

## 2010 Preliminary Load Forecast

The flow of gas on the TransGas system is the most significant factor impacting TransGas rates. The load forecast is one of the key inputs to the following year's budgeting process, part of which is the determination of any rate adjustment which may be required. TransGas has completed its 2010 preliminary load forecast. At this meeting TransGas reviewed its forecast methodology and key assumptions upon which the forecast for 2010 and the following four years was developed.

The forecast indicates that the 2010 production volumes on the system will continue to decline at approximately the same rate as we have seen during 2009. As previously forecast, the Saskatchewan natural gas consumption is forecast to increase, but to grow at a faster pace. The combination of these two trends will result in Saskatchewan needing to import natural gas for some months during 2010 and will result in Saskatchewan becoming a net annual importing province within the 5 year forecast time horizon. Lower Saskatchewan production should be offset by the increasing activity from higher Saskatchewan consumption such that the system flows should have a relatively neutral impact on rates for 2010.



## 2010 Rate Process

While the load forecast is a key component, it is not the only component in determining future rate adjustments. TransGas is now in the 2010 planning process which will see all of the various components come together this summer. TransGas shared a preliminary review of the various components with Customer Dialogue. While many items still need to be finalized, it would seem that there will be at least some offsets to the general inflationary cost increases. With a somewhat neutral impact from system flows, any overall 2010 rate movements are not expected to exceed inflationary levels. These will be more clearly defined over the next couple of months, and, by early fall, this topic will again be reviewed with Customer Dialogue to obtain further input before proceeding to obtain approval for any required rate adjustment.

## 2009 Financial Update

TransGas updated Customer Dialogue on its 2009 financial performance to date. It appears at this point that things are trending towards TransGas being very close to budget for this year.

## Rate / Business Structure

The question of whether there will be 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, had initial discussions

at the February 11, 2009 Customer Dialogue meeting. At this June meeting TransGas brought forward for discussion and customer input potential commercial business scenarios, attempting to assess their impact on Saskatchewan producers and consumers as well as on TransGas. The reason for considering a change is the need to bring more gas into the province and the structural changes dealt primarily with how this could be done most efficiently.

It was difficult for the participants to provide very much in depth comment or reaction to the scenarios which TransGas brought forward at the meeting. It is anticipated that they will need some time to consider what was presented and assess the potential changes from their own perspectives. TransGas felt that the scenarios were worthy of continued discussion and will likely be discussed again at the next Customer Dialogue Meeting in September.

### Additional Presentations

TransGas brought forward for information purposes three topical items:

- i) International Financial Reporting Standards - The impact of this for TransGas customers should not be material.
- ii) Pipeline Integrity - TransGas has an industry comparable integrity program for not only its pipelines but also its other assets to ensure a safe and reliable system.

iii) Greenhouse Gas Program & New Legislation - TransGas has already been active on this and has additional plans for implementation such that TransGas should be able to achieve Federal and Provincial greenhouse gas targets over the next ten years.

### Business Update

The regular Business Update was provided: This information can be found on the TransGas Web site ([www.transgas.com](http://www.transgas.com)) under "Newsroom" - "Business Update".

Also noted was that:

- The new online web-map should be available to Customers by the end of June 2009.
- While the in service date for the Nottingham to Moosomin Pipeline is now expected in 2010, TransGas should be able to accommodate all gas flows from Southeast Saskatchewan in the interim.
- The second Hatton Low Pressure test began on June 22 and will run for one week.
- TransGas is surveying its Intra-Saskatchewan customers to determine how much of their load is non-curtailable (heating vs process load). This information will be included in the TransGas contingency plan.

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.

