

CUSTOMER DIALOGUE MEETING SUMMARY

Meeting No. 79

Regina, SK

February 10, 2010

2009 Financials

TransGas provided a forecast of what the final 2009 revenues and expenses may be. It is projected that the revenues will be slightly under target, being more than made up by expenses also being modestly under budget, such that the net income is projected to be slightly over target. There was a discussion about how much, if any, of the variance should benefit the customers and what mechanism would be used to transfer this benefit to them. Following last November's Customer Dialogue meeting TransGas had reviewed if there were any mechanisms for transferring some benefit to the customers before the end of 2009 to minimize the variance but, at that point, none were feasible. In the end it was agreed appropriate for the largest portion of the variance to go to the benefit of the customers and that this will be taken into account in the next rate adjustment recommendation which TransGas takes forward for the necessary approvals. At that point the 2010 TransGas net income for rate setting should be clearer.

Ongoing Income Variance Management

There was a discussion of how income variances would be handled in the future and what tools exist to minimize these variances. It was agreed that the existing tools of mid-year rate adjustments, early implementations of the following year's adjustments and asset optimization are still appropriate to minimize the income variance for any year. As well, it is possible to incorporate the

carry forward of a projected current year's variance into the consideration of a rate adjustment for the following year. Each of these tools requires differing amounts of lead time to utilize. Still, there may be variances which cannot be properly addressed, given the lead time required for these tools. It was agreed that in the future a deferral mechanism could be utilized, similar to the treatment of the anticipated 2009 variance. Further, it was felt that consideration of variance sharing and materiality would be reviewed on a case by case basis.

Temporary Assignments

There was a discussion regarding the desirability of the Assignor having the ability to recall a temporarily assigned agreement before the end of the assignment term. It was agreed that TransGas would make the necessary changes to its Tariff and Assignment Forms to permit the two parties to elect either option.

Measurement of Gas

Measurement Canada has traditionally played a role in insuring the proper measurement of natural gas. In recent years it has been attempting to minimize this role in circumstances where both parties to the measurement function could be considered sophisticated and knowledgeable on measurement issues. The majority of the gas measurement by TransGas would fall into this category, known as low intervention meters. Measurement Canada still requires certain safeguards and requires specific things to be included in a pipeline's tariffs. TransGas will be



making these modifications to its Tariff to meet these requirements and avoid the higher costs if this were not done. The specific tariff language was reviewed with the Customer Dialogue participants.

Waste Heat Recovery

TransGas provided an update on this topic from the previous Customer Dialogue meeting and described the financial treatment for the Rosetown project which will be developed in 2010. This project, which utilizes waste heat from the transmission system's Rosetown compressor station, will be considered non-core. As such the project costs will not be part of the Rate Base and all of its operating costs will be excluded. Based on comparable industry precedents the transmission system will also receive a further benefit associated with the value of this waste product. The balance of any benefit will flow to TransGas' non-core operations.

Alberta Receipts - Rates/Business Structure

This subject was discussed at a number of Customer Dialogue meetings during 2009. A sub-committee was formed to evaluate alternatives which could minimize the costs of bringing increased quantities of gas into the province as Saskatchewan production declines and consumption grows. After having reviewed this topic, the sub-committee will bring the results of its investigations back to a future Customer Dialogue meeting.

Customer Survey

TransGas shared with the participants the summary results of its 2009 Customer Satisfaction survey. The results indicate that customers continue to be quite satisfied with service levels overall. However, the survey did identify some areas for improvement. TransGas will be focusing on these areas as well as maintaining its expected high levels of customer service.

Business Update

The regular Business Update was provided. This information can be found on the TransGas Website (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.

