an impact to that party. These impacts will be related to the operating condition change as a result of the PTS request. Parties are given ten days to notify NGTL of any concerns in order to adhere to the 'timely' statement used by the industry task force. The CSO and CPO are typically in the best position to assess the impact of a change in operating pressure or temperature

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to their operation and it is likely that they would respond if there were impacts. Other affected parties may express concern related to the request. The CSO is responsible to respond to NGTL regarding potential impacts on behalf of upstream parties. If they require more than 10 days, they may send notice to NGTL requesting a reasonable period of additional time to make an adequate assessment.

- 4.4 *Concern Review:* Upon receipt of concerns, NGTL will notify the requester of these concerns and an assessment of the ability to resolve them will be made by the requester. If the requester chooses to proceed to resolve these concerns with the impacted party, NGTL will, at the requester's request, contact the impacted party and facilitate meetings to resolve the concern. If this effort results in resolution satisfactory to all parties, the process will continue to Execution. At this stage NGTL will also notify its shippers and interested parties regarding the facilities in the affected area that responses were received and where concerns were successfully resolved. The possibilities are a response with no concern, response with a concern and no response. No confidential information regarding responses with concerns will be provided without the approval of the party providing the response. If a CSO in the affected area does not respond as per 4.3 Notification Process, NGTL will make reasonable efforts to contact that CSO in order to determine if they have any concerns.

There are three possible outcomes arising from the notification process:

1. There are no concerns arising from request. The service request would proceed to execution/operation.
2. There are concerns arising from the request that have been successfully resolved among the parties. The service request would proceed to execution/operation.
3. There are concerns arising from the request that have not been successfully resolved. These can be handled in two ways. In most cases, the request will be withdrawn based on the short-term nature of the service requests and the significant costs for EUB adjudication. In some cases, the requester may wish to seek EUB adjudication and NGTL, at its discretion may agree to apply to the EUB as a non-routine application. Costs associated with any regulatory proceeding will be the responsibility of the requester.

The rationale for this section was to ensure that requests made on behalf of a party do not proceed at the undue expense or impact of another party or parties. This process ensures that third party impacts do not automatically stop the process but these impacted parties must be satisfied that their concerns have been satisfactorily resolved prior to proceeding. ~~The value of bringing these requests before the EUB is very low due to the short term nature of the contracts (1 year or less) and the relative total cost of an adjudication in relation to the cost and benefit of the Service request.~~ The purpose of the facility response notification is to aid Customers and interested parties in communicating with producers in the affected area regarding their potential impact.

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4.5 *Execution/Operation:* This involves the execution of the Rate Schedule-PT by the requester and NGTL. This stage would be preceded by the requester satisfying third party concerns (if any), or approval of a non-routine application by the EUB. If there is any capital expenditure required, a full CIAC PEA is also required from the requester. Terms of this Service are:

- Terms of not less than one year or less month;
- Non-renewable;
- Subject to suspension if required by any other Service or by NGTL;
- Assignable (as per General Terms and Conditions of the Tariff);
- Retirement costs (if applicable) are the responsibility of the requester if facilities are required as a result of the request; and
- Incremental operating cost (+10%) and incremental fuel gas are invoiced to the requester on a monthly basis

Upon execution, NGTL will send a letter to the EUB to inform the Board of the new rate schedule. At the same time, notice will be provided to members of the ~~TTPTTFP~~, all NGTL Customers and a web site posting is made including the same details of the Notification process.

~~This Service is set to terminate on December 31, 2005 and no PT rate schedules will survive past that date unless a successor service is approved by the EUB.~~

In terms of operation, once the rate schedule is executed and the facilities are available, the Service will commence for the Customer. The Customer will be notified of the in-service day and NGTL will be responsible for tracking the number of days in each month, and the System facilities that were utilized on behalf of the Customer specified in the Schedule of Service PT. The Customer will be invoiced for the charge for this number of days on a monthly basis using the rates applicable to that Schedule of Service.

The Service can be terminated by NGTL if the facilities are required for Alberta System needs or if the continued operation is deemed unsafe for any reason. Additionally NGTL has the right to terminate a Service which has been suspended for a period of 12 months after consultation with Customer. At a minimum, on an annual basis or at its discretion NGTL will review the PT Rate and the PT Gas Rate to validate the applicable charges. Any change in the PT Rate and or PT Gas Rate will be filed with the EUB. NGTL will provide annual notice of this review to the TTFP and all NGTL customers, identifying the PT Service contracts which will continue to be active for the subsequent year. The Customer's right to suspend or terminate is at NGTL's discretion but will not be unreasonably withheld.

In certain circumstances, a party may determine it has a concern regarding a specific Schedule of Service after it has been executed and put into operation. In

this case, the affected party must notify NGTL to advise of the nature of the concern. NGTL may suspend the Service pending a satisfactory resolution of the concern. A concern received in this circumstance will be treated similarly to a concern received in Section 4.4 Concern Review.

The rationale for this section is based on protocol for other Rate Schedules. The nature of the terms of this Service is relative to the purpose. Since this is a Service using Alberta System assets on behalf of a single or few Customers, it should have a lower priority than other Services. Contract term and non-renewability are related to uncertainty of third party impacts and potential changing or unexpected conditions arising. The review of the Service on an annual basis is to ensure that the service rate charges are appropriate. The annual notice of active PT Service contracts will provide NGTL and customers with an opportunity to review existing contracts for the purpose of assessing potential third party impacts that may have arisen subsequent to the implementation of specific PT Service contracts. The right to terminate a service which has been suspended for a period beyond one year will mitigate the number of services which are being unutilized while reducing the necessity and costs associated to an annual review~~Service expiry at December 31, 2005 is due to a reasonable test period to assess the Service and will provide a thorough review by the TTP prior to expiry.~~

## 5.0 Program

~~A unique program plan was developed and recommended by the task force for the PTS. The following steps describe the program by which the PTS will be monitored, assessed and used to assist the TTP in determining a recommendation for a permanent service (with or without modifications), or left to expire on December 31, 2005:~~

~~5.1 *Implementation:* Approval of Resolution T2002-03, accompanying PTS Description, Rate Schedule PT and Schedule of Service PT by the TTP followed by an application to the EUB for approval of the new service. The Service will commence the first day of the month following approval by the EUB. Requests for Service will be taken from Customers as of this date and processed as per the process described herein. This Service has an expiry date of December 31, 2005 and no PT Schedule of Service will extend beyond that date unless the TTP and subsequently the EUB prior to the expiry approve a PT Service. It is believed that the majority of the requests for service under Rate Schedule PT will be received in the first few months of its approval and would be dealt with in a timely manner.~~

~~5.2 *Monitoring:* A number of measures have been contemplated for monitoring the effectiveness of this Service. While this is a current list of measures, others may be added by TTP members during or at the Reporting phase of the program. The measures are as follows:~~

~~5.2.1 NGTL resource requirement to carry out the service;~~

~~5.2.2 Accuracy of technical results in terms of availability;~~

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~~5.2.3 General statistics:~~

- ~~-Number of requests (evaluated and implemented)~~
- ~~-Length of time in effect (PTS versus system operation)~~
- ~~-Type of service (pressure or temperature)~~
- ~~-Geographic location~~
- ~~-Number of renewals and renewal requests~~

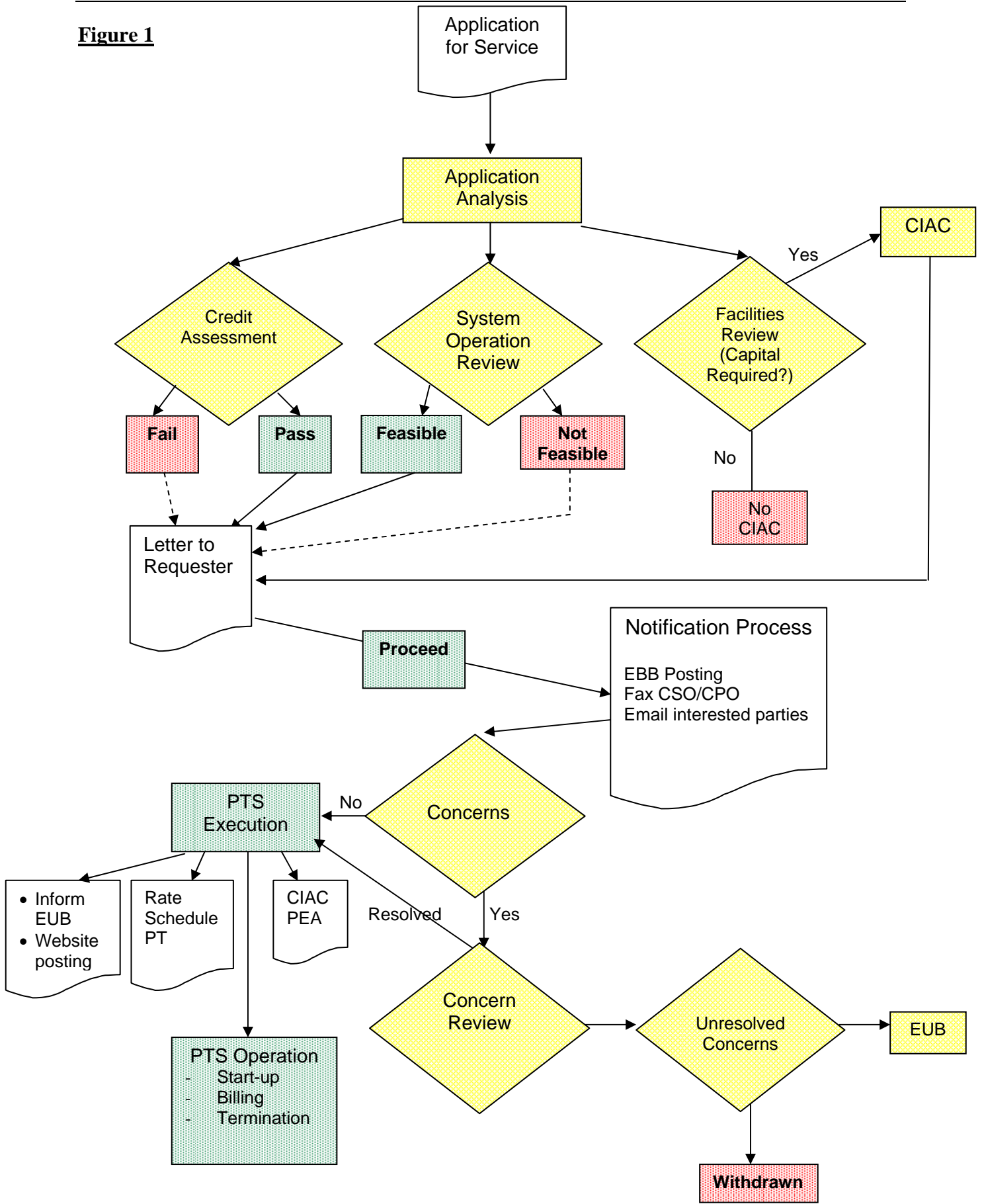
~~5.2.4 Third party impact statistics:~~

- ~~•Number of concerns raised~~
- ~~•Number resolved~~
- ~~•Number of concerns raised after Schedule of Service implementation~~
- ~~•Nature of the concern (reported to the extent allowed under confidentiality provisions)~~

~~5.3 Reporting: NGTL will measure the aforementioned statistics, and will provide a report to the TTP no later than six months prior to the expiry date of the PTS. The TTP can adopt an issue to review this Service at that time. The TTP can agree to a resolution for NGTL to apply for a Pressure/Temperature Service to replace the expiring PTS.~~

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Figure 1



## Pressure/Temperature Service Description

The following describes the process steps and rationale related to the Pressure/Temperature Service (PTS or Service). The Service was developed through industry consultations over an 11-month period in 2003. This Service Description contains the following:

1. History;
2. Service overview;
3. Guiding statements;
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5. Service program

### 1.0 History

From time to time, various users of the Alberta System have made requests to change the normal operation of the system. These requests have been to either increase or decrease operating pressure at a Customers facility, which is connected to the Alberta System. Certain users of the Alberta System have also asked for a decrease in operating temperature at their facility where they have received gas from the Alberta System. These requests were made to enhance Customer's operation. NOVA Gas Transmission Limited (NGTL) has been unable to satisfy these requests as provisions, which would enable NGTL to recover costs associated for changes in operation for such a service, did not exist under the Tariff.

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During these discussions a number of issues were raised and subsequently worked. The following list briefly describes the format the task force used to bring this issue to a close and the recommended Service described herein:

- (i) established guiding statements
  - (ii) developed a list of issues
  - (iii) developed a PTS process
  - (iv) worked through practice exercises using actual pressure service requests
  - (v) addressed the task force members' issues
  - (vi) reviewed and recommended a Rate Schedule-PT/Service Agreement and PTS Description
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Through resolution T2004-01 Pressure/Temperature Service was adopted by the TTFP on March 9, 2004 and subsequently approved by the Alberta Energy Board (EUB). The Service was implemented on the NGTL system on June 1, 2004 enabling NGTL to operate, modify and construct facilities and recover costs to enhance specific Customer operations. The Service (temporary) had an original expiry date of December 31, 2005 with an expectation to develop and present a review of the Service no less than 6 months prior to expiry date. In the report to the TTFP on May 10, 2005 NGTL concluded that the Pressure Temperature Service as structured, generally met the needs of customers. The number of requests received and the diversity of requesting parties and locations for which service had been requested suggested that the service had a relatively broad application. The significant capital dollars that some customers were willing to spend indicated that in some instances the customers expected to achieve substantial value from the service. As a result, NGTL recommended that the Pressure Temperature Service should be made into a permanent service. Some minor modifications to the service attributes would be desirable, but in general, the service as was currently structured was reasonable.

## 2.0 Service Overview

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The Service is divided into four parts:

- 2.1 *Application and Analysis:* This part deals with the application made by a Customer for the Service through an Application for Service (AFS) together with the payment of a non-refundable administration fee in the amount of \$10,000. The purpose of the administration fee is to ensure recovery of the average costs and expenses incurred by NGTL to evaluate and implement an AFS. The requester can be an existing or new NGTL Customer, a connecting pipeline operator or a producer connected to the Alberta System. NGTL will perform an analysis in terms of a Customer credit assessment as well as a technical assessment. This technical assessment will determine the feasibility of changing the operating condition, what facilities on the Alberta System are involved, the approximate operating cost for this mode of operation and the approximate amount of time the facilities would be available for this mode. In addition, if any new facilities are required as a result of the request for service, these are quantified and the
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Customer is required to provide a full Contribution In Aid of Construction (CIAC) costs.

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- 2.3 *Concern Handling:* If upon notification, concerns from parties are received by NGTL, a process will be initiated to deal with these concerns. NGTL will facilitate discussions between the requesting party and the concerned party if requested to do so. If these parties cannot satisfactorily resolve the concern, NGTL will recommend withdrawal of the service request but under certain circumstances can make a non-routine application to the EUB for approval to offer the Service. If there are no concerns or concerns have been resolved to the satisfaction of all concerned parties, or upon approval from the EUB in the case of a non-routine application, NGTL would proceed to the execution/operation part of the process. NGTL will notify its Customers and the Interested Parties of its facilities where related responses were received (with concerns, no concerns and no reply).
- 2.4 *Execution/Operation:* This involves execution of the Schedule of Service between NGTL and the requester(s). The EUB would be informed of the new Rate Schedule-PT as it pertains to the facility listed. At this same time, the TransCanada electronic bulletin board would be updated with a posting describing the change in operation, facilities involved and the duration of the contract. Notification would also be provided to NGTL Customers and TTFP members. The Service would go into effect immediately and would be invoiced based on the days available and operating on behalf of the Customer.

### 3.0 Guiding Statements

Guiding statements were developed through consultation with the task force and helped to focus the work of the group as they developed and refined the service:

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- 3.2 The pressure and temperature services must not exceed existing contractual and Tariff limits and would only be considered where NGTL capacity existed and minimum delivery pressures can be maintained.
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- 3.7 Any additional capital required to meet a specific service request will be paid for by the requester using full CIAC.

#### 4.0 Process Overview

The following description relates to Figure 1 PTS Process Diagram. This section describes and provides the rationale of the significant process steps:

- 4.1 *Application for Service:* This will be in a form very similar to the NGTL standard application for service. It will be modified to include a section to check for pressure or temperature service as well as a description of the service request and desired pressure or temperature. Along with the AFS will be a requirement for payment of a non-refundable administration fee in the amount of \$10,000 to ensure recovery of the average costs and expenses incurred by NGTL to evaluate and implement an AFS. The rationale for using this format is the familiarity Customers have with this form and ease of administration the application cost allows NGTL the ability to recover these costs as per guiding statement 3.3.
- 4.2 *Application Analysis:* This section is split into three parts; Credit Assessment, System Operation Review and Facilities Review. The Credit Assessment involves a review of the requester's credit worthiness and NGTL's billing requirements for a determination of Letter of Credit (LoC). This is standard for any party expected to be invoiced for a Tariff service.

The System Operation Review involves a technical analysis of the request. It determines what Alberta System facilities are required in order to meet the Customer-desired pressure or temperature. Once the facilities required have been identified, computer simulations are carried out to determine the pressure or

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temperature impact both upstream and downstream from the NGTL facility. These pressures and temperatures for individual Receipt and Delivery Points are then tabulated. From this point, a forecast of service availability is determined. This forecast will differentiate the Alberta System requirements plus scheduled and unscheduled maintenance from the availability predicted for the requester. This is typically expressed as a percentage of time.

The Technical Analysis will quantify the expected cost in order to meet the requester's desired conditions. Operating cost will be split into two components. The first is the incremental cost to maintain and operate the NGTL facilities needed. This component is then increased by 10%. The second component is the fuel gas required to operate the equipment. Data regarding maintenance costs and gas usage is well known to NGTL and is used to optimize operation on a continuous basis on the Alberta System. This data is used to predict future maintenance and gas usage and is valuable in the process for determination of requester costs. These costs are based on specific types of equipment such as a particular compressor unit.

In some circumstances, current facilities may not meet this request and modifications or a new facility would be required. Examples of minor modifications would include a new valve tie-in to connect the requester's facility to the required NGTL facility. An example of a new facility may be a gas cooler to meet a requester's desired gas temperature. While minor modifications would proceed as part of the PTS Process, new facilities that are outside of current NGTL facility right of way would require a separate facility application to the EUB. However, new facilities are not expected to be required as a result of this Service based on its attributes and previous requests for this type of service. In either of these cases, a full CIAC for any new NGTL facilities is required from the requester. Although the facility is part of the NGTL rate base, its value is zero, based on the full CIAC against the value of the facility.

Once these parts of the Application Analysis are completed, a letter to the requester is generated to outline the description of the service if it is feasible and costs specific to the request. The letter asks the requester to decide to proceed to the Notification process or withdraw the request.

The rationale for the Application Analysis section was to adhere to the guiding statement that all incremental costs are the responsibility of the PT subscriber and no other ratepayers will be impacted by this change in operations. Operating costs and gas usage are well known for specific pieces of equipment and any change to the operations can readily be simulated with current technology thus facilitating the Notification process as well as the cost analysis. Since Alberta System facilities are being used for a specific Customer or Customers, an additional contribution above incremental cost was addressed through incorporation of a percentage added to the NGTL facility operating cost. The cost is added to this portion to reflect a contribution towards the capital employed under this Service.

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Gas usage is reflective of current market conditions and is applied using the average monthly AECO Hub gas price and the gas usage of the specific NGTL equipment used to facilitate the pressure or temperature service.

4.3 *Notification Process:* Once NGTL has determined the pressure or temperature affects both upstream and downstream of its facility and the requester decides to proceed, the process of notification begins. This process is comprised of development of an information package that includes, at a minimum, the following:

- A notice containing the nature of the request, Alberta System facilities involved in meeting the request, reference to maps and tables described below, and a request to notify NGTL (Customer Sales Representative or The PipeLine) within a prescribed period of time with any concerns related to the request.
- NGTL System Facilities map with the specific temperature or pressure impacted area highlighted.
- A table showing contract, historical operating and predicted operating temperature or pressure for both upstream and downstream areas. These indicate a high, low and average for both historical and predicted values.

This package is provided to the upstream and downstream Common Stream Operators (CSO) and Connecting Pipeline Operators (CPO) in the affected areas. It is also provided to all NGTL Customers via Electronic Bulletin Board (EBB) posting and to interested parties via e-mail. The Facilities Liaison Committee list will be the interested party list, which is available to a party expressing interest in NGTL facility matters and is maintained by NGTL. These parties have a specific period of time to respond to NGTL with any concerns including the nature and magnitude of any impact related to the request.

The rationale for this section was to allow a party to relate the operating condition change relative to the request to an impact to that party. These impacts will be related to the operating condition change as a result of the PTS request. Parties are given ten days to notify NGTL of any concerns in order to adhere to the 'timely' statement used by the industry task force. The CSO and CPO are typically in the best position to assess the impact of a change in operating pressure or temperature to their operation and it is likely that they would respond if there were impacts. Other affected parties may express concern related to the request. The CSO is responsible to respond to NGTL regarding potential impacts on behalf of upstream parties. If they require more than 10 days, they may send notice to NGTL requesting a reasonable period of additional time to make an adequate assessment.

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- 4.4 *Concern Review:* Upon receipt of concerns, NGTL will notify the requester of these concerns and an assessment of the ability to resolve them will be made by the requester. If the requester chooses to proceed to resolve these concerns with the impacted party, NGTL will, at the requester's request, contact the impacted party and facilitate meetings to resolve the concern. If this effort results in resolution satisfactory to all parties, the process will continue to Execution. At this stage NGTL will also notify its shippers and interested parties regarding the facilities in the affected area that responses were received and where concerns were successfully resolved. The possibilities are a response with no concern, response with a concern and no response. No confidential information regarding responses with concerns will be provided without the approval of the party providing the response. If a CSO in the affected area does not respond as per 4.3 Notification Process, NGTL will make reasonable efforts to contact that CSO in order to determine if they have any concerns.

There are three possible outcomes arising from the notification process:

1. There are no concerns arising from request. The service request would proceed to execution/operation.
2. There are concerns arising from the request that have been successfully resolved among the parties. The service request would proceed to execution/operation.
3. There are concerns arising from the request that have not been successfully resolved. These can be handled in two ways. In most cases, the request will be withdrawn based on the short-term nature of the service requests and the significant costs for EUB adjudication. In some cases, the requester may wish to seek EUB adjudication and NGTL, at its discretion may agree to apply to the EUB as a non-routine application. Costs associated with any regulatory proceeding will be the responsibility of the requester.

The rationale for this section was to ensure that requests made on behalf of a party do not proceed at the undue expense or impact of another party or parties. This process ensures that third party impacts do not automatically stop the process but these impacted parties must be satisfied that their concerns have been satisfactorily resolved prior to proceeding. The purpose of the facility response notification is to aid Customers and interested parties in communicating with producers in the affected area regarding their potential impact.

- 4.5 *Execution/Operation:* This involves the execution of the Rate Schedule-PT by the requester and NGTL. This stage would be preceded by the requester satisfying third party concerns (if any), or approval of a non-routine application by the EUB. If there is any capital expenditure required, a full CIAC PEA is also required from the requester. Terms of this Service are:

- Terms of not less than one month.
  - Non-renewable;
  - Subject to suspension if required by any other Service or by NGTL;
-

- Assignable (as per General Terms and Conditions of the Tariff);
- Retirement costs (if applicable) are the responsibility of the requester if facilities are required as a result of the request; and
- Incremental operating cost (+10%) and incremental fuel gas are invoiced to the requester on a monthly basis

Upon execution, NGTL will send a letter to the EUB to inform the Board of the new rate schedule. At the same time, notice will be provided to members of the TTFP, all NGTL Customers and a web site posting is made including the same details of the Notification process.

In terms of operation, once the rate schedule is executed and the facilities are available, the Service will commence for the Customer. The Customer will be notified of the in-service day and NGTL will be responsible for tracking the number of days in each month, and the System facilities that were utilized on behalf of the Customer specified in the Schedule of Service PT. The Customer will be invoiced for the charge for this number of days on a monthly basis using the rates applicable to that Schedule of Service.

The Service can be terminated by NGTL if the facilities are required for Alberta System needs or if the continued operation is deemed unsafe for any reason. Additionally NGTL has the right to terminate a Service which has been suspended for a period of 12 months after consultation with Customer. At a minimum, on an annual basis or at its discretion NGTL will review the PT Rate and the PT Gas Rate to validate the applicable charges. Any change in the PT Rate and or PT Gas Rate will be filed with the EUB. NGTL will provide annual notice of this review to the TTFP and all NGTL customers, identifying the PT Service contracts which will continue to be active for the subsequent year. The Customer's right to suspend or terminate is at NGTL's discretion but will not be unreasonably withheld.

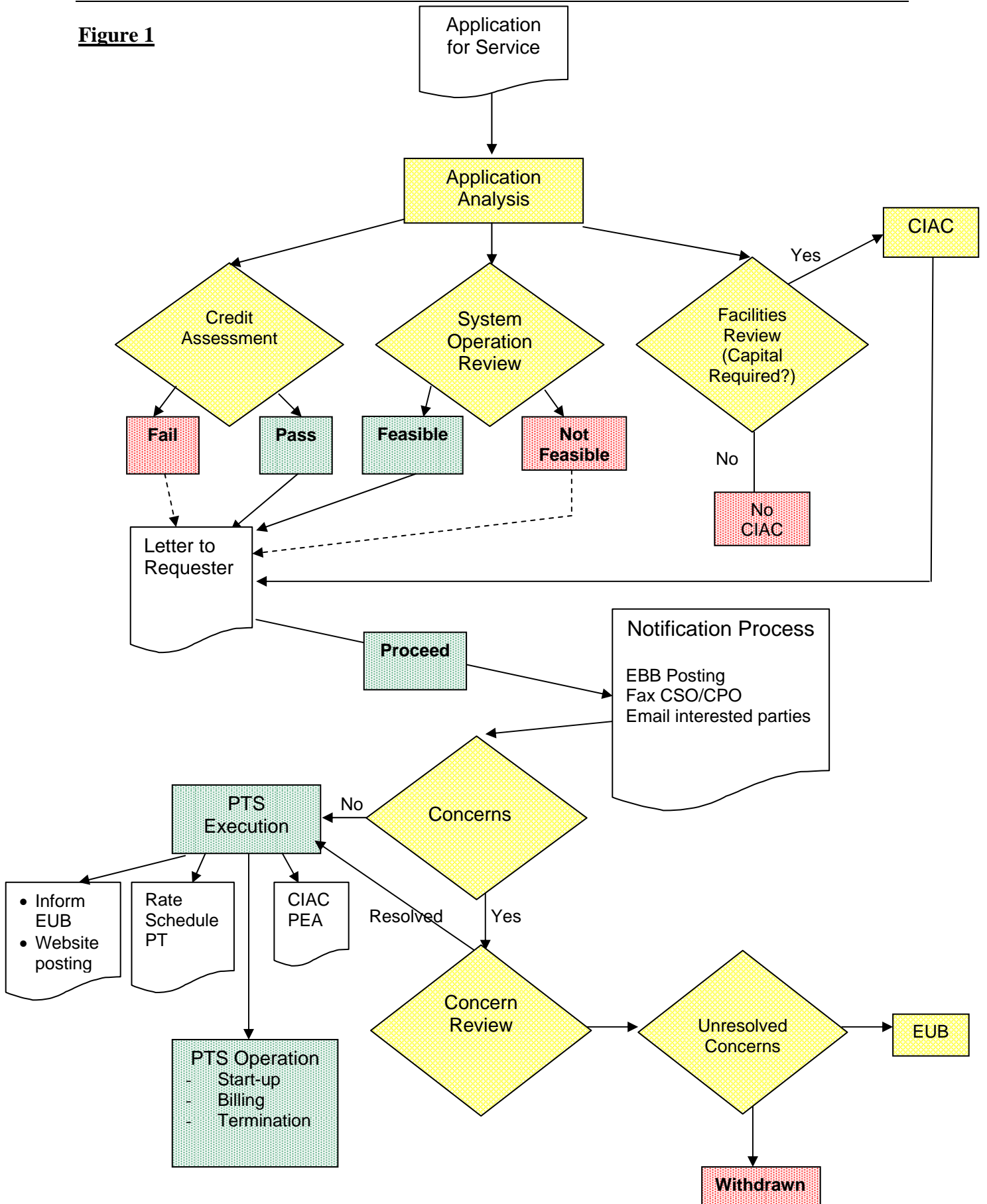
In certain circumstances, a party may determine it has a concern regarding a specific Schedule of Service after it has been executed and put into operation. In this case, the affected party must notify NGTL to advise of the nature of the concern. NGTL may suspend the Service pending a satisfactory resolution of the concern. A concern received in this circumstance will be treated similarly to a concern received in Section 4.4 Concern Review.

The rationale for this section is based on protocol for other Rate Schedules. The nature of the terms of this Service is relative to the purpose. Since this is a Service using Alberta System assets on behalf of a single or few Customers, it should have a lower priority than other Services. Contract term and non-renewability are related to uncertainty of third party impacts and potential changing or unexpected conditions arising. The review of the Service on an annual basis is to ensure that the service rate charges are appropriate. The annual notice of active PT Service contracts will provide NGTL and customers with an opportunity to review

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existing contracts for the purpose of assessing potential third party impacts that may have arisen subsequent to the implementation of specific PT Service contracts. The right to terminate a service which has been suspended for a period beyond one year will mitigate the number of services which are being unutilized while reducing the necessity and costs associated to an annual review.

**Figure 1**



# Pressure Temperature Service Review May 2005

## Background

Resolution T2004-01: Pressure/Temperature (PT) Service was adopted by the Tolls, Tariff, Facilities and Procedures Committee (TTFP) on March 9, 2004 and subsequently approved by the Alberta Energy and Utilities Board (EUB). The PT Service was implemented on the NGTL System on June 1, 2004 and enables NGTL to operate, modify and construct facilities and to recover associated costs to enhance specific Customer operations. The PT Service has an expiry date of December 31, 2005 and a report was to be developed and given to the TTFP no later than six months prior to the expiry date of the Service.

## General Statistics

Currently NGTL has received nine requests for PT Service (as of May 2<sup>nd</sup>). The current status of the nine requests is as follows:

- Two of the requests have proceeded to implementation
- Two requests were declined due to third party concerns that were raised during the public notification process
- Two requests were cancelled after initial evaluation after the costs and expected benefits were quantified
- Three requests are currently still being evaluated.

The Princess PT Service went into effect on November 3, 2004 and was subsequently suspended at the request of the Customer on January 24, 2005. The January Creek PT Service was in-service on May 3, 2005.

All requests to date have been requested for the pressure service.

The geographic location of the service requests have been spread out throughout the province and are noted by project area as follows:

- **North & East** - segment 11 (KIRB), segment 6 (MRTN)
- **Peace River** - segment 3 (NWML), segment 8 (CENT), segment 7 (GPML)
- **Mainline** - segment 18 (BLEG), segment 19 (EGAT), two in segment 21 (WGAT).

Currently NGTL anticipates both of the currently in place PT Service Schedules to be renewed based on Customer input. Additionally we would anticipate that the three current requests, should they proceed to implementation, would also look to continue to seek PT Service beyond the end of 2005.

The length of elapsed time from the initial request to implementation has been as follows:

- Princess - initial request December 6, 2000, formal Application for Service (AFS) request June 24, 2004, implemented on November 3, 2004 (suspended January 24, 2005).
- January Creek - initial request May 1, 2004, AFS August 12, 2004, implemented on May 3, 2005.

Two of the five PT Service requests that have gone through the public notification process were granted notice extensions at the request of third parties to allow more time to complete their evaluations of potential impact. The extension period granted for the Princess PT Service request was two weeks and the for NE Alberta PT Service request, two days. For the other three requests, the 10 business day timeframe given to provide notice of concerns was sufficient.

### Availability

Technical analysis predicted the Princess PT Service would be available 98% of the time. The actual availability during the in-service period has been 100% to date.

### Third Party Impact Statistics

To date, eight concerns have been raised during our five public notice periods resulting in two of the PT Service opportunities not proceeding. In one instance, the Customer was able to work with some of the concerned parties to address their concerns, but were unable to address all parties concerns and as a result the application could not proceed.

All of the concerns that NGTL was notified of generally related to either the potential loss of production or to the requirement for capital expenditures to adjust to the change in pressure. No concerns have been raised after implementation.

### NGTL Resource Requirement

The NGTL Resource Requirement to process an application of the PT Service ranges between 65 and 200 hours of labour (average of 132 hours) per application. This includes involvement from a number of NGTL internal departments (Operations Planning, Customer Sales, Project Management, Customer Solutions and Engineering). Once a decision has been received on behalf of the Customer to proceed with the request, additional input and time including those departments already mentioned as well as the Pricing, Regulatory and Customer Service Departments can increase the resource requirement significantly. For those services which have been approved the total number of hours attributed to the service are as follows:

- Princess PTS - 810 hours
- January Creek PTS - 240 hours.

These amounts exclude the labour required to implement the capital facility additions that were part of these requests and which were billed for directly to the customer as part of the Contribution in Aid of Construction (CIAC) costs that were paid for by the Customer.

### Financial Statistics

	Schedule	PT Rate	PT Gas Rate
Princess	9004-01001-0	\$1,500/day (reduced from \$1,980/day)	50.0 10 <sup>3</sup> m <sup>3</sup> /d (reduced from 70.0 10 <sup>3</sup> m <sup>3</sup> /d)
January Creek	9004-01002-0	\$35/day	3.0 10 <sup>3</sup> m <sup>3</sup> /d

The labour cost to implement the Princess PT Service was \$60,750. Additional significant capital requirements were paid for by the Customer by full CIAC. The billed amount for this service prior to suspension was \$1.4M. NGTL initially estimated that three compressor units at the Princess station would be required to operate in the manner requested by the Customer.



Once the modified mode was implemented, NGTL was able to determine that the majority of the benefit sought by the customer could be achieved by operating only two compressor units. As a result, a revised price for the service was determined and after advising the EUB, was implemented.

The labour cost to implement the January Creek PT Service was \$18,000. As with the Princess request, additional significant capital requirements were supported by full CIAC. The service became billable as of May 1, 2005.

The cost of the application process to the notification stage for all of the requests that NGTL received, ranged from between \$5,000 and \$15,000.

### **Conclusions**

NGTL believes that the PT Service as structured, generally meets the needs of Customers. The number of requests received and the diversity of requesting parties and locations for which service has been requested suggest that the service has relatively broad application. The relatively significant capital dollars that some Customers were willing to spend indicate that in some instances the Customers do expect to achieve substantial value from the PT Service. As a result, NGTL believes that the PT Service should be made into a permanent service. Some minor modifications to the service attributes would be desirable, but in general, the Service as currently structured, is reasonable.

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Several amendments to the NGTL Tariff are currently being proposed resulting from Pressure/Temperature Service Review Issue T2005-03. This summary has been provided for information only and is not intended to form part of the Tariff.

### **Summary of Amendments**

(\* after the item identifies general housekeeping updates

#### **1. Rate Schedule PT**

- (i) Amended paragraph 2.2 – deleted December 31, 2005 date.
- (ii) Amended paragraph 4.2 [Aggregate of Customer's Monthly Charges for Company's Gas Requirements] – deleted "Pursuant to subparagraph 8.1 (b) of the General Terms and Conditions of the Tariff."\*
- (iii) Amended paragraph 6.1 [Term of a Schedule of Service] – deleted maximum term of one year.
- (iv) Deleted paragraph 6.2 [Replacement of Service].
- (v) Amended paragraph 9.2 [Amendment, Suspension or Termination of Schedule of Service by Company] – added clause allowing Company to terminate a Schedule of Service if it has been suspended for 12 months or longer.

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**RATE SCHEDULE PT**  
**PRESSURE / TEMPERATURE SERVICE**

**1.0 DEFINITIONS**

**1.1** The capitalized terms used in this Rate Schedule have the meanings attributed to them in the General Terms and Conditions of the Tariff unless otherwise defined in this Rate Schedule.

**2.0 SERVICE DESCRIPTION AND AVAILABILITY**

**2.1** Subject to the stated terms and conditions, service under Rate Schedule PT shall mean:

- (i) the increase or decrease in the pressure at which Company may receive from or deliver gas to Customer, as requested by Customer; and
- (ii) the increase or decrease in the temperature at which Company may receive from or deliver gas to Customer, as requested by Customer;

(the “Service”) provided such Service shall be subject to the terms and conditions of any other Service and the Tariff.

**2.2** The Service is available ~~until December 31, 2005~~ to any Customer that has executed a Service Agreement and Schedule of Service under Rate Schedule PT provided that Company is satisfied in its sole discretion that any objection received by Company with respect to such Service has been resolved. A standard form Service Agreement for Service under this Rate Schedule PT is attached.

**2.3** Notwithstanding the provisions of article 5.0, Company shall not be required to construct or install Facilities for any Service under Rate Schedule PT.

### 3.0 PRICING

- 3.1** The rate used in calculating Customer's monthly PT charge under each of Customer's Schedules of Service for Service under Rate Schedule PT is the PT Rate applicable to such Schedule of Service.
- 3.2** The rate used in calculating Customer's monthly charge for Company's gas requirements under each of Customer's Schedules of Service for Service under Rate Schedule PT is the PT Gas Rate applicable to such Schedule of Service.

### 4.0 CHARGE FOR SERVICE

#### 4.1 Aggregate of Customer's Monthly PT Charges

The aggregate of Customer's monthly charges for a Billing Month for Service under Rate Schedule PT shall be equal to the sum of the monthly charges calculated for each of Customer's Schedules of Service under Rate Schedule PT determined as follows:

$$MC = A \times B$$

Where:

- "MC" = the monthly charge applicable to such Schedule of Service;
- "A" = the PT Rate applicable to such Schedule of Service; and
- "B" = the number of days in the month preceding such Billing Month as determined by Company that Company provided Service to Customer under such Schedule of Service.

#### 4.2 Aggregate of Customer's Monthly Charges for Company's Gas Requirements

~~Pursuant to subparagraph 8.1(b) of the General Terms and Conditions of the Tariff, t~~The aggregate of Customer's charges for Company's gas requirements in a Billing Month for Service under Rate Schedule PT shall be equal to the sum of the monthly charges for Company's gas requirements for each Schedule of Service under Rate Schedule PT determined as follows:

$$GR = B \times R \times P$$

Where:

"GR" = the monthly charge for Company's gas requirements under such Schedule of Service;

"B" = the number of days in the month preceding such Billing Month as determined by Company that Company provided Service to Customer under such Schedule of Service.

"R" = the PT Gas Rate applicable to such Schedule of Service; and

"P" = Company's Gas Use Price.

#### 4.3 Aggregate of Customer's Surcharges

The aggregate of Customer's Surcharges for a Billing Month shall be equal to the sum of all Surcharges set forth in the Table of Rates, Tolls and Charges applicable to each of Customer's Schedules of Service under Rate Schedule PT.

#### 4.4 Aggregate Charge For Service

Customer shall pay for each Billing Month the sum of the amounts calculated in accordance with paragraphs 4.1, 4.2 and 4.3.

## 5.0 NEW FACILITIES

5.1 If Company determines at its sole discretion that new or modified Facilities are required in order for Company to provide Service, Customer shall provide a full contribution in aid of construction amount as determined by Company.

## 6.0 TERM OF SERVICE

### 6.1 Term of a Schedule of Service

The term for any Schedule of Service for Service under Rate Schedule PT shall be the term requested by Customer provided that the term is a minimum of one (1) month ~~and a maximum of one (1) year.~~

### ~~6.2 Replacement of Service~~

~~(a) If the Service Termination Date is after December 31, 2005 and a successor service to Service under Rate Schedule PT has been approved by the Board then the term of the successor service will be determined in accordance with the terms and conditions of the successor service.~~

~~(b) If the Service Termination Date is after December 31, 2005 and a successor service has not been approved by the Board, Service under Rate Schedule PT shall terminate on December 31, 2005.~~

### 6.36.2 Term of Service Agreement

Customer's Service Agreement shall terminate on the latest Service Termination Date of Customer's Schedules of Service under Rate Schedule PT.

**7.0 TRANSFER OF SERVICE**

**7.1** Customer shall not be entitled to transfer all or any portion of Service under Rate Schedule PT to any other Receipt Point or Delivery Point.

**8.0 RENEWAL OF SERVICE**

**8.1** Customer shall not be entitled to renew all or any portion of Service under a Schedule of Service under Rate Schedule PT.

**9.0 AMENDMENT, SUSPENSION OR TERMINATION OF SERVICE****9.1 Suspension or Termination of a Schedule of Service by Customer**

Customer may suspend or terminate Service under a Schedule of Service under Rate Schedule PT provided Customer has notified Company in writing of its request for such suspension or termination and Company consents to such request, such consent shall not be unreasonably withheld by Company. Any such suspension or termination of Service shall not relieve Customer from any obligation to pay any rate, toll, charge or other amount payable to Company.

**9.2 Amendment, Suspension or Termination of Schedule of Service by Company**

Company may in its sole discretion amend, suspend or terminate Customer's Service under any Schedule of Service for Service under Rate Schedule PT if Company determines at any time that:

- (i) an adjustment is required to the PT Rate or the PT Gas Rate;
- (ii) capacity in the Facilities is required by Company to provide Service under any other Rate Schedules;

- (iii) continuation of such Service may cause injury, damage to or interfere with the operation or integrity of the Facilities; or
- (iv) Company is satisfied in its sole discretion that an objection received by Company at any time and from time to time with respect to such Service can not be resolved.

Company may in its sole discretion immediately terminate a Customer's Service under any Schedule of Service under Rate Schedule PT if such Service has been suspended for a period of 12 months or longer.

## **10.0 PAYMENT FOR FACILITIES ON TERMINATION**

- 10.1** At the Service Termination Date described in the Schedule of Service, if Company determines in its sole discretion to retire or modify such Facilities constructed or modified pursuant to article 5.0, Customer shall pay to Company within a time determined by Company an amount equal to all costs and expenses associated with such retirement or modification.

## **11.0 GENERAL TERMS AND CONDITIONS**

- 11.1** The General Terms and Conditions of the Tariff and the provisions of any Service Agreement for Service under Rate Schedule PT are applicable to Rate Schedule PT. In the event that there is any inconsistency between any term, condition or provision of the Tariff and this Rate Schedule PT, the term, condition and provision of the Tariff shall prevail.



**SERVICE AGREEMENT  
RATE SCHEDULE PT**

BETWEEN:

NOVA Gas Transmission Ltd., a body corporate having an office in  
Calgary, Alberta (“Company”)

- and -

•, a body corporate having an office in •, • (“Customer”)

IN CONSIDERATION of the premises and the covenants and agreements in this Service Agreement, the parties covenant and agree as follows:

1. Customer acknowledges receipt of a current copy of the Tariff.
2. The capitalized terms used in this Service Agreement have the meanings attributed to them in the General Terms and Conditions of the Tariff, unless otherwise defined in this Service Agreement.
3. Customer requests and Company agrees to provide Service pursuant to Rate Schedule PT in accordance with the attached Schedules of Service. The Service will commence on the Billing Commencement Date and will terminate, subject to the provisions in this Service Agreement, on the Service Termination Date.
4. Customer agrees to pay to Company for each Billing Month, for all Service rendered under this Service Agreement, an amount equal to the aggregate charges for Service described in Rate Schedule PT.

5. Customer shall:
- (a) provide such assurances and information as Company may reasonably require respecting any Service to be provided pursuant to this Rate Schedule PT including, without limiting the generality of the foregoing, an assurance that all necessary arrangements have been made among Customer, producers of gas for Customer, purchasers of gas from Customer and any other Person relating to such Service, including all gas purchase, gas sale, operating, processing and common stream arrangements; and
  - (b) at Company's request provide Company with an assurance that Customer has provided the Person operating facilities upstream of any Receipt Point or downstream of any Delivery Point in respect of which Customer has the right to receive service with all authorizations necessary to enable such Person to provide Company with all data and information reasonably requested by Company for the purpose of allocating volumes of gas received or delivered by Company among Company's Customers and to bind Customer in respect of all such data and information provided.

If Customer fails to provide such assurances and information forthwith following request by Company from time to time, Company may at its option, to be exercised by notice to Customer, suspend the Service to which such assurances and information relate until such time as Customer provides the assurances and information requested, provided however that any such suspension of Service shall not relieve Customer from any obligation to pay any rate, toll, charge or other amount payable to Company.

6. Every notice, request, demand, statement, bid or bill (for the purpose of this paragraph, collectively referred to as "Notice") provided for in Rate Schedule PT, this Service Agreement and the General Terms and Conditions, or any other Notice which either Company or Customer may desire to give to the other, shall be in writing and each of

them and every payment provided for shall be directed to the Person to whom given, made or delivered at such Person's address as follows:

Customer:

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- 
- 

Attention: •

Fax: •

Company:

- 
- 
- 

Attention: Customer Account Representative

Fax: •

Notice may be given by fax or other telecommunication and any such Notice shall be deemed to be given four (4) hours after transmission. Notice may also be given by personal delivery or by courier and any such Notice shall be deemed to be given at the time of delivery. Any Notice may also be given by prepaid mail and any such Notice shall be deemed to be given four (4) business days after mailing, Saturdays, Sundays and statutory holidays excepted. In the event of disruption of regular mail, every payment not made electronically shall be personally delivered, and any other Notice shall be given by one of the other stated means.

Any Notice for the matters listed in the Notice Schedule for Electronic Commerce in Appendix "F" of the Tariff shall be given via Company's electronic bulletin board

(“EBB”). Company shall not accept any such Notice for those matters listed in Appendix “F” via any other alternative means, unless the EBB is inoperative or Customer is unable to establish connection with the EBB, in which case Notice shall be given by any other alternative means set out herein. Any Notice given by the EBB shall be deemed to be given one (1) hour after transmission.

Any Notice may also be given by telephone followed immediately by EBB, fax, personal delivery, courier or prepaid mail, and any Notice so given shall be deemed to have been given as of the date and time of the telephone notice.

- 7. The terms and conditions of Rate Schedule PT, the General Terms and Conditions and Schedule of Service under Rate Schedule PT are by this reference incorporated into and made a part of this Service Agreement.

IN WITNESS WHEREOF the parties have executed this Service Agreement by their proper signing officers duly authorized in that behalf all as of the • day of •, •.

•	NOVA Gas Transmission Ltd.
Per:	Per :
_____	_____
Per:	Per :
_____	_____

**SCHEDULE OF SERVICE  
RATE SCHEDULE PT**

**CUSTOMER:**

**SERVICE DESCRIPTION:**

Schedule of Service Number	Facility Number and Name	Legal Description	PT Rate \$/d	PT Gas Rate 10 <sup>3</sup> m <sup>3</sup> /d	Service Termination Date	Additional Conditions
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THIS SCHEDULE FORMS PART OF THE SERVICE AGREEMENT DATED • AND SHALL BE DEEMED TO BE ATTACHED THERETO.

NOVA Gas Transmission Ltd.

Per: \_\_\_\_\_

Per : \_\_\_\_\_

Per: \_\_\_\_\_

Per : \_\_\_\_\_

**RATE SCHEDULE PT**  
**PRESSURE / TEMPERATURE SERVICE**

**1.0 DEFINITIONS**

**1.1** The capitalized terms used in this Rate Schedule have the meanings attributed to them in the General Terms and Conditions of the Tariff unless otherwise defined in this Rate Schedule.

**2.0 SERVICE DESCRIPTION AND AVAILABILITY**

**2.1** Subject to the stated terms and conditions, service under Rate Schedule PT shall mean:

- (i) the increase or decrease in the pressure at which Company may receive from or deliver gas to Customer, as requested by Customer; and
- (ii) the increase or decrease in the temperature at which Company may receive from or deliver gas to Customer, as requested by Customer;

(the “Service”) provided such Service shall be subject to the terms and conditions of any other Service and the Tariff.

**2.2** The Service is available to any Customer that has executed a Service Agreement and Schedule of Service under Rate Schedule PT provided that Company is satisfied in its sole discretion that any objection received by Company with respect to such Service has been resolved. A standard form Service Agreement for Service under this Rate Schedule PT is attached.

**2.3** Notwithstanding the provisions of article 5.0, Company shall not be required to construct or install Facilities for any Service under Rate Schedule PT.

### 3.0 PRICING

- 3.1** The rate used in calculating Customer's monthly PT charge under each of Customer's Schedules of Service for Service under Rate Schedule PT is the PT Rate applicable to such Schedule of Service.
- 3.2** The rate used in calculating Customer's monthly charge for Company's gas requirements under each of Customer's Schedules of Service for Service under Rate Schedule PT is the PT Gas Rate applicable to such Schedule of Service.

### 4.0 CHARGE FOR SERVICE

#### 4.1 Aggregate of Customer's Monthly PT Charges

The aggregate of Customer's monthly charges for a Billing Month for Service under Rate Schedule PT shall be equal to the sum of the monthly charges calculated for each of Customer's Schedules of Service under Rate Schedule PT determined as follows:

$$MC = A \times B$$

Where:

- "MC" = the monthly charge applicable to such Schedule of Service;
- "A" = the PT Rate applicable to such Schedule of Service; and
- "B" = the number of days in the month preceding such Billing Month as determined by Company that Company provided Service to Customer under such Schedule of Service.

**4.2 Aggregate of Customer's Monthly Charges for Company's Gas Requirements**

The aggregate of Customer's charges for Company's gas requirements in a Billing Month for Service under Rate Schedule PT shall be equal to the sum of the monthly charges for Company's gas requirements for each Schedule of Service under Rate Schedule PT determined as follows:

$$GR = B \times R \times P$$

Where:

"GR" = the monthly charge for Company's gas requirements under such Schedule of Service;

"B" = the number of days in the month preceding such Billing Month as determined by Company that Company provided Service to Customer under such Schedule of Service.

"R" = the PT Gas Rate applicable to such Schedule of Service; and

"P" = Company's Gas Use Price.

**4.3 Aggregate of Customer's Surcharges**

The aggregate of Customer's Surcharges for a Billing Month shall be equal to the sum of all Surcharges set forth in the Table of Rates, Tolls and Charges applicable to each of Customer's Schedules of Service under Rate Schedule PT.

**4.4 Aggregate Charge For Service**

Customer shall pay for each Billing Month the sum of the amounts calculated in accordance with paragraphs 4.1, 4.2 and 4.3.



**5.0 NEW FACILITIES**

**5.1** If Company determines at its sole discretion that new or modified Facilities are required in order for Company to provide Service, Customer shall provide a full contribution in aid of construction amount as determined by Company.

**6.0 TERM OF SERVICE**

**6.1 Term of a Schedule of Service**

The term for any Schedule of Service for Service under Rate Schedule PT shall be the term requested by Customer provided that the term is a minimum of one (1) month.

**6.2 Term of Service Agreement**

Customer's Service Agreement shall terminate on the latest Service Termination Date of Customer's Schedules of Service under Rate Schedule PT.

**7.0 TRANSFER OF SERVICE**

**7.1** Customer shall not be entitled to transfer all or any portion of Service under Rate Schedule PT to any other Receipt Point or Delivery Point.

**8.0 RENEWAL OF SERVICE**

**8.1** Customer shall not be entitled to renew all or any portion of Service under a Schedule of Service under Rate Schedule PT.

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**9.0 AMENDMENT, SUSPENSION OR TERMINATION OF SERVICE****9.1 Suspension or Termination of a Schedule of Service by Customer**

Customer may suspend or terminate Service under a Schedule of Service under Rate Schedule PT provided Customer has notified Company in writing of its request for such suspension or termination and Company consents to such request, such consent shall not be unreasonably withheld by Company. Any such suspension or termination of Service shall not relieve Customer from any obligation to pay any rate, toll, charge or other amount payable to Company.

**9.2 Amendment, Suspension or Termination of Schedule of Service by Company**

Company may in its sole discretion amend, suspend or terminate Customer's Service under any Schedule of Service for Service under Rate Schedule PT if Company determines at any time that:

- (i) an adjustment is required to the PT Rate or the PT Gas Rate;
- (ii) capacity in the Facilities is required by Company to provide Service under any other Rate Schedules;
- (iii) continuation of such Service may cause injury, damage to or interfere with the operation or integrity of the Facilities; or
- (iv) Company is satisfied in its sole discretion that an objection received by Company at any time and from time to time with respect to such Service can not be resolved.

Company may in its sole discretion immediately terminate a Customer's Service under any Schedule of Service under Rate Schedule PT if such Service has been suspended for a period of 12 months or longer.

**10.0 PAYMENT FOR FACILITIES ON TERMINATION**

**10.1** At the Service Termination Date described in the Schedule of Service, if Company determines in its sole discretion to retire or modify such Facilities constructed or modified pursuant to article 5.0, Customer shall pay to Company within a time determined by Company an amount equal to all costs and expenses associated with such retirement or modification.

**11.0 GENERAL TERMS AND CONDITIONS**

**11.1** The General Terms and Conditions of the Tariff and the provisions of any Service Agreement for Service under Rate Schedule PT are applicable to Rate Schedule PT. In the event that there is any inconsistency between any term, condition or provision of the Tariff and this Rate Schedule PT, the term, condition and provision of the Tariff shall prevail.

**SERVICE AGREEMENT**  
**RATE SCHEDULE PT**

BETWEEN:

NOVA Gas Transmission Ltd., a body corporate having an office in  
Calgary, Alberta (“Company”)

- and -

•, a body corporate having an office in •, • (“Customer”)

IN CONSIDERATION of the premises and the covenants and agreements in this Service Agreement, the parties covenant and agree as follows:

1. Customer acknowledges receipt of a current copy of the Tariff.
2. The capitalized terms used in this Service Agreement have the meanings attributed to them in the General Terms and Conditions of the Tariff, unless otherwise defined in this Service Agreement.
3. Customer requests and Company agrees to provide Service pursuant to Rate Schedule PT in accordance with the attached Schedules of Service. The Service will commence on the Billing Commencement Date and will terminate, subject to the provisions in this Service Agreement, on the Service Termination Date.
4. Customer agrees to pay to Company for each Billing Month, for all Service rendered under this Service Agreement, an amount equal to the aggregate charges for Service described in Rate Schedule PT.

**5.** Customer shall:

- (a) provide such assurances and information as Company may reasonably require respecting any Service to be provided pursuant to this Rate Schedule PT including, without limiting the generality of the foregoing, an assurance that all necessary arrangements have been made among Customer, producers of gas for Customer, purchasers of gas from Customer and any other Person relating to such Service, including all gas purchase, gas sale, operating, processing and common stream arrangements; and
- (b) at Company's request provide Company with an assurance that Customer has provided the Person operating facilities upstream of any Receipt Point or downstream of any Delivery Point in respect of which Customer has the right to receive service with all authorizations necessary to enable such Person to provide Company with all data and information reasonably requested by Company for the purpose of allocating volumes of gas received or delivered by Company among Company's Customers and to bind Customer in respect of all such data and information provided.

If Customer fails to provide such assurances and information forthwith following request by Company from time to time, Company may at its option, to be exercised by notice to Customer, suspend the Service to which such assurances and information relate until such time as Customer provides the assurances and information requested, provided however that any such suspension of Service shall not relieve Customer from any obligation to pay any rate, toll, charge or other amount payable to Company.

- 6.** Every notice, request, demand, statement, bid or bill (for the purpose of this paragraph, collectively referred to as "Notice") provided for in Rate Schedule PT, this Service Agreement and the General Terms and Conditions, or any other Notice which either Company or Customer may desire to give to the other, shall be in writing and each of

them and every payment provided for shall be directed to the Person to whom given, made or delivered at such Person's address as follows:

Customer:

- 
- 
- 

Attention: •

Fax: •

Company:

- 
- 
- 

Attention: Customer Account Representative

Fax: •

Notice may be given by fax or other telecommunication and any such Notice shall be deemed to be given four (4) hours after transmission. Notice may also be given by personal delivery or by courier and any such Notice shall be deemed to be given at the time of delivery. Any Notice may also be given by prepaid mail and any such Notice shall be deemed to be given four (4) business days after mailing, Saturdays, Sundays and statutory holidays excepted. In the event of disruption of regular mail, every payment not made electronically shall be personally delivered, and any other Notice shall be given by one of the other stated means.

Any Notice for the matters listed in the Notice Schedule for Electronic Commerce in Appendix "F" of the Tariff shall be given via Company's electronic bulletin board

(“EBB”). Company shall not accept any such Notice for those matters listed in Appendix “F” via any other alternative means, unless the EBB is inoperative or Customer is unable to establish connection with the EBB, in which case Notice shall be given by any other alternative means set out herein. Any Notice given by the EBB shall be deemed to be given one (1) hour after transmission.

Any Notice may also be given by telephone followed immediately by EBB, fax, personal delivery, courier or prepaid mail, and any Notice so given shall be deemed to have been given as of the date and time of the telephone notice.

- 7. The terms and conditions of Rate Schedule PT, the General Terms and Conditions and Schedule of Service under Rate Schedule PT are by this reference incorporated into and made a part of this Service Agreement.

IN WITNESS WHEREOF the parties have executed this Service Agreement by their proper signing officers duly authorized in that behalf all as of the • day of •, •.

•  
Per: \_\_\_\_\_

NOVA Gas Transmission Ltd.  
Per : \_\_\_\_\_

Per: \_\_\_\_\_

Per : \_\_\_\_\_

SCHEDULE OF SERVICE  
RATE SCHEDULE PT

CUSTOMER:

SERVICE DESCRIPTION:

Schedule of Service Number	Facility Number and Name	Legal Description	PT Rate \$/d	PT Gas Rate 10 <sup>3</sup> m <sup>3</sup> /d	Service Termination Date	Additional Conditions
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THIS SCHEDULE FORMS PART OF THE SERVICE AGREEMENT DATED • AND SHALL BE DEEMED TO BE ATTACHED THERETO.

NOVA Gas Transmission Ltd.

Per: \_\_\_\_\_

Per : \_\_\_\_\_

Per: \_\_\_\_\_

Per : \_\_\_\_\_