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March 18, 2004

Alberta Energy and Utilities Board  
640 – 5<sup>th</sup> Avenue S.W.  
Calgary, Alberta  
T2P 3G4

By e-mail  
Original by courier

Attention: Mr. Robert Heggie,  
Executive Manager, Utilities Branch

Dear Sir:

**Re: NOVA Gas Transmission Ltd. (NGTL)  
Pressure/Temperature Service**

NGTL applies to the Alberta Energy and Utilities Board (Board) under Part 4 of the *Gas Utilities Act*, R.S.A. 2000, c. G-5, as amended, for approval of a temporary Pressure/Temperature Service (the PT Service), the methodology for calculating PT Service rates, tolls and charges and amendments to the General Terms and Conditions of the NGTL's Gas Transportation Tariff (Tariff) necessary to implement the PT Service.

### **Background**

The Tolls, Tariff and Procedures Committee (TTP), predecessor to the Tolls, Tariff, Facilities and Procedures Committee (TTFP), adopted Issue T2002-03 on March 12, 2002 for the purposes of discussing a possible new pressure/temperature service. NGTL did not seek approval of the Board to commence negotiations on Issue T2002-03 as it was adopted prior to the issuance of Informational Letter IL 98-4 Revised Negotiated Settlement Guidelines (*Revised Guidelines*) and the Board's letter dated August 28, 2003 regarding the application of the *Revised Guidelines* to NGTL.

The TTP met several times over the course of 2003 to discuss and develop the PT Service. These discussions culminated in Resolution T2002-03 which went before the TTP in December 2003, subsequent to the filing of NGTL's 2004 General Rate Application – Phase 2 (GRA – Phase 2) on November 14, 2003. NGTL did not include the PT Service in its GRA - Phase 2, as negotiations were ongoing at that time and NGTL was hopeful of a settlement. On December 9, 2003, Resolution T2002-03 was defeated by a 'hard-oppose' vote. TTP procedures require that any party that hard opposes a resolution will intervene on an application made to the Board for approval of such resolution.

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Subsequent to December 9, 2003, the party who had opposed Resolution T2002-03 indicated that it no longer intended to intervene and requested another vote on Resolution T2002-03. For this purpose, the TTFP adopted Issue T2004-01. NGTL applied to the Board for approval to commence negotiations on Issue T2004-01 on February 11, 2004. The Board approved NGTL's request to negotiate Issue T2004-01 on March 9, 2004. In addition, Board staff attended a meeting of the TTFP on February 19, 2004 to evaluate the fairness of the negotiated settlement process for the PT Service.

On March 9, 2004, the TTFP supported the PT Service through an unopposed vote on Resolution T2004-01.

Attached to this letter is a copy of Resolution T2004-01 to which are attached a description of the PT Service, the PT Rate Schedule, the PT Service Agreement, a black-lined copy of relevant sections of the Tariff illustrating consequential amendments, and a clean copy of the relevant sections of the Tariff incorporating the consequential amendments.

### **PT Service**

In accordance with the terms and conditions of the PT Service, NGTL will be able, upon receipt of a request from a shipper, to receive or deliver gas at an increased or decreased pressure or temperature from prevailing system operating conditions provided that the maximum operating pressure stipulated in the shipper's schedule of service or the gas temperature specification stipulated under Section 3.0 of the General Terms and Conditions of NGTL's Tariff is not exceeded. NGTL is required under the terms and conditions of the PT Service to canvass its shippers and other potentially affected parties for concerns related to specific requests for service and to facilitate resolution of any concerns prior to specific service being offered. The PT Service will provide shippers with increased flexibility in managing their business assets which could result in the attraction of additional volumes to the Alberta System and a lowering of tolls for all Alberta System shippers.

The PT Service will commence the first day of the month following Board approval and will expire on December 31, 2005. Incremental costs associated with the PT Service are proposed to be recovered through the revenue generated by the PT Service. In addition, customers subscribing to the PT Service will be required to provide a full contribution in aid of construction for any incremental facilities required to provide the service. All revenue generated through the PT Service in 2004 will be credited to NGTL's revenue requirement for 2005 through the use of the Revenue Deferral account as applied for in NGTL's 2004 General Rate Application - Phase I (Application No 1315423).

Subsequent to Board approval of this Application, NGTL will file, for information, specific PT Service rates, tolls and charges calculated in accordance with the methodology set out in Sections 4.2 and 4.5 of the PT Service Description. Specific tolls and rates for PT Service cannot be provided at this time. Since one of the components in the methodology used for calculating the toll for PT Service is the cost of providing the specific service requested, the applicable toll for each instance of PT Service cannot be determined until the customer requests the PT Service.

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**Relief Requested**

NGTL respectfully requests the Board render a decision on this Application by April 30, 2004 to enable implementation of the PT Service in May 2004 so that potential requests for the service during the summer of 2004 can be met.

NGTL is notifying its shippers and members of the TTFP of the availability of this filing on TransCanada's Alberta System website at:

[http://www.transcanada.com/Alberta/regulatory\\_info/active\\_rates\\_services\\_filings.htm](http://www.transcanada.com/Alberta/regulatory_info/active_rates_services_filings.htm).

Please direct all notices and communications regarding this matter to Carolyn Shaw by e-mail at [carolyn\\_shaw@transcanada.com](mailto:carolyn_shaw@transcanada.com) and [alberta\\_system@transcanada.com](mailto:alberta_system@transcanada.com), or by phone at 920-7172 and to Jennifer Nichols by email at [jennifer\\_nichols@transcanada.com](mailto:jennifer_nichols@transcanada.com).

Yours truly,

**NOVA Gas Transmission Ltd.**

A wholly owned subsidiary of TransCanada PipeLines Limited



Céline Bélanger  
Vice President, Regulatory Services

Attachment

cc: Tolls, Tariff, Facilities and Procedures Committee  
Alberta System Shippers