

B.C. System and Foothills Pipe Lines Shipper Meeting

Meeting Notes

November 14, 2006

1. Introductions

Wendy West (TransCanada) welcomed the shippers both present and on the phone to the meeting. Round table introductions followed.

2. BC System/Foothills Integration

Wendy West (TransCanada) presented information on the BC System/Foothills Integration. The presentation may be viewed by accessing the BC System and Foothills web site at http://www.transcanada.com/BC_System/industry_committee/index.html or http://www.transcanada.com/Foothills/industry_committee/index.html.

A shipper asked whether any deferred taxes, resulting from when Canadian pipelines converted from normalized to flow through taxes, would remain with the BC System assets as part of the transfer. The shipper believed that deferred taxes did not transfer in the GTN sale and wants to make sure that the deferred taxes transfer with the BC Assets. TransCanada was not aware of any specific tax balance being referenced, however, explained that all assets and anything related to the BC System would be transferred, including any liabilities. TransCanada has since confirmed that there are no outstanding deferred taxes.

Wendy told the group of an error in the Foothills Tariff. Inadvertently, a provision for mid-month fuel adjustments was added to Foothills Zone 9. It was not TransCanada's or the shippers intention to have this provision in the Tariff. TransCanada will be applying to have this provision removed for Zone 9 and will include this provision for Zone 8 only. The linepack for Zone 9 is managed through the purchase and sale of gas. Zone 8 does allow for mid-month fuel adjustments as this is the method by which linepack on Zone 8 is managed. A shipper questioned why the inconsistency in managing linepack between the two zones. TransCanada explained that this was how the two zones had managed their linepack and that TransCanada was trying to keep the changes to the Tariff related to the integration as simple as possible. TransCanada indicated that they would be willing to look at this with shippers in the future if they desired.

A blacklined Tariff, incorporating the changes required for the integration was circulated some time ago. An updated version will be posted on TransCanada's website at http://www.transcanada.com/BC_System/industry_committee/index.html and http://www.transcanada.com/Foothills/industry_committee/index.html. TransCanada will set up a meeting to discuss these changes based on direction from shippers or shippers can provide their feedback directly.

A shipper asked if TransCanada would circulate the BC System/Foothills Integration Settlement. It will be posted at

http://www.transcanada.com/BC_System/industry_committee/index.html
http://www.transcanada.com/Foothills/industry_committee/index.html

and

A shipper asked about the difference between the evergreen renewal process and the notification process. The BC System's renewal provision stated that unless otherwise directed, contracts automatically renewed. TransCanada has changed this provision for Zone 8 in the blacklined Tariff to be that contracts must be renewed by notification. TransCanada feels that a renewal of a contract should be a conscious decision by the shipper.

TransCanada and Foothills must file rate applications by December 1 so the application for the transfer of the BC System assets will also be filed by that time. A shipper asked how and at what value the transfer would occur. A joint application by TransCanada and Foothills will be filed requesting approval of a simultaneous purchase and sale at net book value.

3. 2007 Preliminary Rates

Mike Ritsch (TransCanada) presented information on the 2007 Preliminary Rates.

A shipper asked whether the changes to STFT have caused the reduction in firm contracts. TransCanada explained that STFT has not been changed on Zone 9 since it was implemented. Change to STFT pricing on the BC System was done last year.

Another shipper asked why the tax decrease is considerably less on Zone 8 than on Zone 9. The BC System has not been taxable for a number of years, therefore the tax decrease due to the decrease to the tax rate would only have an effect on the current Zone 8 portion of the BC System costs. However, the discontinuation of the Large Corporation Tax is reflected in both the BC and current Foothills Zone 8 costs.

A shipper asked how the allocation factors amongst the four Zones have changed due to the integration. TransCanada explained that there are a lot of influences in the shifting of costs between Zones from year to year and that contract levels contribute to this allocation shift. Directionally, costs have shifted from Zone 8 into the other 3 Zones.

A shipper asked where TransCanada is showing the change in throughput between 2006 and 2007 in the presentation. For Zone 8, the throughput is less than contract demand so contracts are the more important driver in the rate calculation. The total firm contract demand change is about 180 TJ/day and is shown on slide 22.

4. Operational Update

Glen Mohan (TransCanada) presented an Operational Update related to some capacity constraints on the BC System.

A shippers asked what the maximum contractible capacity was before the derate. The maximum contractible capacity in the summer was approximately 2.8 bcf in the summer and approximately 3.0 bcf in the winter.

About 25,000 GJ is available for STFT contracting on the BC System at this time.

5. Other Matters

TransCanada had been considering removing the plates from the meter station at Alberta-BC on the NGTL System and allowing gas to free flow through the facility. There would have been maintenance and fuel savings related to this suspension of metering at that border, however, the Government of Alberta has a regulation in place that makes it necessary for gas leaving the province for export to be metered at or near the border. That being the case, TransCanada decided to perform the necessary maintenance to repair the metering facility. That maintenance is underway.

B.C. System and Foothills Pipe Lines Shipper Meeting

Attendees

November 14, 2006

COMPANY	SHIPPER
BP Canada	Brian Troicuk
BP Canada	Tracy Angel
Canadian Association of Petroleum Producers	Ritch Fairbairn
Canadian Natural Resources Limited	Ken Jacobson
ConocoPhillips	Jim Gilholme
Coral Energy Canada	Thomasz Lange
Devon Canada Corporation	Luanne Duffy
EnCana	Rinde Powell
Nexen Inc.	Debbie White
Northern Border	Bill Fonda
TransCanada Pipelines Ltd.	Wendy West
TransCanada Pipelines Ltd.	Bruce Newberry
TransCanada Pipelines Ltd.	Scott Yule
TransCanada Pipelines Ltd.	Mike Ritsch
TransCanada Pipelines Ltd.	Greg Szuch
TransCanada Pipelines Ltd.	Glen Mohan
TransCanada Pipelines Ltd.	Dan Ronsky
TransCanada Pipelines Ltd.	Patti Pugh
UBS	Colin Verges
<u>Attending via Teleconference</u>	
Avista Corporation	Bob Gruber
Pacific Gas & Electric Company/Terasen	Dave Ellerton
Terasen Gas Inc.	Mike Shoemaker
Cascade Natural Gas	Mark Vaughn