

MADE at the City of Calgary, in the
Province of Alberta, on

15th day of July 2004.



ALBERTA ENERGY AND UTILITIES BOARD

BACKGROUND

The Alberta Energy and Utilities Board (the Board) received Application No.1349087, dated June 9, 2004, from Nova Gas Transmission Ltd. (NGTL), under Part 4 of the *Gas Utilities Act*, R.S.A. 2000, c. G-5, as amended, for approval of amendments to NGTL's Gas Transmission Tariff (Tariff) necessary for the elimination of usage credits (the Application).

NGTL submitted that in October 2001, the Tolls, Tariff & Procedures Committee (TTP), predecessor of the Tolls, Tariffs, Facilities & Procedures Committee (TTFP), supported the elimination of usage credits through an unopposed vote on issue T2000-01(e). NGTL filed Resolution T2000-01(e) for information on October 12, 2001, which the Board accepted on November 7, 2001.

As part of Resolution T2000-01(e), the TTP agreed that the elimination of usage credits would not be implemented prior to January 2003 and that implementation was also conditional on availability of the necessary information systems. The TTP had also agreed to determine and review the Tariff amendments required for the elimination of usage credits. In the Application, NGTL submitted that the required information systems were available and the TTFP had supported the necessary Tariff amendments through an unopposed vote on Resolution T2000-01(e)(T) on June 8, 2004.

NGTL submitted that they had not requested approval of the Board to commence negotiations on Issue T2000-01(e)(T) as Resolution T2000-01(e) had been filed with the Board and subsequently accepted by the Board as a filing for information, 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.

DETAILS OF THE APPLICATION

NGTL submitted that under the existing Tariff, shippers receive a credit for the volumes of natural gas provided, in kind, to NGTL for fuel usage. Fuel usage is charged based on physical receipts entering the Alberta System. NGTL submitted that shippers had requested that usage credits be eliminated to decrease the complexity associated with the existing practice. NGTL further submitted that the elimination of usage credits would also allow TransCanada PipeLines Limited to standardize its billing practices across its pipeline systems.

NGTL submitted that the elimination of usage credits would result in changes to rates for tariffed services not as result of changes to NGTL's annual revenue requirement, but due to increased Firm Transportation – Receipt (FT-R) volumes used in the calculation. For the calculation of

rates prior to the elimination of usage credits, NGTL used FT-R volumes net of fuel usage. If the Board approved the elimination of usage credits, NGTL submitted that rates would be calculated using the gross value of FT-R volumes. Thus, with the revenue requirement remaining unchanged, but being divided by a larger volume, the resultant rates would be lower.

Notice of the Application and an information request from the Board to NGTL were issued June 28, 2004. Submissions from interested parties and responses from NGTL to the information request were requested by July 5, 2004. The Board received responses from NGTL to the Board's information request, but received no submissions from interested parties on this matter.

BOARD FINDINGS

The Board notes, from NGTL's response to the Board's information request, that the result of this proposal is that ratepayers with only receipt contracts (no delivery contract) and that use their contracts to flow gas, will pay increased demand charges. This is due to the Monthly Demand Charge being calculated with a reduced rate, but on an increased volume. Ratepayers with only receipt contracts that they do not use to flow gas, and ratepayers that have both a receipt and delivery contract will pay reduced demand charges. However, the Board also notes that this shift in costs is relatively small, that the change will standardize NGTL's billing practices, that no parties submitted any comments about the shift in costs, and that shippers had requested the change. Further, the Board notes that the Application passed the scrutiny of NGTL's TTFP committee through unopposed votes on both the proposed elimination of usage credits and the resulting Tariff changes. The Board is satisfied that customers and interested parties, through the TTFP, NGTL's website and the Board's notice and information request, were aware of the proposed amendments to the Tariff, and any impacts these changes may have. Based on a review of the Application and the responses to the information requested, the Board believes that the requested Tariff changes are reasonable.

Therefore, the Board hereby approves the changes to Rate Schedules FT-R, FT-RN, LRS, LRS-3, IT-R and the General Terms and Conditions of NGTL's Gas Transportation Tariff, necessary to implement the elimination of usage credits as described in the Application.

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