

NOVA Gas Transmission Ltd.

2004 General Rate Application - Phase 1 ~~September 30, 2003~~ February 2004 Update

Index

1.0 **Application - Revised**

- 1.1 Application
- 1.2 Introduction and Executive Summary

2.0 **Revenue Requirement - Revised**

- 2.1 Revenue Requirement Summary
- 2.2 Operating Return
- 2.3 Operating Costs
 - 2.3.1 2002 to 2004 Operating Costs
 - 2.3.2 Total Direct Compensation and Benefits
 - 2.3.3 Cost Allocation Process
 - Appendix A Operating Cost Allocation Policy
 - 2.3.4 Cost Budget Process
- 2.4 Depreciation and Amortization
- 2.5 Income and Large Corporation Taxes
- 2.6 Property Taxes
- 2.7 Transportation by Others
- 2.8 Foreign Exchange
- 2.9 Regulatory Hearing Costs
- 2.10 Uninsured Losses
- 2.11 Pipeline Integrity Costs
- 2.12 CO₂ Management Service Costs
- 2.13 Revenue Requirement Adjustments and Non-Routine Adjustments

3.0 **Rate Base - Revised**

- 3.1 Rate Base Summary
- 3.2 Gas Plant in Service
- 3.3 Gas Plant Under Construction
- 3.4 Capital Expenditures
- 3.5 Accumulated Depreciation and Amortization
- 3.6 Cash Working Capital
- 3.7 Materials and Supply Inventory
- 3.8 Linepack
- 3.9 Unamortized Capital Assets
- 3.10 Reserve Accounts

- 3.11 Prefunded/(Unfunded) Pension and Other Post Employment Benefits Liability
- Appendix A Lead/Lag Study

4.0 Depreciation- Revised

- 4.1 Introduction and Summary
- 4.2 Description of the Alberta System
- 4.3 Depletable and Depreciable Facilities
- 4.4 Unit of Production
- 4.5 Economic Planning Horizon
- 4.6 Estimates of Net Salvage
- 4.7 Amortization of Specific Plant Accounts
- 4.8 Equal Life Group (ELG) Procedure
- 4.9 Depreciation Rates
- 4.10 Conclusion
- Appendix A Supply Study
- Appendix B Retirement Analysis
- Appendix C Depreciation Study Prepared by Gannett Fleming Valuation and Rate Consultants

5.0 Contract Demand Quantity and Throughput- Revised

- 5.1 Overview
- 5.2 Firm Transportation
- 5.3 Annual Throughput

6.0 Rates, Tolls and Charges- Revised

- 6.1 Illustrative Rates, Tolls and Charges
- Appendix A Cost of Service Study

7.0 Deferral and Reserve Accounts

- 7.1 Introduction
- 7.2 Deferral and Reserve Account Mechanics
- 7.3 Historical Use of Deferral and Reserve Accounts
- 7.4 Deferral Account Descriptions
- 7.5 Reserve Account Descriptions
- 7.6 1995 Deferral and Reserve Account Balances and Disposition
- 7.7 2003 Deferral and Reserve Account Balances and Disposition

8.0 Fort McMurray Area Delivery Service - Revised

- 8.1 Introduction
- 8.2 The Fort McMurray Area

- 8.3 Existing Pipeline Infrastructure and Capacity in the Fort McMurray Area
- 8.4 Fort McMurray Forecast Maximum Day Delivery Requirements
- 8.5 Fort McMurray Area Facility Build-Up
- 8.6 Determination of Possible Alternatives to Meet Delivery Service Requirements
- 8.7 The Simmons Pipeline System Acquisition
- 8.8 The TransCanada Pipeline Ventures Limited Partnership Arrangement
- 8.9 Kearl Lake Pipeline
- 8.10 Assessment of Alternatives
- 8.11 Approval and Timing Issues
- 8.12 Conformance with Guidelines
- Appendix A Request for Proposal
- Appendix B Reply Letters
- Appendix C Facility Details
- Appendix D Share Purchase and Sale Agreement
- Appendix E Ventures TBO Agreement
- Appendix F Acquisition Guidelines
- Appendix G Guidelines for New Facilities

9.0 Code of Conduct

- 9.1 Code of Conduct Evidence
- Appendix A Code of Conduct
- Appendix B TransCanada Corporate Organization Charts
- Appendix C Code of Conduct – Black-lined Copy

10.0 Appendix 4 and 5 Requirements from Decision 2003-051

- 10.1 Introduction
- 10.2 Deferral and Reserve Accounts – Reconciliation of Insurance Reserve
- 10.3 Existing Property, Plant and Equipment
- 10.4 Reporting Requirements
- 10.5 Technical Audit/Outsourcing
- 10.6 Definition of Mainline and Lateral Facilities
- 10.7 Customer Accountability for Storage Delivery Points
- 10.8 Federation of Alberta Gas Co-Ops and Alberta Ltd. (FGA) Gas Quality Concerns