

APPENDIX 1

GLOSSARY OF TERMS

The following definitions are provided to help the reader understand the Annual Plan. The definitions are not intended to be precise or exhaustive and have been simplified for ease of reference. These definitions should not be relied upon in interpreting NGTL's Gas Transportation Tariff or any Service Agreement. Capitalized terms not otherwise defined here are defined in NGTL's Gas Transportation Tariff. The defined terms in this Glossary of Terms may not be capitalized in their use throughout the Annual Plan.

Alberta Average Field Price

Average estimated price of natural gas (post processing) prior to receipt into the NGTL system. The Alberta Average Field Price is equivalent to the Alberta Reference Price ("ARP").

Allowance for Funds Used During Construction ("AFUDC")

AFUDC is the capitalization of financing costs incurred during construction of new facilities before the facilities are included in rate base.

Annual Plan

A document submitted annually to the Board outlining NGTL's planned facility additions and major modifications.

Average Annual Delivery

The average day delivery determined for the period of one Gas Year. All forecast years are assumed to have 365 days.

Average Receipt Forecast

The forecast of average flows expected to be received onto the Alberta System at each receipt point.

Average Day Delivery

The average day delivery over a given period of time is determined by summing the total volumes delivered divided by the number of days in that period. It is determined for either a Delivery Point or an aggregation of Delivery Points.

Coincidental

Occurring at the same time.

Delivery Meter Station

A facility which measures gas volumes leaving the Alberta System.

Delivery Point

The point where gas may be delivered to Customer by Company under a Schedule of Service and shall include but not be limited to Export Delivery Point, Alberta Delivery Point, Extraction Delivery Point and Storage Delivery Point.

Demand Coincidence Factor

A factor applied to adjust the system maximum and minimum day deliveries for all of the Alberta Delivery Points within a design area to a value more indicative of the expected actual peak day deliveries.

Design Area

NGTL divides its pipeline system into three project areas - Peace River Project Area, North and East Project Area, and the Mainline Project Area. These project areas are then divided into design and sub-design areas.

Dividing the system this way allows NGTL to model the system in a way that best reflects the pattern of flows in each specific area of the system.

Design Flow Requirements

The forecast of Firm Requirements that is required to be transported in a pipeline system considering design assumptions.

Design Forecast

This is a forecast of NGTL's most current projection of FS productive capability and gas delivery over a five year design horizon.

Design Capability

The maximum volume of gas that can be transported in a pipeline system considering design assumptions. Usually presented as a percentage of design flow requirements.

Expansion Facilities

Expansion facilities are those facilities which will expand NGTL's existing system to/from the point of Customer connection including any pipeline loop of the existing system, metering and associated connection piping and system compression.

Extension Facilities

Extension facilities are those facilities which connect new or incremental supply or markets to the Alberta System.

Field Deliverability

Field deliverability is the forecast peak rate at which gas can be received onto the pipeline system at each Receipt Point. NGTL forecasts field deliverability through an assessment of reserves, flow capability and the future supply development at each Receipt Point. This information is gathered from Board and industry sources, NGTL studies and through interaction with producers and Customers active in the area.

Firm Transportation

Service offered to Customers to receive gas onto the Alberta System at NGTL Receipt Points or deliver gas off of the Alberta System at NGTL Delivery Points with a high degree of reliability.

Transportation Design Process

The process which includes the qualifying of Customer's applications for service, designing the additions to the system, sourcing all required facilities, and installing the facilities to meet firm transportation requests.

FS Productive Capability

FS productive capability is the lesser of forecast field deliverability and the forecast of aggregate Receipt Contract Demand under Service Agreements for Rate Schedule FT-R, Rate Schedule LRS, Rate Schedule LRS-2, Rate Schedule LRS-3, Rate Schedule FT-P and Rate Schedule FT-RN held at each Receipt Point.

Gas Year

A period of time beginning at eight hundred hours (08:00) Mountain Standard Time on the first day of November in any year and ending at eight hundred hours (08:00) Mountain Standard Time on the first day of November of the next year.

Green Area

Defined by Alberta Environment as non-arable lands.

Interruptible Transportation

Service offered to Customers to receive gas onto the Alberta System at NGTL Receipt Points or deliver gas off of the Alberta System at NGTL Delivery Points provided capacity exists in the facilities that is not required to provide firm transportation.

Lateral

A section of pipe that connects one or more Receipt or Delivery Points to the mainline.

Load / Capability Analysis

A statistical technique for comparing the available seasonal mainline capability in a design or design sub area with the expected range of seasonal loads or flows. The analysis provides a measure of both the probability of a service disruption, where load or flows exceed the available capability, and the expected magnitude of a service disruption.

Loop

The paralleling of an existing pipeline by another pipeline.

Mainline

A section of pipe, identified through application of the mainline system design assumptions, necessary to meet the aggregate requirements of NGTL's customers.

Maximum Day Delivery

The forecast maximum volume included in the design to be delivered to a Delivery Point.

Maximum Operating Pressure

The maximum operating pressure at which a pipeline is operated.

Minimum Day Delivery

The forecast minimum volume included in the design to be delivered to a Delivery Point.

NPS

Nominal pipe size, in inches.

Non-coincidental

Non-simultaneous occurrence.

Peak Expected Flow

The peak flow that is expected to occur within a design area or design sub area on the Alberta System.

Project Area

For design purposes, the Alberta System is divided into three project areas - Peace River Project Area, North & East Project Area and the Mainline Project Area.

Dividing the system this way allows NGTL to model the system in a way that best reflects the pattern of flows in each specific area of the system. The Project Area may be amended from time to time by Company in consultation with the Facility Liaison Committee (or any replacement of it), provided Company has given six months notice of such amendment to its Customers.

Rate Base

Rate base is the investment base on which NGTL earns its return and consists of the depreciated in-service physical pipeline system assets, the necessary working capital and linepack gas required to provide service and determine operating income. The rate base is determined monthly as new facilities are placed into service, facilities are retired and depreciation is recorded.

Receipt Meter Station

A facility which measures gas volumes entering the Alberta System.

Receipt Point

The point in Alberta at which gas may be received from Customer by Company under a Schedule of Service.

Revenue Requirement

The total cost of providing service, including capital, operating and maintenance expenses, depreciation, taxes and return on rate base.

Storage Facility

Any commercial facility where gas is stored, that is connected to the Alberta System and is available to all Customers.

Summer Season

The period commencing on April 1 and ending on October 31 of any calendar year.

Receipt Area

Receipt areas are where gas is received onto the Alberta System. The facilities in these areas include receipt meter stations and laterals.

System Annual Throughput

The total amount of gas that is transported or anticipated to be transported by NGTL in one calendar year.

System Average Annual Throughput

The total amount of gas that is transported or anticipated to be transported by NGTL in one gas year.

System Field Deliverability

System field deliverability is the sum of all individual Receipt Point field deliverability.

System FS Productive Capability

System FS productive capability is the sum of all individual Receipt Point FS productive capability.

System Maximum Day Deliveries

The forecast of aggregate maximum day deliveries at all NGTL Delivery Points.

Two-way Flow Stations

A meter station on the Alberta System where gas can either be received onto the NGTL system or be delivered off of the Alberta System.

White Area

Defined by Alberta Environment as arable lands.

Winter Season

The period commencing on November 1 of any year and ending on March 31 of the following year.