


MADE at the City of Calgary, in the Province of Alberta, on 14th day of December 2004.	 ALBERTA ENERGY AND UTILITIES BOARD
NOVA Gas Transmission Ltd. (NGTL) 2005 Interim Rates, Tolls and Charges	Application No. 1371074

1 INTRODUCTION

On November 23, 2004, NOVA Gas Transmission Ltd. (NGTL) filed its application, under Division 3 of the *Public Utilities Board Act* and under Parts 4 and 5 of the *Gas Utilities Act*, for approval of interim rates, tolls and charges for service on the Alberta System effective January 1, 2005 (the Application). The purpose of the application is to establish new tolls on an interim basis pending the Board's disposition of NGTL's 2005 General Rate Application (GRA) – Phase I or negotiated settlement, and NGTL's 2005 GRA – Phase II.

2 BACKGROUND

On December 3, 2004, the Board issued a Notice of the Application to parties on the NGTL 2004 GRA Phase I and Phase II distribution lists and posted this on the EUB website. Interested parties were required to file any submissions or objections to the Application by December 8, 2004. The Board did not receive any objections to the Application.

In a letter dated December 8, 2004, the Consumers' Coalition of Alberta (CCA) submitted that it supports the NGTL proposal reducing the 2004 revenue requirement amount of \$1,244.8 million by \$57.8 million and setting the 2005 interim revenue requirement at \$1,187 million. The CCA also considered it appropriate that the 2004 deferred revenue balance should attract interest.

On December 9, 2004, NGTL acknowledged the CCA's letter wherein the CCA supported NGTL's Application. NGTL noted that no other parties filed comments in respect of its Application. Therefore, NGTL respectfully requested the Board to approve the proposed 2005 Interim Rates effective January 1, 2005.

3 PARTICULARS OF THE APPLICATION

NGTL is currently operating under 2004 interim rates, tolls and charges approved by the Board in Decision 2003-105 issued on December 16, 2003. The proposed 2005 interim rates are based on the forecast 2005 contract demand quantities and throughput set out in the Application, the 2004 revenue requirement approved by the Board in Decision 2004-102 adjusted by a proposed

reduction of \$57.8 million, and the tolling methodology approved by the Board in Decision 2004-097.

NGTL submitted that the proposed adjustments to revenue requirement were associated with 2003 Non-Routine Adjustments, a reduction of \$32.4 Million, approved by the Board in Decision 2004-069 and collected through the 2004 revenue requirement, and a \$25.4 million reduction representing the estimated balance of the 2004 Revenue Deferral account. The estimated 2004 Revenue Deferral account was based on the assumption that 2004 Interim Rates would remain in place for the remainder of 2004, as NGTL requested in its 2004 GRA – Phase II Compliance Filing (Note - the Board approved NGTL’s Phase II Compliance Filing by Decision 2004-108, dated December 14, 2004).

NGTL considered that the proposed 2005 Interim Rates represented a reasonable bridging rate regime that would provide rate stability for customers and financial stability for NGTL until the 2005 final rates, tolls and charges are established.

4 BOARD FINDINGS

The Board is prepared to approve the Application for NGTL’s interim rates, tolls, and charges for services on the Alberta System, effective January 1, 2005. The Board notes that no objections to the proposed rates were submitted by interested parties. Further, since any variance between NGTL’s 2005 revenue requirement and the interim rates will be addressed during NGTL’s 2005 Phase II proceeding, the Board does not anticipate that customers will be unfairly impacted by the 2005 Interim Rates.

The Board emphasizes that the 2005 Interim Rates are being approved on an interim basis. In this regard, the Board directs NGTL to file with the Board in its 2005 Phase II proceeding, details of the mechanism to reimburse or collect any under-collection or over-collection of revenues that occurs while the 2005 Interim Rates are in effect.

5 ORDER

- (1) The 2005 interim rates, tolls, and charges on the Alberta System as described in the Application shall be effective from January 1, 2005 until the same are superseded by a Board decision on NOVA Gas Transmission Ltd.’s 2005 GRA Phase II.
- (2) NOVA Gas Transmission Ltd. shall address in its upcoming 2005 GRA Phase II Application the mechanism to reimburse or collect any under-collection or over-collection of revenues.

END OF DOCUMENT