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**R13-NGTL-001(a)**

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**Reference:**

Section 2.3, p. 11; p. 20, l. 4-11

**Preamble:**

The Rate 13 Group would like to understand the history that has led to the decision that extraction plants taking service under Rate FT-X should pay no transmission tolls.

**Request:**

Please provide the past Board decisions that have approved a rate of zero for extraction plants.

**Response:**

The rates for extraction and storage services have always been zero. In Decision 2000-6 the Board approved the institution of unique rate schedules for extraction and storage. Since that time, the Board has approved annual final rates, tolls and charges for services, including the zero rate for FT-X service, under Decisions 2001-44 and 2003-051.

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**R13-NGTL-001(b)**

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**Reference:**

Section 2.3, p. 11; p. 20, l. 4-11

**Preamble:**

The Rate 13 Group would like to understand the history that has led to the decision that extraction plants taking service under Rate FT-X should pay no transmission tolls.

**Request:**

Please provide a discussion of the rationale as to why customers who use such services should make no contribution to the costs of the system?

**Response:**

Customers who utilize FT-X service do make a contribution to the costs of the system. FT-X is used to move gas to and from the extraction facilities. As a result gas must have been brought on to the system using a receipt service before it is delivered via FT-X to the extraction facilities and must be delivered from the system using a delivery service after it has been returned from the extraction facilities via FT-X. Therefore, the contribution to the costs of the system is made indirectly through the receipt and delivery services. In addition make-up gas equivalent to the energy value of the natural gas liquids that were extracted at the extraction facilities is returned to the system using receipt services.

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**R13-NGTL-001(c)**

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**Reference:**

Section 2.3, p. 11; p. 20, l. 4-11

**Preamble:**

The Rate 13 Group would like to understand the history that has led to the decision that extraction plants taking service under Rate FT-X should pay no transmission tolls.

**Request:**

What “broad industry benefits” do these customers provide?

**Response:**

Please refer to the response to AUMA/EDM/PICA-NGTL-007(b).

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**R13-NGTL-001(d)**

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**Reference:**

Section 2.3, p. 11; p. 20, l. 4-11

**Preamble:**

The Rate 13 Group would like to understand the history that has led to the decision that extraction plants taking service under Rate FT-X should pay no transmission tolls.

**Request:**

Please elaborate on the administrative complexity that NGTL would face by billing these customers for service?

**Response:**

Please refer to the response to AUMA/EDM/PICA-NGTL-007(d).

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**R13-NGTL-001(e)**

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**Reference:**

Section 2.3, p. 11; p. 20, l. 4-11

**Preamble:**

The Rate 13 Group would like to understand the history that has led to the decision that extraction plants taking service under Rate FT-X should pay no transmission tolls.

**Request:**

Please provide the forecast volumes for this service.

**Response:**

Please refer to the response to ATCO-NGTL-035(a).

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**R13-NGTL-001(f)**

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**Reference:**

Section 2.3, p. 11; p. 20, l. 4-11

**Preamble:**

The Rate 13 Group would like to understand the history that has led to the decision that extraction plants taking service under Rate FT-X should pay no transmission tolls.

**Request:**

What facilities or facility modifications are typically necessary to serve an extraction plant?

**Response:**

Yard connection pipe and control valves are typically necessary for NGTL to provide FT-X service. Regardless of the facilities required, NGTL's current extraction facility accountability policy requires the customer to provide a full contribution in aid of construction for all capital expenditures associated with such facilities.

Additionally, comparing the results of Table 2.6-1 to the total transmission results shown in Table 1 of Appendices E to N in Section 2.0 demonstrates that the delivery pipes associated with extraction service represent a very small percentage of the total transmission costs (i.e., \$2.1 million for extraction compared to \$1,185 million of total pipe). Based on life-to-date transmission costs, e.g., historical data, extraction has resulted in less than 0.2% of the total pipe costs. At this time, the cost of these delivery pipes is not significant enough to be included as a separate component in the rates for transportation service.

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**R13-NGTL-002(a)**

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**Reference:**

Section 2.3, p. 11; p. 20, l. 4-11

**Preamble:**

The Rate 13 Group would like to understand the history that has led to the decision that Rate IT-S should pay no transmission tolls.

**Request:**

Please provide the past Board decisions that have approved a rate of zero for extraction plants.

**Response:**

Please refer to the response to R13-NGTL-001(a).

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**R13-NGTL-002(b)**

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**Reference:**

Section 2.3, p. 11; p. 20, l. 4-11

**Preamble:**

The Rate 13 Group would like to understand the history that has led to the decision that Rate IT-S should pay no transmission tolls.

**Request:**

Please provide a discussion of the rationale as to why customers who use such services should make no contribution to the costs of the system?

**Response:**

Please refer to the response to R13-NGTL-001(b).



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**R13-NGTL-002(c)**

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**Reference:**

Section 2.3, p. 11; p. 20, l. 4-11

**Preamble:**

The Rate 13 Group would like to understand the history that has led to the decision that Rate IT-S should pay no transmission tolls.

**Request:**

What “broad industry benefits” do these customers provide?

**Response:**

Please refer to the response to AUMA/EDM/PICA-NGTL-007(b).

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**R13-NGTL-002(d)**

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**Reference:**

Section 2.3, p. 11; p. 20, l. 4-11

**Preamble:**

The Rate 13 Group would like to understand the history that has led to the decision that Rate IT-S should pay no transmission tolls.

**Request:**

Please elaborate on the administrative complexity that NGTL would face by billing these customers for service?

**Response:**

Please refer to the response to AUMA/EDM/PICA-NGTL-007(d).

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**R13-NGTL-002(e)**

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**Reference:**

Section 2.3, p. 11; p. 20, l. 4-11

**Preamble:**

The Rate 13 Group would like to understand the history that has led to the decision that Rate IT-S should pay no transmission tolls.

**Request:**

Please provide the forecast volumes for this service.

**Response:**

NGTL does not forecast IT-S service volumes.

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**R13-NGTL-002(f)**

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**Reference:**

Section 2.3, p. 11; p. 20, l. 4-11

**Preamble:**

The Rate 13 Group would like to understand the history that has led to the decision that Rate IT-S should pay no transmission tolls.

**Request:**

What facilities or facility modifications are typically necessary to serve a storage facility?

**Response:**

NGTL metering facilities are typically necessary to provide storage service. A mainline extension facility, if it satisfies the Connection of Storage Facilities Procedure, may also be considered. NGTL's current storage facility accountability policy limits the amount of capital costs associated with storage projects and sets out the amounts of capital contributions in aid of construction that the storage operator is required to provide.

Additionally, comparing the results of Table 2.6-1 to the total transmission results shown in Table 1 of Appendices E to N in Section 2.0 demonstrates that the delivery pipes associated with storage service represent a very small percentage of the total transmission costs (i.e., \$9.6 million for storage compared to \$1,185 million of total pipe). Based on life-to-date transmission costs, e.g. historical data, storage has resulted in only 0.8% of the total pipe costs. At this time, the cost of these delivery pipes is not significant enough to be included as a separate component in the IT-S rates for the transportation service.

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**R13-NGTL-003**

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**Reference:**

Section 2.3, Page 16, l. 3-5

**Preamble:**

NGTL states: “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.”

**Request:**

Please explain how a DOH of over 2:1 between export and intra-Alberta supports a 50/50 split of costs between receipt and export. Please explain why the split should not be 66/33.

**Response:**

The Alberta System is integrated on physical, commercial and operational levels. This degree of integration gives rise to the rolled-in treatment of the Alberta System’s owning and operating costs for the purpose of determining the total revenue requirement. Rates for the various transportation services are calculated by applying various cost allocation methodologies to the total revenue requirement. The primary allocation sets the transmission component of the average FT-R rate equal to the transmission component of the FT-D rate. Another methodology determines the cost to meter gas on and off the system. This rate is included in all service rates and for the FT-A rate this is the only cost component included.

In order to transport gas to export markets both FT-R and FT-D are required. In order to transport gas to intra markets both FT-R and FT-A are required. Therefore by design both combinations account for metering onto and from the system. Again by design the transportation component of the combined FT-R and FT-D is approximately twice the transportation component of the combined FT-R and FT-A.

The DOH Ex-Alberta to Intra-Alberta ratio of approximately 2:1 demonstrates that on average, gas transported Ex-Alberta travels approximately twice as far as gas transported Intra-Alberta. Thus the DOH study supports the allocation of transportation costs

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**R13-NGTL-003**

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between the combination of FT-R and FT-D required for export markets and the combination of FT-R and FT-A required for intra-Alberta markets.

Neither NGTL's allocation of costs between FT-R and FT-D nor the actual distance of haul between intra-Alberta and export markets is consistent with a 66/33 split.

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**R13-NGTL-004(a)**

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**Reference:**

Section 2.3, Page 16, l. 13-21

**Preamble:**

The Rate 13 Group would like to understand the impact of the removal of the simplifying assumptions in the DOH study.

**Request:**

What are the major differences that NGTL has found in the usage of a representative day each month as compared to an average day of the year?

**Response:**

Table 2.3-2 on page 17 of Section 2.3 sets out the major differences in the study results of removing three simplifying assumptions in the DOH study. The major differences in the usage of a representative day each month as compared to an average day of the year are included in these results.

Overall, the removal of these simplifying assumptions results in a negligible impact to the study results; a reduction in the average intra-Alberta to ex-Alberta ratio of 1.4% from 46.3% to 44.9%.

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**R13-NGTL-004(b)**

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**Reference:**

Section 2.3, Page 16, l. 13-21

**Preamble:**

The Rate 13 Group would like to understand the impact of the removal of the simplifying assumptions in the DOH study.

**Request:**

Please provide a comparison of the impact on the DOH study with the average day of the year when compared to the DOH study using monthly data holding all else equal.

**Response:**

Performing this analysis would take significant time and resources. Given that the impact to the DOH study results of removing the three simplifying assumptions is negligible, NGTL believes that the impact of removing only one of the simplifying assumptions would be negligible.



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**R13-NGTL-005(a)**

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**Reference:**

Section 2.4, p. 28, l.3

**Request:**

Please explain qualitatively why the exclusion of extraction plants impacts the DOH results for intra-Alberta delivery. Why does the removal of the extraction plants more than halve the resulting intra-Alberta DOH?

**Response:**

For the most part, extraction plants are located close to border delivery points and have large volumes, therefore the associated DOH for extraction plants is relatively high as shown in Appendix A of Section 2, pages 10 to 13.

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**R13-NGTL-005(b)**

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**Reference:**

Section 2.4, p. 28, 1.3

**Request:**

Does the result imply that extraction plants have exceptionally high DOH relative to other intra-Alberta customers?

**Response:**

Yes, as evidenced in Appendix A of Section 2, pages 10 – 13, the DOH associated with extraction plants is high relative to most other intra-Alberta stations.

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**R13-NGTL-006(a)**

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**Reference:**

Table 5.1-1

**Request:**

Is any change proposed in the calculations underpinning the FT-A rates? If so, please describe.

**Response:**

No.

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**R13-NGTL-006(b)**

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**Reference:**

Table 5.1-1

**Request:**

Please provide a schedule outlining the causes of the increase in the FT-A rate.

**Response:**

The FT-A rate increased primarily because the total of all costs assigned or allocated to the metering service increased from \$135,900,000 in the 2001 COS study to \$159,064,609 in the 2002 COS Study.

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**R13-NGTL-006(c)**

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**Reference:**

Table 5.1-1

**Request:**

Please summarize the costs that are incurred for delivery metering by NGTL.

**Response:**

The costs NGTL incurs for delivery metering are presented in the tables in Section 2.7 as amended by the February 2004 Update.

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**R13-NGTL-006(d)**

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**Reference:**

Table 5.1-1

**Request:**

Since NGTL no longer builds laterals, where is the meter installed by NGTL for a new connection?

**Response:**

NGTL generally will install a new meter where a third party pipe meets the Alberta System.

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**R13-NGTL-006(e)**

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**Reference:**

Table 5.1-1

**Request:**

Is it possible for a delivery customer to install and maintain his own meter, rather than pay the FT-A charge? Please explain your response.

**Response:**

Please refer to the response to IGCAA-NGTL-003(d) for a discussion of the ownership and maintenance of meter stations.

The FT-A rate is applicable for all non-tap deliveries whether NGTL owns the meter station or not.

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**R13-NGTL-007(a)**

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**Reference:**

**Request:**

Please provide NGTL's delivery investment policy.

**Response:**

NGTL does not have an investment policy which is specific to delivery service. Instead, NGTL has several policies and practices which in aggregate govern NGTL's investment practices.

Please refer to the response to ATCO-NGTL-041(a).



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**R13-NGTL-007(b)**

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**Reference:**

**Request:**

Please explain how NGTL's investment policy is applied to investment in delivery metering facilities.

**Response:**

Please refer to the response to R13-NGTL-007(a).

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**R13-NGTL-007(c)**

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**Reference:**

**Request:**

Please provide a table outlining the total NGTL and total customer investment in delivery facilities for the last five years.

**Response:**

Please refer to the responses to IGCAA-NGTL-010(c), (d), (e), (f) and (g).

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**R13-NGTL-007(d)**

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**Reference:**

**Request:**

Please provide any analysis undertaken by NGTL to attempt to confirm the reasonableness of the delivery investment policy.

**Response:**

Please refer to the response to ATCO-NGTL-007(a).

NGTL has no specific analysis to provide. Reasonableness of its delivery investment practices is confirmed on an ongoing basis through application for and approval of facilities, tolls and tariff terms and conditions.