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To TransCanada Customers

**Max Feldman**  
*Senior Vice-President*  
*Customer Sales & Service*

**Re: 1999 and 2000 Transportation Tolls - TransCanada Canadian Mainline**

On December 13, 1999, TransCanada filed revisions to its 1999 Tolls Application. TransCanada has to date in 1999 charged interim tolls. Issues raised by some parties about the Application were resolved by the Tolls Task Force in early December and the agreements are reflected in the revisions. Accordingly, the difference between the revised toll and the interim toll for 1999 is included in the 2000 Tolls Application.

Today, TransCanada filed its 2000 Tolls Application, a copy of which is included with this letter. TransCanada has requested that the proposed tolls be made interim effective January 1, 2000, pending approval of them as final by the Board. We plan to discuss this Application with customers at the January 2000 Tolls Task Force meeting.

The 2000 Eastern Zone applied-for final toll, the current 1999 interim toll, and the 1999 proposed annualized final toll are compared below.

<b>Canadian Mainline</b>	<b>1999 Interim Toll</b> June 1 – December 31, 1999	<b>1999 Proposed Annualized Toll</b>	<b>Applied for Final 2000 Toll</b> Effective January 1, 2000
FT Eastern Zone toll (Cdn ¢/GJ) (100% Load Factor)	93.6	90.6	100.9

Attached for your information is an appendix to help you understand the factors affecting the determination of the new tolls.

If you would like additional information regarding these tolls, please contact your customer service representative or Heather Gnenz, Manager, Pricing Design for Eastern Market Development at (403) 267-6314.

Sincerely,

Max Feldman

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## Appendix – TransCanada Canadian Mainline

### Key factors affecting Canadian Mainline tolls:

The 2000 tolls have increased compared to the 1999 tolls due to cost of service changes and non-renewal of Firm Transportation contracts.

	<b>Toll (¢/GJ)</b>	
<b>*1999 Interim Eastern Zone Toll (June 1, 1999)</b>	<b>93.6</b>	
June 1, 1999 Interim Revenue Adjustment	(1.7)	
Impact of 1999 Non-Renewal of Firm Transportation Contracts (TTF Res. 18.99)	(1.6)	(1)
Cost of Service Adjustments (TTF Res. 18.99)	<u>0.3</u>	(2)
<b>1999 Proposed Annualized Eastern Zone Toll</b>	<b>90.6</b>	
Cost of Service Adjustments	1.9	(3)
Actual Contract Changes	6.5	(4)
Potential Non-Renewals	<u>1.9</u>	(5)
<b>Applied for Final 2000 Eastern Zone Toll (Effective January 1, 2000)</b>	<b>100.9</b>	

#### Explanatory Notes:

\* The 1999 June 1 interim tolls were charged from June 1 to December 31, 1999.

<sup>1</sup> 1999 Firm Service contract non-renewals of approximately 732 MMcf/d were added back to the 1999 firm service allocation units per Tolls Task Force resolution 18.99.

<sup>2</sup> The following adjustments were made to the 1999 cost of service per TTF resolution 18.99:

- Revenue deficiency variance reduced by \$3.8 million.
- Pipe cancellation costs of \$10.2 million recovered through 1999 cost of service rather than through capitalization and subsequent depreciation.

<sup>3</sup> The Canadian Mainline's estimated 2000 revenue requirement is \$2.1 billion (Cdn.), \$41 million higher than 1999 revised revenue requirement. This increase is primarily due to an increase in return, taxes, and depreciation related to increases in rate base and rate of return and higher municipal taxes, gas related, and NEB costs. The increase in revenue requirement has been mitigated by deferrals from 1999, lower one-time adjustments and decreased transmission by others.

<sup>4</sup> Actual Firm Service contract changes effective November 1, 1999 to April 30, 2000 (521 MMcf/d).

<sup>5</sup> Potential Firm Service non-renewals from May 1 to December 31, 2000 due to new pipeline projects in Ontario (530 MMcf/d).

For a complete list of TransCanada Canadian Mainline tolls in effect, please refer to the NrG website ([www.nrgexpressway.com](http://www.nrgexpressway.com))