

**Meeting No. 73 - Regina
February 11, 2009**

TransGas Rates

TransGas provided an update for Customer Dialogue on its recently approved 2009 service rates that became effective February 01, 2009. Most of the relevant information was included in the January 26, 2009 announcement letter which was issued to all customers in advance of the rate adjustments.

Straddle Plant

TransGas provided a brief overview of what has transpired on this topic since the November 2008 meeting. On December 01, 2008 TransGas issued an Expression of Interest. On February 05, 2009 TransGas issued a Request for Proposal (RFP) to those parties who had responded to the Expression of Interest. The RFP proposals are due back February 25, 2009. All the safeguards for the system previously discussed were in the RFP with the potential benefits flowing back to all transportation shippers.

Customer Specific Facility Quotes

TransGas approached Customer Dialogue to obtain their feedback on two areas of the Customer Specific Facility Quote Process. First, the time and effort required by TransGas to prepare and issue quotes are currently done at no cost to the specific customer. While the conceptual quotes are not seen as problematic, the final quotes, for the more complex requests, are utilizing significant planning and engineering resources. The concept of a project evaluation fee for some or all quotes was explored as a means of ensuring the requests for

quotes are for serious projects and to recover some of the costs for those projects which fail to proceed. A number of other pipelines use this concept. The Participants generally felt that an automatic fee was not necessary. Some felt that TransGas should have some discretion to evaluate the circumstances around a request and if necessary obtain some level of customer commitment in the form of a fee or some other form of commitment to proceed. Others felt that no fee should be required but rather the necessary assurances for TransGas should be obtained by increased consultation and communication with the requester. While it is desirable to minimize unnecessary TransGas effort for which the entire system bears the costs, it is important to refrain from putting anything in place that would deter projects from going forward.

The second area was the present practice of TransGas providing a firm quote for the cost of customer specific facilities to be constructed. TransGas explained that a number of factors have changed in recent years which has led TransGas to question if the concept of "As-built" costs should be explored for use on some type of projects or for some type of costs within projects. This was seen as a balance between wanting to get the price right and having something concrete on which the requester can base their economic evaluation. It was suggested that a firm quote may need to contain a higher level of contingency.

The consensus at the end of the discussion was that TransGas should continue its evaluation of these concepts.



Rate/Business Structure

This was another area where TransGas was looking for Customer Dialogue feedback. The question is whether there is a need for changes to the current TransGas Rate/Business Structure as Saskatchewan moves from being an Exporter of natural gas to being an Importer. This has been suggested to TransGas by some customers and was identified last year as a 2009 Customer Dialogue issue. While the participants did not indicate that this was something requiring immediate action, they were not averse to TransGas further exploring these concepts.

Hatton Low Pressure Service

This is a service which began in 1997 which uses existing facility capacity to offer customers, in part of the Hatton area, lower operating pressures than would typically be prevalent in this area. Recently, with the reduced flows from this area, it has been operationally challenging to maintain these lower pressures without extra costs. (Eventually the flows will be reduced to the point that maintaining the lower pressures will not be possible.) At the same time the benefit of the lower pressures to the producers in the area has been significantly decreased. TransGas is proposing a one week test for the spring of 2009 to evaluate the anticipated significant system benefits of eliminating the Low Pressure Service and to verify the anticipated minimal impact to producers in the area. This test would be coordinated with the area producers prior to proceeding.

2008/2009 Winter Operations

TransGas reviewed the winter operations to date. There were no significant surprises on the transmission system. As for storage, the lower market prices for natural gas this winter has meant that a number of storage customers have not removed the amount of gas from storage that they would during a typical winter period.

Southeast Saskatchewan Pipeline Update

TransGas provided an update to the timelines expected for the expansion of its pipeline system planned in the southeast part of the province in 2009. The in-service date of this expansion has been pushed back from the planned April completion. The delay is not expected to cause customer impacts as the forecast of production has also been pushed back due to current oil and gas pricing.

Business Update

The regular Business Update was provided: this information can be found on the TransGas web site (www.transgas.com) under "Newsroom" - "Business Update".

If you have any questions arising from this meeting, or of the TransGas Customer Dialogue Process in general, please contact Vern Gorr at (306) 777-9556.

