

# BC System and Foothills Pipe Lines Shipper Meeting

Meeting Notes

April 18, 2006

## 1. Presentation

The presentation used for this meeting is available on TransCanada's website at [http://www.transcanada.com/BC\\_System/industry\\_committee/index.html](http://www.transcanada.com/BC_System/industry_committee/index.html).

## 2. Tariff Liability Review

Stella Morin (TransCanada) delivered the Tariff Liability Review portion of the presentation. One shipper asked whether TransCanada is presently in court or involved in litigation related to liability involving any of its pipeline systems. TransCanada explained that there is one outstanding case with a third party that is not a shipper on its systems. Another shipper asked how often TransCanada is involved in liability suits. TransCanada replied that it could not give a definitive number at this time but that there are cases from time to time that are settled out of court or through insurance claims. TransCanada will, if required, gather more specific data to discuss in more detail at the working sessions of the joint Task Force when this issue moves forward. A shipper asked whether there are differences between the Canadian and U.S. liability provisions. TransCanada explained that there were no consistencies and that provisions varied amongst all the tariffs. The shipper then asked whether these differences were why the U.S. tariffs are excluded from this review. This is not the case as the inclusion of Canadian tariffs only in the review is a matter of scope and differences in business models. The liability provisions in the U.S. tariffs may be reviewed and amended as necessary in the future.

TransCanada explained that a joint Task Force will be formed involving TTF and TTFP shippers, BC System shippers, and Foothills shippers to review and amend as necessary the liability provisions in each of the four Canadian tariffs.

## 3. Energy Conversion

Bev Leggett (TransCanada) delivered the Energy Conversion portion of the presentation. A shipper asked whether a shipper's conversion request would be acknowledged and confirmed. TransCanada responded that it will confirm receipt of conversion requests by email. All requests to convert within the  $\pm 1\%$  adjustment will be accommodated. Another shipper inquired as to the range of fuel ratio for the last 5 years. TransCanada replied that on average fuel burn runs at about 1%, ranging from 0.6-1.2%. Fuel has been as high at 1.6% in extraordinary circumstances but that has not happened in a few years. Detailed historical fuel information for the BC System can be found on TransCanada's website at [http://www.transcanada.com/BC\\_System/operations\\_archive/operations\\_archive.html](http://www.transcanada.com/BC_System/operations_archive/operations_archive.html) (Historical Fuel Ratios). Detailed historical fuel information for the Foothills System can be found on TransCanada's website at [http://www.transcanada.com/Foothills/transportation\\_and\\_operations/heating\\_values\\_fuel\\_use/current\\_ft\\_fuel\\_rates.html](http://www.transcanada.com/Foothills/transportation_and_operations/heating_values_fuel_use/current_ft_fuel_rates.html) (click on archives).

#### 4. BC System/Foothills Integration

Bev Leggett (TransCanada) delivered the BC System/Foothills Integration portion of the presentation. One shipper asked for clarification on the fact that the BC System and Foothills Zone 8 are 'side by side'. TransCanada explained that the two systems ran along beside each other with the BC System owning pipe and compression, while Foothills Zone 8 only owns pipe. Another shipper questioned why the BC System was being merged into the Foothills System instead of Foothills Zone 8 being merged into the BC System. It would not be possible to achieve the anticipated savings if Foothills Zone 8 was rolled into the BC System. TransCanada would still have to manage regulatory filings for both the BC System and for Foothills, manage accounting for the two separate systems, etc. In addition, Foothills is the larger system and there are also Northern Pipeline Act (NPA) concerns. A shipper asked whether consideration had been given to rolling both the BC System and Foothills Zone 8 into NGTL as they felt that a number of shippers would appreciate the integration. TransCanada explained that there were jurisdictional issues involved in that concept and that that option was not being pursued.

Another shipper asked whether the merged Tariff would incorporate many of the Foothills provisions. TransCanada explained that in many instances the BC System GTSD and the Foothills Pipe Lines Tariff have been aligned but there are still a number of areas that require alignment. The working group will have to give consideration to which provisions or blended provisions to include in the merged tariff.

TransCanada was asked whether there were any specific reporting requirements related to the Foothills Settlement and TransCanada explained that there was required annual reporting to the NEB that laid out the agreed amount, actual costs, and accumulated savings. One shipper felt that the anticipated savings from this proposed integration should be built in at the front end of the amended settlement. TransCanada explained that this would not be an effective way to incent TransCanada to find savings opportunities. The shipper was concerned that with the proposed escalator, shippers may not be better off than they would be without the amended settlement. TransCanada's proposal only involves amending a few numbers in the G&A settlement; however, a shipper mentioned that if the parties agree to change these numbers, the entire settlement is in effect opened up to potential changes. Signatories to this settlement are Foothills and CAPP so Foothills will meet with CAPP to discuss a process to include interested parties in discussions to amend the settlement.

A shipper asked for the OM&A costs for the BC System and Foothills for the past 5 years. They are as follows:

\$ millions	BC System	Foothills
2001	18.2	44.2
2002	19.6	44.9
2003	16.3	32.6
2004	14.7	34.9
2005	12.8	33.7

Another shipper asked what the composite depreciation rates for the BC System and Foothills Zone 8 are. The 2005 composite depreciation rate for the BC System was 3.32% and for the Foothills Zone 8 System it was 3.02%. Another shipper asked what the impact of TransCanada's depreciation proposal is on the other three Foothills zones. TransCanada explained that the savings to shippers in Zone 8 would be approximately \$300,000, while it will cost the shippers in the other three zones combined approximately \$50,000.

TransCanada was asked how energy conversion would affect this proposed integration as there are different heating values for the BC System and Foothills. TransCanada explained that the Foothills heating value in the Foothills Tariff reflects the gas heat content at McNeill while BC System heat values are values for the Alberta BC border point. This will not be a consideration for the integration because the conversion of contracts to energy will be complete shortly. A shipper asked whether TransCanada's legal department has evaluated this integration against compliance with the NPA. TransCanada explained that our legal and regulatory departments have looked at the steps involved in achieving this integration.

## **5. BC System/Foothills Zone 8 Capability Update**

Bev Leggett delivered the BC System/Foothills Zone 8 Capability Update portion of the presentation.

- **Elko Compressor Station Update**

A shipper asked what the contracted capacity is on the BC System. TransCanada answered that it is 2.488 bcf/d for the summer.

- **BC Mainline NPS 36 Derate**

TransCanada reported that pigging of this line was to commence in June, with digging to follow. The terrain involved in this section of pipe has been and will be challenging. The timing for lifting of the derate will be dependent on the results of the pigging and the digs. Detailed information on the BC System Outage Forecast can be found on TransCanada's website at [http://www.transcanada.com/Alberta/outage\\_forecast/outage\\_forecast.htm](http://www.transcanada.com/Alberta/outage_forecast/outage_forecast.htm).

Additional information can also be found in the STOP plan posted on TransCanada's website at [http://www.transcanada.com/BC\\_System/info\\_postings/operationally\\_available.html](http://www.transcanada.com/BC_System/info_postings/operationally_available.html).

## **6. Border Measurement**

Bev Leggett delivered the Border Measurement portion of the presentation. TransCanada reported that it is continuing to work on the issues that have arisen regarding compliance with natural gas removal permits.

## **7. Other Business**

TransCanada noted that there has been no STFS sold on the BC System since the NEB decision approving the pricing change for the service.

## **8. Next Steps**

TransCanada will notify shippers of the upcoming Tariff Liability Review Joint Task Force Meeting and of the upcoming BC System/Foothills Integration Service and Tariff Reviews.

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Attendees

April 18, 2006

COMPANY	SHIPPER
Anadarko	Sherry Grimbley
BP Canada Energy Company	Cheryl Worthy
Canadian Association of Petroleum Producers	Ritch Fairbairn
Canadian Natural Resources Limited	Ken Jacobson
Cargill	Bruce Farrell
Chevron Canada Resources	Gary Molnar
Chevron Canada Resources	Dan Fraser
ConocoPhillips Canada	Wendy Gazzard
Coral	Tomasz Lange
EnCana	Rinde Powell
Husky Energy	Daniel LaPointe
Nexen Inc.	Debbie White
Pacific Gas & Electric Company	Dave Ellerton
Petro Canada	Mark Rogers
Powerex Corporation	Tom Elgie
PPM	Jessica Rogers
PPM	Tracey Swift
Suncor Energy Marketing Inc.	Mel Rampersad
Talisman Energy Canada	Frank Basham
Terasen Gas Inc.	Mike Shoemaker
TransCanada Pipelines Ltd.	Bev Leggett
TransCanada Pipelines Ltd.	Stella Morin
TransCanada Pipelines Ltd.	Bruce Newberry
TransCanada Pipelines Ltd.	Mike Ritsch
TransCanada Pipelines Ltd.	Sherry Hill
TransCanada Pipelines Ltd.	Glen Mohan
TransCanada Pipelines Ltd.	Scott Yule
TransCanada Pipelines Ltd.	Patti Pugh
TransCanada Pipelines Ltd.	Randy Hunter
<b><u>Attending via Teleconference</u></b>	
Puget Sound Energy	Bill Donahue
Avista Utilities	Dick Winters
Cascade Natural Gas Corporation	Steve Pfaff