
IGCAA-NGTL-001(a)

Issue:

1.1 Existing Rate Design and Methodology

Reference:

Section 2.2, page 4 of 55, line 20

Preamble:

IGCAA is looking to better understand the historical development of NGTL's rate design.

Request:

Please confirm that, prior to introduction of a demand and commodity rate design for intra-Alberta deliveries in November of 1989, NGTL applied charges to non-utility intra-Alberta delivery meter stations through an M-1 charge.

Response:

Confirmed.

IGCAA-NGTL-001(b)

Issue:

1.1 Existing Rate Design and Methodology

Reference:

Section 2.2, page 4 of 55, line 20

Preamble:

IGCAA is looking to better understand the historical development of NGTL's rate design.

Request:

Please confirm that the M-1 charge was designed to recover the full owning and operating costs of these meter stations over a twenty year term.

Response:

No. The M-1 charge was designed to recover annual owning and operating costs. In essence FCS is the comparable service in today's rate design.

IGCAA-NGTL-001(c)

Issue:

1.1 Existing Rate Design and Methodology

Reference:

Section 2.2, page 4 of 55, line 20

Preamble:

IGCAA is looking to better understand the historical development of NGTL's rate design.

Request:

Please confirm that before November 1989 NGTL required accountability for intra-Alberta delivery laterals through either T-1 service (firm intra-Alberta, point-to-point transportation service) or an M-4 charge.

Response:

Confirmed.

IGCAA-NGTL-001(d)

Issue

1.1 Existing Rate Design and Methodology

Reference:

Section 2.2, page 4 of 55, line 20

Preamble:

IGCAA is looking to better understand the historical development of NGTL's rate design.

Request:

Please confirm that the M-4 charge was designed to recover the full owning and operating costs of these meter stations over a twenty year term.

Response:

No. The M-4 charge was designed to recover annual owning and operating costs. In essence FCS is the comparable service in today's rate design.

IGCAA-NGTL-001(e)

Issue

1.1 Existing Rate Design and Methodology

Reference:

Section 2.2, page 4 of 55, line 20

Preamble:

IGCAA is looking to better understand the historical development of NGTL's rate design.

Request:

Please confirm that neither M-1 nor M-4 charges were applied to delivery stations at utility interconnections, if the interconnection was with the general utility system.

Response:

Confirmed.

IGCAA-NGTL-001(f)

Issue

1.1 Existing Rate Design and Methodology

Reference:

Section 2.2, page 4 of 55, line 20

Preamble:

IGCAA is looking to better understand the historical development of NGTL's rate design.

Request:

Please confirm that as part of the transition in rate design on November 1989 the charges previously recovered through T-1, M-1 and M-4 services where to be recovered through contract demand charges for receipt firm service (FSR) and through an OS charge levied on intra-Alberta delivery meter stations which did not meet a minimum required annual delivery volume.

Response:

Confirmed.

IGCAA-NGTL-001(g)

Issue

1.1 Existing Rate Design and Methodology

Reference:

Section 2.2, page 4 of 55, line 20

Preamble:

IGCAA is looking to better understand the historical development of NGTL's rate design.

Request:

Please confirm that none of the historical payments made under the services M-1, M-4 and T-1 have been considered in arriving at the cost of service for intra-Alberta delivery stations or services pertaining to intra-Alberta service (FT-A, MAV requirements) or in any of the cost of haul studies. If NGTL is unable to confirm this, please describe how they are considered.

Response:

Confirmed.

IGCAA-NGTL-002(a)

Issue:

1.1 Existing Rate Design and Methodology

Reference:

Section 2, page 23 of 55, lines 9 – 11
NGTL Information Response in Phase 1 CCA-NGTL 001

Preamble:

NGTL states in its application that its rate design has discouraged uneconomic border by-pass and unnecessary proliferation of facilities has been avoided. In the referenced IR response NGTL gives a number of examples of competition it has faced.

IGCAA would like further information on exactly how NGTL's rate design has affected the competition it refers to in the referenced IR response.

Request:

For each example of competition given indicate whether the current rate design, and specifically variable receipt point pricing, would have made NGTL more or less competitive with respect to the competition.

Response:

Compared with NGTL's previous postage stamp design:

- NGTL's variable receipt point pricing would have made NGTL more competitive with respect to:
    - Palliser Pipeline Project
    - Alberta Pipeline Project
    - Crowsnest Pipeline Project
    - Coleman Pipeline Project
    - AEC (AltaGas) Suffield Gas Pipeline
    - AEC (AltaGas) North Suffield Pipeline
    - AEC Cold Lake

IGCAA-NGTL-002(a)

  - Medicine Hat Pipeline
  - ATCO Pipelines dually connected receipt points in Southern Alberta

- NGTL's variable receipt point pricing would have made it less competitive relative to:
  - ATCO Pipelines dually connected receipt points in Northern Alberta
  - TransGas

- NGTL's Point-to-Point service would have made it more competitive relative to:
  - the AEC Cold Lake pipeline project.
  - ATCO Muskeg River Pipeline

- NGTL's rate design makes NGTL less competitive relative to the Alliance Pipeline at receipt stations where the NGTL receipt rate exceeds the average FT-R rate.

IGCAA-NGTL-002(b)

Issue:

1.1 Existing Rate Design and Methodology

Reference:

Section 2, page 23 of 55, lines 9 – 11
NGTL Information Response in Phase 1 CCA-NGTL 001

Preamble:

NGTL states in its application that its rate design has discouraged uneconomic border by-pass and unnecessary proliferation of facilities has been avoided. In the referenced IR response NGTL gives a number of examples of competition it has faced.

IGCAA would like further information on exactly how NGTL's rate design has affected the competition it refers to in the referenced IR response.

Request:

For each example given identify whether NGTL lost any volume from the Alberta system as a result of the competition and if so how much?

Response:

The following is a summary of the volumes lost by the Alberta System as a result of competitive and/or bypass pipelines:

IGCAA-NGTL-002(b)

Competing and/or Bypass Pipeline	**Net NGTL Offloaded Volume (MMcf/d)**
Alliance (Alberta-based only)	1284
AltaGas-Suffield	233
TransGas	153
ATCO	
North	160
South	30
Muskeg River	20
Torlea East (to NGTL)	(37)
Westcoast Energy Grizzly Valley	24
Total	1867

IGCAA-NGTL-002(c)

Issue:

1.1 Existing Rate Design and Methodology

Reference:

Section 2, page 23 of 55, lines 9 – 11
NGTL Information Response in Phase 1 CCA-NGTL 001

Preamble:

NGTL states in its application that its rate design has discouraged uneconomic border by-pass and unnecessary proliferation of facilities has been avoided. In the referenced IR response NGTL gives a number of examples of competition it has faced.

IGCAA would like further information on exactly how NGTL's rate design has affected the competition it refers to in the referenced IR response.

Request:

For each example of competition given provide an estimate of the revenue lost either as a result of losing volume or as a result of implementation of a non-standard rate.

Response:

An estimate of the revenue lost for each example of competition is set out below.

Competition	**Estimate of Annual Revenue Loss Based on 2002 Data ($ Million)**
Palliser LRS	21.5
Northstar LRS	2.6
Alliance Pipeline	162.7
AltaGas Suffield Pipeline	22.4
PetroCanada LRS	1.0
ATCO Pipelines	11.7
ATCO Muskeg River Pipeline	2.0
TransGas Offloading	19.2
Westcoast Energy Grizzly Valley	3.5

IGCAA-NGTL-002(d)

Issue:

1.1 Existing Rate Design and Methodology

Reference:

Section 2, page 23 of 55, lines 9 – 11
NGTL Information Response in Phase 1 CCA-NGTL 001

Preamble:

NGTL states in its application that its rate design has discouraged uneconomic border by-pass and unnecessary proliferation of facilities has been avoided. In the referenced IR response NGTL gives a number of examples of competition it has faced.

IGCAA would like further information on exactly how NGTL's rate design has affected the competition it refers to in the referenced IR response.

Request:

Does NGTL consider FTP service to be a form of LRS service implemented to address intra-Alberta by-pass? In responding to this question, please indicate what role AEC's Cold Lake by-pass had with respect to NGTL's implementation of FTP service.

Response:

NGTL does not consider the current FT-P service to be a form of LRS. AEC's Cold Lake pipeline proposal demonstrated a need for an intra-Alberta short-haul service.

IGCAA-NGTL-003(a)

Issue:

1.1 Existing NGTL Rate Design and Methodology

Reference:

Section 2.3, page 11 of 55, line 11

Preamble:

IGCAA is looking to better understand the basis of NGTL's rate design.

Request:

NGTL states "The FT-A rate is the same for all intra-Alberta delivery points." Please advise whether NGTL charges the FT-A rate for intra-Alberta deliveries to Gas Alberta.

Response:

Yes, where Gas Alberta is served from an intra-Alberta delivery point.

IGCAA-NGTL-003(b)

Issue:

1.1 Existing NGTL Rate Design and Methodology

Reference:

Section 2.3, page 11 of 55, line 11

Preamble:

IGCAA is looking to better understand the basis of NGTL's rate design.

Request:

If the answer to a) above is that no charge is levied, please provide a full rationale for this including a discussion on the ownership of the meters.

Response:

Please refer to the response to IGCAA-NGTL-003(a).

IGCAA-NGTL-003(c)

Issue:

1.1 Existing NGTL Rate Design and Methodology

Reference:

Section 2.3, page 11 of 55, line 11

Preamble:

IGCAA is looking to better understand the basis of NGTL's rate design.

Request:

Can NGTL confirm that at most intra-Alberta delivery points for industrials there is both an NGTL meter and an industrial-owned meter?

Response:

NGTL is unable to confirm this.

IGCAA-NGTL-003(d)

Issue:

1.1 Existing NGTL Rate Design and Methodology

Reference:

Section 2.3, page 11 of 55, line 11

Preamble:

IGCAA is looking to better understand the basis of NGTL's rate design.

Request:

For those delivery points in c) above was the NGTL-owned meter installed at the specific request of the industrial customer or due to NGTL policy?

Response:

These meters were installed in accordance with NGTL policy. The Facilities Liaison Committee Guidelines for New Facilities Issue F2000-01 state that in general, NGTL will own and operate metering facilities. One exception noted in the guidelines is very small meter stations. This circumstance is typically associated with rural gas service (where measurement facilities and information are provided by a government agency, a municipal corporation, a utility or a rural gas co-operative incorporated under the Rural Utilities Act) and is conditional on the execution of a connecting operator agreement.

Generally NGTL does not accept third party measurement for larger meter stations. If allowed, such third party meter station:

1. Must be built in accordance with NGTL's design specifications;
2. Typically is operated by NGTL;
3. Requires an operating and/or measurement information agreement between NGTL and the third party to address issues such as operation and maintenance, liabilities; and
4. Is subject to NGTL's Tariff services (e.g., FT-R, FCS, FT-A, etc.) and conditions (e.g., measurement data, gas quality, etc.).

IGCAA-NGTL-003(d)

In either of the exceptions noted above, NGTL monitors such third party measurement situations to ensure they continue to satisfy Alberta System requirements.

IGCAA-NGTL-004(a)

Issue:

1.1 Existing NGTL Rate Design and Methodology

Reference:

Section 2.3, page 16 of 55, lines 3 to 5
Section 2.3, page 17 of 55, Table 2.3-2 and lines 1 to 5
Section 2, Appendix A, pages 7 and 8 of 13, Table 5.2

Preamble:

IGCAA is looking to better understand the basis of NGTL's rate design.

Request:

NGTL states that "The reasonableness of this design has been supported by DOH studies, which have shown that the distance natural gas travels to export delivery points is roughly twice the distance travelled by gas destined for intra-Alberta delivery points." Please confirm that the 2002 revised DOH study results produce a 44.9% average intra-Alberta to ex-Alberta ratio.

Response:

Confirmed.

IGCAA-NGTL-004(b)

Issue:

1.1 Existing NGTL Rate Design and Methodology

Reference:

Section 2.3, page 16 of 55, lines 3 to 5
Section 2.3, page 17 of 55, Table 2.3-2 and lines 1 to 5
Section 2, Appendix A, pages 7 and 8 of 13, Table 5.2

Preamble:

IGCAA is looking to better understand the basis of NGTL's rate design.

Request:

Please confirm that NGTL has adopted the revised methodology as the results are more accurate than the existing methodology.

Response:

Confirmed.

IGCAA-NGTL-004(c)

Issue:

1.1 Existing NGTL Rate Design and Methodology

Reference:

Section 2.3, page 16 of 55, lines 3 to 5
Section 2.3, page 17 of 55, Table 2.3-2 and lines 1 to 5
Section 2, Appendix A, pages 7 and 8 of 13, Table 5.2

Preamble:

IGCAA is looking to better understand the basis of NGTL's rate design.

Request:

Please confirm that the revised 2002 DOH study result of 44.9% is 1.4 percentage points lower than the 2002 existing DOH study result.

Response:

Confirmed.

IGCAA-NGTL-004(d)

Issue:

1.1 Existing NGTL Rate Design and Methodology

Reference:

Section 2.3, page 16 of 55, lines 3 to 5
Section 2.3, page 17 of 55, Table 2.3-2 and lines 1 to 5
Section 2, Appendix A, pages 7 and 8 of 13, Table 5.2

Preamble:

IGCAA is looking to better understand the basis of NGTL's rate design.

Request:

Please confirm that simple annual average ratio of intra-Alberta to ex-Alberta distance of haul over the fifteen year period from 1988 to 2002 is 45.67%.

Response:

Confirmed, using the revised DOH for 2002.

IGCAA-NGTL-004(e)

Issue:

1.1 Existing NGTL Rate Design and Methodology

Reference:

Section 2.3, page 16 of 55, lines 3 to 5
Section 2.3, page 17 of 55, Table 2.3-2 and lines 1 to 5
Section 2, Appendix A, pages 7 and 8 of 13, Table 5.2

Preamble:

IGCAA is looking to better understand the basis of NGTL's rate design.

Request:

Please confirm that the results from 1988 to 2001 as calculated from the existing methodology likely overstate the distance of haul ratio compared to the results that would have been obtained under the revised methodology.

Response:

Not confirmed.

IGCAA-NGTL-005(a)

Issue:

1.1 Existing Rate Design and Methodology

Reference:

Section 2, page 6 of 55, lines 15 – 19
Section 5, page 32 of 32, Table 5.1-2
NGTL Information Response in Phase 1 CAPP-NGTL 013

Preamble:

NGTL indicates that FTP reflects the cost required to provide the service. In the referenced IR response NGTL indicates that a higher allocation of costs to NGTL has occurred because of the implementation of FTP service and increased customer service requirements.

IGCAA would like further information regarding the cost of providing FTP service.

Request:

Do the rates provided by NGTL for FTP service include fuel?

Response:

No. A charge for fuel is included in the monthly invoice of FT-P customers but is not included in the FT-P rate. However, an estimate for the fuel charge is included in the estimate of FT-P service revenue.

IGCAA-NGTL-005(b)

Issue:

1.1 Existing Rate Design and Methodology

Reference:

Section 2, page 6 of 55, lines 15 – 19
Section 5, page 32 of 32, Table 5.1-2
NGTL Information Response in Phase 1 CAPP-NGTL 013

Preamble:

NGTL indicates that FTP reflects the cost required to provide the service. In the referenced IR response NGTL indicates that a higher allocation of costs to NGTL has occurred because of the implementation of FTP service and increased customer service requirements.

IGCAA would like further information regarding the cost of providing FTP service.

Request:

If FTP rates only cost .89 cents for each 25 kms, why does NGTL use a floor rate of 8.05 cents an mcf for FTP service? What justification is there for this on a cost basis?

Response:

FT-P rates are designed to align to the combination of the FT-R rate plus the FT-A rate.

Please refer to the response to CCA-NGTL-004(l).

IGCAA-NGTL-005(c)

Issue:

1.1 Existing Rate Design and Methodology

Reference:

Section 2, page 6 of 55, lines 15 – 19
Section 5, page 32 of 32, Table 5.1-2
NGTL Information Response in Phase 1 CAPP-NGTL 013

Preamble:

NGTL indicates that FTP reflects the cost required to provide the service. In the referenced IR response NGTL indicates that a higher allocation of costs to NGTL has occurred because of the implementation of FTP service and increased customer service requirements.

IGCAA would like further information regarding the cost of providing FTP service.

Request:

Does the provision of FTP service affect physical flows on the NGTL system? Please discuss how provision of FTP service affects NGTL's cost of providing intra-Alberta service, other than the increased customer service costs identified in the referenced IR response.

Response:

The provision of FT-P service may affect physical flows on the Alberta System but it should not impact physical flows any more than the individual effects of receipt and FT-A service.

Other than the increased customer service costs identified in the referenced Phase 1 information request response with respect to FT-P service implementation, FT-P service affects NGTL's cost of providing intra-Alberta service in a similar manner as compared to the combined effects of receipt and FT-A services, e.g., contract management, facility requirements, billing, etc.

IGCAA-NGTL-005(d)

Issue:

1.1 Existing Rate Design and Methodology

Reference:

Section 2, page 6 of 55, lines 15 – 19
Section 5, page 32 of 32, Table 5.1-2
NGTL Information Response in Phase 1 CAPP-NGTL 013

Preamble:

NGTL indicates that FTP reflects the cost required to provide the service. In the referenced IR response NGTL indicates that a higher allocation of costs to NGTL has occurred because of the implementation of FTP service and increased customer service requirements.

IGCAA would like further information regarding the cost of providing FTP service.

Request:

In order to qualify for FTP service, do the receipt points have to physically flow to the FTP delivery point on the NGTL system?

Response:

No.

IGCAA-NGTL-005(e)

Issue:

1.1 Existing Rate Design and Methodology

Reference:

Section 2, page 6 of 55, lines 15 – 19
Section 5, page 32 of 32, Table 5.1-2
NGTL Information Response in Phase 1 CAPP-NGTL 013

Preamble:

NGTL indicates that FTP reflects the cost required to provide the service. In the referenced IR response NGTL indicates that a higher allocation of costs to NGTL has occurred because of the implementation of FTP service and increased customer service requirements.

IGCAA would like further information regarding the cost of providing FTP service.

Request:

What is NGTL's 2004 volume forecast for FTP service?

Response:

As per the February 2004 Update, the 2004 forecast volume for FT-P service is 0.33 Bcf/d.

IGCAA-NGTL-005(f)

Issue:

1.1 Existing Rate Design and Methodology

Reference:

Section 2, page 6 of 55, lines 15 – 19
Section 5, page 32 of 32, Table 5.1-2
NGTL Information Response in Phase 1 CAPP-NGTL 013

Preamble:

NGTL indicates that FTP reflects the cost required to provide the service. In the referenced IR response NGTL indicates that a higher allocation of costs to NGTL has occurred because of the implementation of FTP service and increased customer service requirements.

IGCAA would like further information regarding the cost of providing FTP service.

Request:

What is NGTL's 2004 revenue forecast for FTP service?

Response:

As per the February 2004 Update, the 2004 revenue forecast of FT-P service is $21.7 million.

IGCAA-NGTL-005(g)

Issue:

1.1 Existing Rate Design and Methodology

Reference:

Section 2, page 6 of 55, lines 15 – 19
Section 5, page 32 of 32, Table 5.1-2
NGTL Information Response in Phase 1 CAPP-NGTL 013

Preamble:

NGTL indicates that FTP reflects the cost required to provide the service. In the referenced IR response NGTL indicates that a higher allocation of costs to NGTL has occurred because of the implementation of FTP service and increased customer service requirements.

IGCAA would like further information regarding the cost of providing FTP service.

Request:

What is the average FTP rate for 2004, net of fuel.

Response:

As per the February 2004 Update, the average FT-P rate for 2004, net of fuel is $\$161.41/10^3m^3$/month.

IGCAA-NGTL-005(h)

Issue:

1.1 Existing Rate Design and Methodology

Reference:

Section 2, page 6 of 55, lines 15 – 19
Section 5, page 32 of 32, Table 5.1-2
NGTL Information Response in Phase 1 CAPP-NGTL 013

Preamble:

NGTL indicates that FTP reflects the cost required to provide the service. In the referenced IR response NGTL indicates that a higher allocation of costs to NGTL has occurred because of the implementation of FTP service and increased customer service requirements.

IGCAA would like further information regarding the cost of providing FTP service.

Request:

At an average gas price of $5 a GJ what is the FTP fuel charge?

Response:

At an average gas price of $5/GJ the FT-P annual fuel charge would be $2.7 million.

IGCAA-NGTL-005(i)

Issue:

1.1 Existing Rate Design and Methodology

Reference:

Section 2, page 6 of 55, lines 15 – 19
Section 5, page 32 of 32, Table 5.1-2
NGTL Information Response in Phase 1 CAPP-NGTL 013

Preamble:

NGTL indicates that FTP reflects the cost required to provide the service. In the referenced IR response NGTL indicates that a higher allocation of costs to NGTL has occurred because of the implementation of FTP service and increased customer service requirements.

IGCAA would like further information regarding the cost of providing FTP service.

Request:

Is there any incentive or advantage for contracting for FTP service from receipt points that have above average or the highest FTR tolls?

Response:

Yes. A shipper at a receipt point that is at the ceiling will pay the ceiling FT-R rate plus provide fuel in-kind at the system fuel rate. A shipper at an intra-Alberta delivery point will pay the FT-A rate. If FT-P service were utilized between these two points the rate would be between:

a) the sum of the FT-R floor rate and the FT-A rate and
b) the sum of the FT-R ceiling rate and the FT-A rate,

plus a fuel charge equivalent to one-half of the system fuel rate. If the receipt point is within 25 km of the delivery point the incentive would be 16 cents/Mcf plus one-half of the system fuel rate. If the receipt station is greater than 450 km from the delivery station the incentive would be one-half of the system fuel rate.

IGCAA-NGTL-006(a)

Issue:

1.1 Existing Rate Design and Methodology

Reference:

Section 1, page 2, question 5
Section 2, page 1, question 2

Preamble:

NGTL suggests that if customers do not desire any changes to the rate design "at this time" and that NGTL is not proposing any changes to the rate design "at this time".

Request:

Does NGTL's reference to "at this time" suggest that there are continuing concerns about the rate design that may have to be addressed in the future?

Response:

NGTL recognizes that the Alberta System rate design has evolved and that additional changes may be appropriate in the future, as evidenced by its agreement with Parties to the 2003 Tariff Settlement to undertake a review of its cost allocation, rate design and services by October 1, 2006. NGTL cannot currently determine what changes, if any, may be appropriate at that time.

IGCAA-NGTL-006(b)

Issue:

1.1 Existing Rate Design and Methodology

Reference:

Section 1, page 2, question 5
Section 2, page 1, question 2

Preamble:

NGTL suggests that if customers do not desire any changes to the rate design "at this time" and that NGTL is not proposing any changes to the rate design "at this time".

Request:

Please discuss what might lead to NGTL changing its rate design in the future and when those changes may occur.

Response:

Please refer to the response to IGCAA-NGTL-006(a).

IGCAA-NGTL-007(a)

Issue:

1.1 Existing Rate Design and Methodology

Reference:

Section 2, page 33, lines 19 - 26

Preamble:

NGTL quotes part of the Board's Decision 2000-6. IGCAA would like to understand NGTL's interpretation of part of the Board decision its quotes.

Request:

Does NGTL believe that the Board ruled out using IGCAA's proposed cost allocation methodology in the future?

Response:

No. NGTL believes that the Board's determination was made based on the circumstances that existed at that time.

IGCAA-NGTL-007(b)

Issue:

1.1 Existing Rate Design and Methodology

Reference:

Section 2, page 33, lines 19 - 26

Preamble:

NGTL quotes part of the Board's Decision 2000-6. IGCAA would like to understand NGTL's interpretation of part of the Board decision its quotes.

Request:

Please confirm that in Decision 2003-51 the Board directed NGTL to undertake an analysis of the use of IGCAA's proposed methodology in this application.

Response:

Not confirmed. The Board directed NGTL to undertake an analysis of the alternatives identified in the Cost of Service Study NGTL filed with the Board in 2001.

IGCAA-NGTL-008(a)

Issue:

1.1 Existing Rate Design and Methodology
1.2 Cost of Service Analysis

Reference:

Section 2.2, page 6 of 55, lines 9 to 14
Section 2.5, page 40 of 55, Table 2.5.3-1

Preamble:

IGCAA is looking to better understand the basis of NGTL's rate design.

Request:

Please confirm that the associated charges for Alberta Delivery Service (FT-A), Minimum Annual Volume (MAV) requirements and Extension Annual Volume (EAV) requirements are over and above the charges for FT-R which is set at a level to achieve an intra-Alberta rate which is one-half of the ex-Alberta rate.

Response:

Not confirmed. The transmission component of the total intra-Alberta rate is set to be one-half of the transmission component of the total ex-Alberta rate. Costs associated with intra-Alberta metering (FT-A and FCS charges related to MAV or EAV), as well as the metering costs implicit in the FT-R and FT-D services, are not included in this relationship.

IGCAA-NGTL-008(b)

Issue:

1.1 Existing Rate Design and Methodology
1.2 Cost of Service Analysis

Reference:

Section 2.2, page 6 of 55, lines 9 to 14
Section 2.5, page 40 of 55, Table 2.5.3-1

Preamble:

IGCAA is looking to better understand the basis of NGTL's rate design.

Request:

Please confirm that intra-Alberta rate (the average FT-R rate plus FT-A) of 19.7 cents/mcf is 55% of the average ex-Alberta rate (FT-R plus FT-D) of 35.8 cents/mcf.

Response:

Confirmed. However, the 55% will not be a static relationship because it will vary as the metering component of the services varies.

IGCAA-NGTL-008(c)

Issue:

1.1 Existing Rate Design and Methodology
1.2 Cost of Service Analysis

Reference:

Section 2.2, page 6 of 55, lines 9 to 14
Section 2.5, page 40 of 55, Table 2.5.3-1

Preamble:

IGCAA is looking to better understand the basis of NGTL's rate design.

Request:

Please confirm that fuel gas is recovered only at the receipt points on the NGTL system.

Response:

Not confirmed. FT-P, which includes both a receipt and delivery component, requires customers to make a financial payment for fuel.

IGCAA-NGTL-008(d)

Issue:

1.1 Existing Rate Design and Methodology
1.2 Cost of Service Analysis

Reference:

Section 2.2, page 6 of 55, lines 9 to 14
Section 2.5, page 40 of 55, Table 2.5.3-1

Preamble:

IGCAA is looking to better understand the basis of NGTL's rate design.

Request:

Please confirm that NGTL does not consider the cost of fuel gas in establishing an intra-Alberta rate which is one-half of the ex-Alberta rate.

Response:

Not confirmed. The cost of fuel is explicitly accounted for in FT-P service. Please refer to the response to AUMA/EDM/PICA-NGTL-011(a).

IGCAA-NGTL-008(e)

Issue:

1.1 Existing Rate Design and Methodology
1.2 Cost of Service Analysis

Reference:

Section 2.2, page 6 of 55, lines 9 to 14
Section 2.5, page 40 of 55, Table 2.5.3-1

Preamble:

IGCAA is looking to better understand the basis of NGTL's rate design.

Request:

Please confirm that the 1.8 cent/mcf FT-A toll is explicit and is in addition to the FT-R rate for intra-Alberta customers.

Response:

Confirmed.

IGCAA-NGTL-008(f)

Issue:

1.1 Existing Rate Design and Methodology
1.2 Cost of Service Analysis

Reference:

Section 2.2, page 6 of 55, lines 9 to 14
Section 2.5, page 40 of 55, Table 2.5.3-1

Preamble:

IGCAA is looking to better understand the basis of NGTL's rate design.

Request:

Please confirm that in the case of FT-R and FT-D the cost of metering is implicit and forms part of the pool of costs used to calculate the respective demand rates for these services.

Response:

Confirmed.

IGCAA-NGTL-009(a)

Issue:

1.2 Cost of Service Analysis

Reference:

Section 2.5, page 34 of 55, lines 8 to 13

Preamble:

IGCAA is looking to better understand the basis of NGTL's rate design.

Request:

NGTL states that "facility costs have been accounted for by applying a relative cost index against each pipe diameter." Please confirm if NGTL uses a single cost number for each pipe diameter.

Response:

NGTL confirms that it uses a single cost index for each pipe diameter. For more information on the calculation of this cost index, please refer to the response to BR-NGTL-019.

IGCAA-NGTL-009(b)

Issue:

1.2 Cost of Service Analysis

Reference:

Section 2.5, page 34 of 55, lines 8 to 13

Preamble:

IGCAA is looking to better understand the basis of NGTL's rate design.

Request:

In arriving at the relative cost index has NGTL used actual historical costs or current/replacement costs?

Response:

In arriving at the relative cost index, NGTL used actual historical cost. For more information on the calculation of the cost index, please refer to the response to BR-NTGL-019.

IGCAA-NGTL-009(c)

Issue:

1.2 Cost of Service Analysis

Reference:

Section 2.5, page 34 of 55, lines 8 to 13

Preamble:

IGCAA is looking to better understand the basis of NGTL's rate design.

Request:

If the answer in b) above is historical, does NGTL use the current net book value? If not, what is used?

Response:

NGTL used the historical book value for pipe built between 1992 and 2002. For more information on the calculation of the cost index, please refer to the response to BR-NTGL-019.

IGCAA-NGTL-009(d)

Issue:

1.2 Cost of Service Analysis

Reference:

Section 2.5, page 34 of 55, lines 8 to 13

Preamble:

IGCAA is looking to better understand the basis of NGTL's rate design.

Request:

Does NGTL differentiate between various vintages when assessing the cost index for a particular pipe diameter?

Response:

No. The Unit Cost Index calculation uses Historical Capital Cost for pipe. The Historical Capital Cost is the average cost per metre for each diameter of pipe based on actual construction costs.

To see the complete calculation please refer to BR-NGTL-019.

IGCAA-NGTL-009(e)

Issue:

1.2 Cost of Service Analysis

Reference:

Section 2.5, page 34 of 55, lines 8 to 13

Preamble:

IGCAA is looking to better understand the basis of NGTL's rate design.

Request:

If a particular customer classification of laterals was older and more depreciated than the average cost index applied to a particular pipe diameter, wouldn't a single cost number overstate the cost of haul?

Response:

Not necessarily. The use of a single cost number may result in an over or under-statement of the cost of haul, because it is more dependent on the original cost of facilities. This cost is influenced by factors such as river crossings, soil composition, terrain, winter or summer construction, labour costs and pipe costs etc.

IGCAA-NGTL-010(a)

Issue:

1.2 Cost of Service Analysis

Reference:

Section 2.72, page 51 of 55, Tables 2.7-1, 2.7-2
Cost of Service Study filed in Phase 1 Application, Table 1, page 18

Preamble:

IGCAA is looking to better understand the basis for NGTL's rate design.

Request:

In the Total Cost column of Table 2.7-1 please confirm that the numbers shown for Storage ($0.9 million) and Extraction ($3.4 million) have been reversed and should be the opposite as shown.

Response:

Confirmed. As per the February 2004 Update, Table 2.7-1 has been updated and the Storage and Extraction numbers are now correct.

IGCAA-NGTL-010(b)

Issue:

1.2 Cost of Service Analysis

Reference:

Section 2.72, page 51 of 55, Tables 2.7-1, 2.7-2
Cost of Service Study filed in Phase 1 Application, Table 1, page 18

Preamble:

IGCAA is looking to better understand the basis for NGTL's rate design.

Request:

In Table 2.7-2 the total direct costs for metering services is shown as $93.3 million. Table 1 in the Cost of Service Study shows the total direct costs of metering as $84.9 million. Please explain the difference between these two numbers and advise which one is the correct number.

Response:

Table 1 of the Cost of Service Study contained a number of errors, including the one mentioned above. Please see the February 2004 Update for the corrected Table 1 of the Cost of Service Study.

It is important to note that the errors in Table 1 had no impact on the results of the study because that table was a summary of the results of the detailed tables. The latter contain the numbers that were used in the COS Study and in NGTL's Phase 2 evidence.

IGCAA-NGTL-010(c)

Issue:

1.2 Cost of Service Analysis

Reference:

Section 2.72, page 51 of 55, Tables 2.7-1, 2.7-2
Cost of Service Study filed in Phase 1 Application, Table 1, page 18

Preamble:

IGCAA is looking to better understand the basis for NGTL's rate design.

Request:

For the 937 meter stations identified in Table 2.7-1 as receipt stations please provide the following information:

(i) The number of stations constructed prior to 1983 and the total cost of the stations built in this period.

(ii) The number of stations built in each year since 1983 and the total cost of the stations built in each year since 1983 (i.e. The number and cost of stations built in 1983, in 1984, etc.).

(iii) The total capital contributions made towards receipt meter station costs by year from 1983 through 2003.

Response:

IGCAA-NGTL-010(c)

(i) and (ii)

Year	# of Receipt Stations	Estimated Book Costs as of December 31, 2002 ($Millions)
Prior to 1983	489	146.3
1983	32	10.2
1984	22	6.6
1985	16	6.6
1986	15	5.4
1987	22	5.8
1988	29	10.1
1989	21	6.2
1990	20	17.7
1991	25	11.1
1992	10	4.3
1993	15	6.5
1994	58	19.1
1995	43	16.2
1996	24	11.1
1997	27	11.0
1998	11	13.7
1999	15	7.2
2000	18	8.7
2001	12	5.1
2002	13	8.0

(iii) **Capital Contributions by Station Type ($ Millions)**

	Receipt	Intra-Utility	Intra-Producer	Intra-Industrial	Border	Extraction	Storage
1996	0.1						
1997	0.3						
1998	0.6						
1999	0.8	0.2				1.2	
2000	0.2			0.7			
2001	5.2		0.0		0.1	0.5	
2002	2.1	0.0	0.4	0.0			
2003	1.7	0.1	0.0				7.7

- Capital Contribution amounts include costs for both metering and pipe.
- NGTL is providing requested data from 1996 – forward as data for years prior to 1996 is not readily available.
- Amounts less than $100,000 appear as 0.0 due to rounding.

IGCAA-NGTL-010(d)

Issue:

1.2 Cost of Service Analysis

Reference:

Section 2.72, page 51 of 55, Tables 2.7-1, 2.7-2
Cost of Service Study filed in Phase 1 Application, Table 1, page 18

Preamble:

IGCAA is looking to better understand the basis for NGTL's rate design.

Request:

For the 10 meter stations identified in Table 2.7-1 as border delivery stations please provide the following information:

(i) The number of stations constructed prior to 1983 and the total cost of the stations built in this period.

(ii) The number of stations built in each year since 1983 and the total cost of the stations built in each year since 1983 (i.e. The number and cost of stations built in 1983, in 1984, etc.).

(iii) The total capital contributions made towards export meter station costs by year from 1983 through 2003.

Response:

IGCAA-NGTL-010(d)

(i) and (ii)

Year	# of Border Stations	Estimated Book Costs as of December 31, 2002 ($Millions)
Prior to 1983	9	42.1
1983	0	0.0
1984	0	0.0
1985	0	0.0
1986	0	0.0
1987	1	0.3
1988	0	0.0
1989	0	0.0
1990	0	0.0
1991	0	0.0
1992	0	0.0
1993	0	0.0
1994	0	0.0
1995	0	0.0
1996	0	0.0
1997	0	0.0
1998	0	0.0
1999	0	0.0
2000	0	0.0
2001	0	0.0
2002	0	0.0

(iii) Please refer to the response to IGCAA-NGTL-010(c).

IGCAA-NGTL-010(e)

Issue:

1.2 Cost of Service Analysis

Reference:

Section 2.72, page 51 of 55, Tables 2.7-1, 2.7-2
Cost of Service Study filed in Phase 1 Application, Table 1, page 18

Preamble:

IGCAA is looking to better understand the basis for NGTL's rate design.

Request:

For the 20 stations identified as industrial in Table 2.7-1 please provide the following information:

(i) The number of stations constructed prior to 1983 and the total cost of the stations built in this period.

(ii) The number of stations built in each year since 1983 and the total cost of the stations built in each year since 1983 (i.e. The number and cost of stations built in 1983, in 1984, etc.).

(iii) The total capital contributions made towards industrial meter station costs by year from 1983 through 2003.

Response:

(i) and (ii)

As per the February 2004 Update, the number of stations identified as industrial is 19 not 20.

IGCAA-NGTL-010(e)

Year	# of Industrial Delivery Stations	Estimated Book Costs as of December 31, 2002 ($Millions)
Prior to 1983	4	1.6
1983	0	0.0
1984	0	0.0
1985	1	0.3
1986	1	0.3
1987	0	0.0
1988	0	0.0
1989	0	0.0
1990	2	0.6
1991	0	0.0
1992	3	1.9
1993	1	0.5
1994	1	0.5
1995	0	0.0
1996	0	0.0
1997	0	0.0
1998	1	0.2
1999	4	4.5
2000	0	0.0
2001	1	0.6
2002	0	0.0

(iii) Please refer to the response to IGCAA-NGTL-010(c).

IGCAA-NGTL-010(f)

Issue:

1.2 Cost of Service Analysis

Reference:

Section 2.72, page 51 of 55, Tables 2.7-1, 2.7-2
Cost of Service Study filed in Phase 1 Application, Table 1, page 18

Preamble:

IGCAA is looking to better understand the basis for NGTL's rate design.

Request:

For the 88 stations identified as producer in Table 2.7-1 please provide the following information:

(i) The number of stations constructed prior to 1983 and the total cost of the stations built in this period.

(ii) The number of stations built in each year since 1983 and the total cost of the stations built in each year since 1983 (i.e. The number and cost of stations built in 1983, in 1984, etc.).

(iii) The total capital contributions made towards producer intra-Alberta meter station costs by year from 1983 through 2003.

Response:

IGCAA-NGTL-010(f)

(i) and (ii)

Year	# of Producer Delivery Stations	Estimated Book Costs as of December 31, 2002 ($Millions)
Prior to 1983	16	2.5
1983	7	1.9
1984	3	0.7
1985	5	2.3
1986	6	2.1
1987	2	0.2
1988	8	2.4
1989	2	0.6
1990	4	1.2
1991	3	0.7
1992	6	4.1
1993	4	2.1
1994	4	1.6
1995	2	0.4
1996	2	0.5
1997	3	0.9
1998	3	0.6
1999	1	0.2
2000	3	0.7
2001	3	0.7
2002	1	0.5

(iii) Please refer to the response to IGCAA-NGTL-010(c).

IGCAA-NGTL-010(g)

Issue:

1.2 Cost of Service Analysis

Reference:

Section 2.72, page 51 of 55, Tables 2.7-1, 2.7-2
Cost of Service Study filed in Phase 1 Application, Table 1, page 18

Preamble:

IGCAA is looking to better understand the basis for NGTL's rate design.

Request:

For the 36 stations identified as utility in Table 2.7-1 please provide the following information:

(i) The number of stations constructed prior to 1983 and the total cost of the stations built in this period.

(ii) The number of stations built in each year since 1983 and the total cost of the stations built in each year since 1983 (i.e. The number and cost of stations built in 1983, in 1984, etc.).

(iii) The total capital contributions made towards utility meter station costs by year from 1983 through 2003.

Response:

As per the February 2004 Update, the number of stations identified as utility is 37 not 36.

IGCAA-NGTL-010(g)

(i) and (ii)

Year	# of Utility Delivery Stations	Estimated Book Costs as of December 31, 2002 ($Millions)
Prior to 1983	20	8.3
1983	2	0.5
1984	0	0.0
1985	1	0.2
1986	1	0.2
1987	1	0.2
1988	1	0.3
1989	0	0.0
1990	1	0.4
1991	0	0.0
1992	3	3.5
1993	2	0.6
1994	1	0.6
1995	0	0.0
1996	1	0.6
1997	0	0.0
1998	1	0.7
1999	0	0.0
2000	0	0.0
2001	1	0.8
2002	1	0.3

(iii) Please refer to the response to IGCAA-NGTL-010(c).

IGCAA-NGTL-010(h)

Issue:

1.2 Cost of Service Analysis

Reference:

Section 2.72, page 51 of 55, Tables 2.7-1, 2.7-2
Cost of Service Study filed in Phase 1 Application, Table 1, page 18

Preamble:

IGCAA is looking to better understand the basis for NGTL's rate design.

Request:

Please provide the total volume of intra-Alberta delivery off the Alberta system by year from 1993-2003.

Response:

Please refer to the response to BR-NGTL-004(a).

IGCAA-NGTL-010(i)

Issue:

1.2 Cost of Service Analysis

Reference:

Section 2.72, page 51 of 55, Tables 2.7-1, 2.7-2
Cost of Service Study filed in Phase 1 Application, Table 1, page 18

Preamble:

IGCAA is looking to better understand the basis for NGTL's rate design.

Request:

Please provide the total revenue NGTL received or can be attributed as having received as a result of intra-Alberta deliveries by year for the years 1993-2003.

Response:

Total Revenue Attributable to Intra and Ex-Alberta Deliveries by Year

Year	Intra-Alberta Revenue[1] ($'s Million)	Intra-Alberta Volume (Bcf)	Ex-Alberta Revenue[2] ($'s Million)	Ex-Alberta Volume (Bcf)	Intra-Alberta Revenue ($/mcf/d)	Ex-Alberta Revenue ($/mcf/d)
1993	93.7	605	807.3	3135	0.155	0.258
1994	93.2	600	924.4	3387	0.155	0.273
1995	91.4	601	973.4	3598	0.152	0.271
1996	94.8	634	1055.2	3735	0.150	0.283
1997	96.0	595	1139.4	3822	0.161	0.298
1998	87.0	529	1175.0	3961	0.165	0.297
1999	79.0	481	1237.0	4054	0.164	0.305
2000	88.8	514	1331.2	3976	0.173	0.335
2001	78.7	423	1314.4	3636	0.186	0.361
2002	80.1	475	1210.2	3672	0.169	0.330
2003	95.8	539	1189.9	3344	0.178	0.356
2004[3]	135.2	655	1220.6	3199	0.206	0.382

1. Intra-Alberta revenue is comprised of direct revenue from FT-A, FT-P and FCS. Indirect Intra-Alberta revenue has been calculated using a receipt unit cost multiplied by intra-Alberta volumes (less FT-P volumes).
2. Ex-Alberta revenue has been calculated as the difference between the revenue requirement and intra-Alberta revenue.
3. 2004 numbers are forecasted.

IGCAA-NGTL-010(j)

Issue:

1.2 Cost of Service Analysis

Reference:

Section 2.72, page 51 of 55, Tables 2.7-1, 2.7-2
Cost of Service Study filed in Phase 1 Application, Table 1, page 18

Preamble:

IGCAA is looking to better understand the basis for NGTL's rate design.

Request:

Please provide the total volumes transported on the Alberta system and the total volume of export deliveries by year for the years 1993-2003.

Response:

Please refer to the response to BR-NGTL-004(a).

IGCAA-NGTL-010(k)

Issue:

1.2 Cost of Service Analysis

Reference:

Section 2.72, page 51 of 55, Tables 2.7-1, 2.7-2
Cost of Service Study filed in Phase 1 Application, Table 1, page 18

Preamble:

IGCAA is looking to better understand the basis for NGTL's rate design.

Request:

Please provide all revenue collected by NGTL for all services provided by year for 1993-2003 and separately state revenue associated with export of gas from Alberta.

Response:

Please refer to the response to IGCAA-NGTL-010(i).

IGCAA-NGTL-011(a)

Issue:

1.2 Cost of Service Analysis

Reference:

Section 5, page 4 of 32, Table 5.1-1

Preamble:

IGCAA wants to know the volume of gas and the total revenues received by NGTL both by service type for the provision of intra-Alberta service.

Request:

Please provide a table setting out the volume of intra-Alberta deliveries receiving FTR, FTA, FTRN and FTP service. In the table also set out NGTL's rates in both dollars/10^3m^3 and dollars/mcf basis. Also set out the total revenues forecast and received for the provision of each type of service and total intra-Alberta service, all for 2004.

Response:

As per the February 2004 Update, the Attachment IGCAA-NGTL-011(a) sets out the intra-Alberta deliveries, rates and revenues in total and from each service type. Please note that for 2004 only forecast revenues are available.

Table 1 - Intra-Alberta Volumes & Revenues (Rates in Metric)

A (Col. C + F)	B (Col. E + H + J)	C	D	E (Col. C x D x 365)	F	G	H (Col. F x G x 365)	I	J Col. A - Col F x I x 365)
Intra-Alberta Deliveries ($10^3m^3/d$)	Intra-Alberta Revenue ($Million)	FT-A Deliveries ($10^3m^3/d$)	FT-A Rate ($/$10^3m^3/d$)	FT-A Revenue ($Million)	FT-P Deliveries ($10^3m^3/d$)	FT-P Rate ($/$e^3m^3/d$)	FT-P Revenue ($'s Million)	Average FT-R Rate ($/$10^3m^3/d$) Based on a 3 year Term	Indirect FT-R Revenue ($Million)
36,209	92.7	26,969	0.65	6.4	9,241	6.43	21.7	6.56	64.6

Table 2 - Intra-Alberta Volumes & Revenues (Rates in Imperial)

A (Col. C + F)	B (Col. E + H + J)	C	D	E (Col. C x1000 D x 365)	F	G	H (Col. F x G x 365)	I	J Col. A - Col F x I x1000 x 365)
Intra-Alberta Deliveries (MMcf/d)	Intra-Alberta Revenue ($Million)	FT-A Deliveries (MMcf/d)	FT-A Rate ($/Mcf/d)	FT-A Revenue ($Million)	FT-P Deliveries (MMcf/d)	FT-P Rate ($/Mcf/d)	FT-P Revenue ($Million)	Average FT-R Rate ($/Mcf/d) Based on a 3 year Term	Indirect FT-R Revenue ($Million)
1,285	92.7	957	0.0184	6.4	328	0.181	21.7	0.185	64.6

Assumptions:

1 All Intra-Alberta deliveries were satisfied with FT-R service
2 The Average FT-R rate for a 3 year term was used in the calculation of indirect FT-R revenue
3 100% load factor was assumed
4 Intra-Alberta Deliveries are net of tap and extraction volumes

IGCAA-NGTL-011(b)

Issue:

1.2 Cost of Service Analysis

Reference:

Section 5, page 4 of 32, Table 5.1-1

Preamble:

IGCAA wants to know the volume of gas and the total revenues received by NGTL both by service type for the provision of intra-Alberta service.

Request:

Annotate the table disclosing all assumptions used in generating the table. For example, intra-Alberta service delivered by way of FTR and the assumption of the rate including the load factor for the service and how total revenues for FTR service were allocated to the provision of intra-Alberta service.

Response:

Please refer to the response to IGCAA-NGTL-011(a).

IGCAA-NGTL-011(c)

Issue:

1.2 Cost of Service Analysis

Reference:

Section 5, page 4 of 32, Table 5.1-1

Preamble:

IGCAA wants to know the volume of gas and the total revenues received by NGTL both by service type for the provision of intra-Alberta service.

Request:

On the basis of volumes forecast and revenue forecast to be received, calculate the average toll for intra-Alberta service and compare that toll to the average receipt and delivery toll associated with export service.

Response:

Based on the February 2004 Update, the requested information for 2004 is set out below.

	$/Mcf/d
Average rate for intra-Alberta service[1]	0.209
Average rate for ex-Alberta service[2]	0.370

1. Calculation includes direct and indirect intra-Alberta revenue and intra-Alberta volumes net of extraction and taps.
2. Includes average FT-R rate for a three year term plus the FT-D rate.

IGCAA-NGTL-012(a)

Issue:

1.6 Distance of Haul (DOH) Study: Revised and Existing 2002 Methodologies

Reference:

December 2002 Annual Plan, page 2-14, paragraph 2.6.1

Preamble:

In NGTL's annual plan its discusses an equal prorated assumption and the fact that its pipeline system is designed to meet deliveries based on the general assumption that gas will be drawn on an equally prorated basis from each receipt point on the pipeline system.

Request:

Please explain how this general assumption actually affects NGTL's pipeline design. As an example indicate how NGTL will design its system for the receipt of northern gas and how this assumption affects that design.

Response:

Section 2.6.1, of the December 2002 Annual Plan, explains the Equal Pro-ration Assumption. This design assumption is one of the assumptions used to generate the design flow that is used to determine mainline facilities. The Alberta System transports gas from many receipt points to a smaller number of delivery points. The system design flow generated for mainline facility design will meet the total peak day delivery requirements by drawing on firm service productive capability from all receipt points on the system equally.

NGTL expects to continue using the existing design assumptions to design the Alberta System to meet firm service requirements including those associated with northern gas. NGTL will continue to evaluate its design practices to ensure that the most appropriate design criteria are used.

IGCAA-NGTL-012(b)

Issue:

1.6 Distance of Haul (DOH) Study: Revised and Existing 2002 Methodologies

Reference:

December 2002 Annual Plan, page 2-14, paragraph 2.6.1

Preamble:

In NGTL's annual plan its discusses an equal prorated assumption and the fact that its pipeline system is designed to meet deliveries based on the general assumption that gas will be drawn on an equally prorated basis from each receipt point on the pipeline system.

Request:

How does this assumption relate, if at all, to NGTL's original and revised distance of haul methodologies.

Response:

The original DOH methodology attempts to replicate this assumption, in that all upstream receipt volumes are prorated to meet a downstream delivery station. The revised DOH methodology uses a hydraulic simulation of the actual system flows during a month. To the extent that the system flows in the manner it has been designed to, the revised DOH will replicate this assumption.

IGCAA-NGTL-013(a)

Issue:

1.6 Distance of Haul (DOH) Study: Revised and Existing 2002 Methodologies

Reference:

Section 2, page 31 of 55, lines 10 - 14

Preamble:

NGTL suggests that the use of the nearest receipt point methodology does not reflect the efficiencies and economies of scale that occur because the Alberta system is designed and operated as an integrated network.

Request:

Please explain the efficiencies and economies of scale that NGTL's is referring to.

Response:

Please refer to the response to BR-NGTL-008.

IGCAA-NGTL-013(b)

Issue:

1.6 Distance of Haul (DOH) Study: Revised and Existing 2002 Methodologies

Reference:

Section 2, page 31 of 55, lines 10 - 14

Preamble:

NGTL suggests that the use of the nearest receipt point methodology does not reflect the efficiencies and economies of scale that occur because the Alberta system is designed and operated as an integrated network.

Request:

Please calculate or at least provide directional guidance as to the impact that the shut-in and gas resulting from EUB General Bulletin 2003-16 will have on the Alberta distance of haul. Specifically address whether this loss of gas supply to the Alberta system will increase or decrease the average intra-Alberta distance of haul.

Response:

NGTL does not have the ability to perform this analysis as the distance of haul methodology utilizes historical data, and the intra-Alberta distance of haul for 2004 will be affected by multiple interrelated events.

NGTL cannot meaningfully calculate the impact that shut-in gas will have on the Alberta distance of haul nor can NGTL provide directional guidance, because it would require too many simplifying assumptions to complete the forecast in a reasonable period of time.

IGCAA-NGTL-013(c)

Issue:

1.6 Distance of Haul (DOH) Study: Revised and Existing 2002 Methodologies

Reference:

Section 2, page 31 of 55, lines 10 - 14

Preamble:

NGTL suggests that the use of the nearest receipt point methodology does not reflect the efficiencies and economies of scale that occur because the Alberta system is designed and operated as an integrated network.

Request:

As far as the shut-in of gas in the oilsands region is concerned, please discuss the actual impacts that this decision will have on the cost of providing intra-Alberta service.

Response:

This shut-in of gas reduces the volume of gas that would have been transported on the Alberta System and will require NGTL to construct additional facilities to meet regional demand. All else being equal, both this reduction in volumes and increased capital expenditures and operating costs will increase transportation rates.

IGCAA-NGTL-013(d)

Issue:

1.6 Distance of Haul (DOH) Study: Revised and Existing 2002 Methodologies

Reference:

Section 2, page 31 of 55, lines 10 - 14

Preamble:

NGTL suggests that the use of the nearest receipt point methodology does not reflect the efficiencies and economies of scale that occur because the Alberta system is designed and operated as an integrated network.

Request:

Please describe and discuss the impact that the addition of 1.3 bcf/d of supply of northern gas onto the Alberta system will have on the average Alberta distance of haul in both cases where this is incremental to existing supply and the case where this supply replaces declining Alberta system production.

Response:

Please refer to the response to IGCAA-NGTL-013(b).

IGCAA-NGTL-013(e)

Issue:

1.6 Distance of Haul (DOH) Study: Revised and Existing 2002 Methodologies

Reference:

Section 2, page 31 of 55, lines 10 - 14

Preamble:

NGTL suggests that the use of the nearest receipt point methodology does not reflect the efficiencies and economies of scale that occur because the Alberta system is designed and operated as an integrated network.

Request:

Please describe the impact of increasing oilsands demand on the average distance of haul in terms of distance of haul.

Response:

Please refer to the response to IGCAA-NGTL-013(b).

IGCAA-NGTL-013(f)

Issue:

1.6 Distance of Haul (DOH) Study: Revised and Existing 2002 Methodologies

Reference:

Section 2, page 31 of 55, lines 10 - 14

Preamble:

NGTL suggests that the use of the nearest receipt point methodology does not reflect the efficiencies and economies of scale that occur because the Alberta system is designed and operated as an integrated network.

Request:

Please describe and discuss the impact of declining export deliveries on the average intra-Alberta distance of haul in a case where intra-Alberta deliveries remain constant or rise.

Response:

Please refer to the response to IGCAA-NGTL-013(b).

IGCAA-NGTL-014(a)

Issue:

1.8 Cost of Service Results Utilizing DOH and COH

Reference:

Section 2, Appendix D, Cost of Haul Study, page 9 of 13, paragraph 6.

Preamble:

NGTL explains that the difference between the DOH and COH is that intra-Alberta deliveries utilize a higher percentage of smaller diameter, less cost efficient, pipe than ex-Alberta deliveries.

Request:

NGTL indicated under its DOH that intra-Alberta service benefited from economies of scale, does moving to a COH methodology affect the benefits of these economies of scale to intra-Alberta shippers?

Response:

Yes. Intra-Alberta shippers would still benefit but to a lesser degree.

IGCAA-NGTL-014(b)

Issue:

1.8 Cost of Service Results Utilizing DOH and COH

Reference:

Section 2, Appendix D, Cost of Haul Study, page 9 of 13, paragraph 6.

Preamble:

NGTL explains that the difference between the DOH and COH is that intra-Alberta deliveries utilize a higher percentage of smaller diameter, less cost efficient, pipe than ex-Alberta deliveries.

Request:

If NGTL used a COH methodology but applied the nearest receipt point assumption for meeting intra-Alberta demand, would the intra-Alberta average distance of haul under this COH Study be higher or lower than NGTL's revised DOH methodology?

Response:

NGTL cannot provide a meaningful answer to this question as it cannot perform the analysis. The COH and revised DOH studies are based on a hydraulic simulation of the system flows during a given month. As the system does not flow in the proposed fashion, this alternative cannot be analyzed.