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## ALBERTA ENERGY AND UTILITIES BOARD

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**IN THE MATTER OF** the *Alberta Energy and Utilities Board Act*, R.S.A. 2000, c. A-7, as amended, and the Regulations under it;

**IN THE MATTER OF** the *Gas Utilities Act*, R.S.A. 2000, c. G-5, as amended, and the Regulations under it;

**IN THE MATTER OF** the *Public Utilities Board Act*, R.S.A. 2000, c. P-45, as amended, and the Regulations under it; and

**IN THE MATTER OF** an Application by NOVA Gas Transmission Ltd. (NGTL) to the Alberta Energy and Utilities Board (Board) for an order fixing final rates, tolls and charges for Alberta System services provided by NGTL from January 1, 2004 to December 31, 2004.

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### 2004 GENERAL RATE APPLICATION – PHASE 2

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NGTL applies to the Board under Part 4 of the *Gas Utilities Act* for an order:

- (a) fixing final 2004 rates, tolls, and charges for Alberta System services provided by NGTL from January 1, 2004 to December 31, 2004, as proposed in the Application;
- (b) approving an extension of the term of the existing OS Service and rate provided by NGTL to TransCanada PipeLines Limited under provisions of a gas balancing agreement as proposed in the Application;
- (c) approving proposed amendments to Rate Schedule IT-S and the General Terms and Conditions of NGTL's Tariff; and
- (d) granting such further and other relief as NGTL may request or the Board may determine is appropriate.

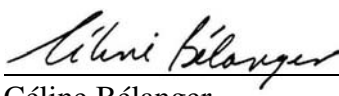
In support of its 2004 General Rate Application, Phase 2, NGTL provides and relies on the information in the Application, including the attached evidence, schedules and explanatories, and any additional information that NGTL may file, as directed or permitted by the Board.

Respectfully submitted.

**Calgary, Alberta  
November 14, 2003**

**NOVA GAS TRANSMISSION LTD.**

A wholly owned subsidiary of  
TransCanada PipeLines Limited

Per:   
Céline Bélanger  
Vice President  
Regulatory Services

All notices and communications relating to this Application should be directed to:

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## 1.2 INTRODUCTION AND EXECUTIVE SUMMARY

### Q1. What is the purpose of this Application?

A1. This Application is Phase 2 of NGTL's 2004 General Rate Application (GRA). NGTL seeks approval from the Board of final rates, tolls and charges for Alberta System services provided from January 1, 2004 to December 31, 2004 as proposed in the Application.

### Q2. Why is NGTL filing the Application at this time?

A2. NGTL is filing this Application for several reasons.

First, NGTL requires new rates, tolls and charges for the Alberta System commencing January 1, 2004. The existing rates, tolls and charges, established under the provisions of the 2003 Alberta System Revenue Requirement Settlement (ASRRS) and the Alberta System 2003 Tariff Settlement, are approved only until December 31, 2003.

Second, NGTL files this Application in fulfillment of its commitment in Article 12.2 of the ASRRS to prepare and file a GRA with the Board as the basis for establishing 2004 rates, tolls and charges.

Lastly, NGTL files this Application in response to the Board's direction in Decision 2003-051 "to submit a comprehensive 2004 tariff application as part of its 2004 GRA..."<sup>1</sup> The Board originally directed NGTL to file this Application by September 30, 2003. However, in a subsequent letter dated July 24, 2003, the Board directed NGTL to file Phase 1 of the GRA by September 30, 2003 and Phase 2 of the GRA by November 14, 2003. NGTL filed Phase 1 of the GRA on September 30, 2003.

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<sup>1</sup> NGTL 2003 Revenue Requirement and Tariff Settlement Applications, EUB Decision 2003-051 (June 24, 2003), p. 32

**Q3. What is the basis for the proposed 2004 rates, tolls and charges?**

A3. The proposed 2004 rates, tolls and charges are based on the 2004 revenue requirement NGTL requested in Phase 1 of the GRA and the rate design methodology and services discussed in this Application.

**Q4. What rates, tolls and charges will NGTL use for services pending determination of its 2004 revenue requirement and final 2004 rates, tolls and charges?**

A4. NGTL will file, prior to December 1, 2003, a separate application seeking approval of interim 2004 rates, tolls and charges effective January 1, 2004. NGTL expects that these interim rates, tolls and charges will remain in place until the Board has determined both Phase 1 of the GRA and this Application.

**Q5. Is NGTL proposing in this Application any rate design changes?**

A5. No. NGTL believes that the rate design approved in Decision 2003-051<sup>2</sup> and implemented on October 1, 2003 continues to be appropriate at this time. It meets generally accepted rate design criteria and results in rates, tolls and charges that are just and reasonable.

NGTL's existing rate design is also the result of extensive discussion with customers and other stakeholders, which culminated in the 2003 Tariff Settlement. NGTL understands that most of its customers do not desire any changes to the rate design at this time.

**Q6. Is NGTL proposing in this Application any service changes?**

A6. No. However, NGTL is proposing to extend the term and rate of an existing Rate Schedule OS, Other Service (Schedule No. 2003-00452-2) provided to TransCanada PipeLines Limited (TCPL) under the provisions of a Gas Balancing Agreement (GBA) to March 31, 2009. This service is a pipeline load balancing arrangement between NGTL and TCPL that has been in place since November 1, 1998. NGTL proposes to maintain

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<sup>2</sup> EUB Decision 2003-051 (June 24, 2003).

1 the existing rate and all existing terms and conditions of the service. This service  
2 extension is described in Section 3.2 of this Application.

3 **Q7. What else is included in this Application?**

4 A7. NGTL provides responses to the Board's directives in Appendix 5 to Decision 2003-051<sup>3</sup>  
5 that were not addressed in Phase 1 of the GRA. Specifically, in Section 2, NGTL  
6 responds to the Board's directives to address the appropriateness of the use of distance of  
7 haul (DOH) for the allocation of costs between receipt and delivery functions and to  
8 analyze and evaluate various cost of service study alternatives. In Section 4, NGTL  
9 responds to the Board's directive that NGTL address the North Core Consumers Group's  
10 submission that intra-Alberta customers will continue to pay 100 percent of fuel costs as  
11 long as fuel is recovered at receipt points.

12 NGTL also seeks Board approval to amend specific provisions of Rate Schedule IT-S and  
13 the General Terms and Conditions of the Tariff as described in Section 3.3.

14 **Q8. Does that conclude NGTL's evidence in this section?**

15 A8. Yes.

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<sup>3</sup> EUB Decision 2003-051 (June 24, 2003), Appendix 5.