

National Energy
BoardOffice national
de l'énergie

File 4400-T001-22 and 4200-T001-18
6 December 2002

Mr. John Lee
Manager
Regulatory Research & Administration
TransCanada PipeLines Limited
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and

C. Kemm Yates, Q.C.
Stikeman Elliott
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Dear Mr. Lee and Mr. Yates:

**Application by TransCanada PipeLines Limited (TransCanada)
for approval of Mainline Interim Tolls Effective January 1, 2003
(2003 Interim Tolls Application)**

On 13 November 2002, TransCanada filed its 2003 Interim Tolls Application pursuant to sub-section 19(2) and Part IV of the *National Energy Board Act* for an Order approving Interim Tolls for service on TransCanada's Mainline effective 1 January 2003.

Between 15 November 2002 and 19 November 2002, the National Energy Board (the Board) received letters from the Firm Shippers Group (FSG), BP Canada Energy Company, the Canadian Association of Petroleum Producers (CAPP), and Centra Gas Manitoba Inc. concerning an eventual comment process for the consideration of TransCanada's 2003 Interim Tolls Application.

On 22 November 2002, the Board initiated a formal comment process, soliciting the views of interested parties on the appropriateness of the level of the proposed interim tolls. Comments indicating support or a lack of objection to the proposed interim tolls were received from CAPP, the Industrial Gas Users Association, Enbridge Gas Distribution Inc., the FSG, Société en commandite Gaz Métropolitain, and Union Gas Limited. Comments expressing concern over the proposed interim tolls were received from Sempra Energy Trading Corp. (Sempra) and from the Cogenerators Alliance (CA).

Sempra submitted that the current level of tolls, as approved by Board Order TG-4-2002 dated 29 August 2002, is the appropriate level of the interim toll for 2003. Sempra supported its position by the view that the current tolls are high enough, that any proposal to increase tolls from 2002 levels should be considered in light of all other issues in the [RH-1-2002] proceeding, and that TransCanada does not suffer from a lack of liquidity.

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The CA expressed concern about TransCanada's inability to retroactively collect the difference between the Mainline interim and final toll on the gas shipped by shippers that leave the system prior to the implementation of final tolls. The CA requested that the Board seriously consider providing TransCanada with the ability to charge/rebate departed shippers for the differential between the interim and final toll once the final toll is established.

In its reply comments, TransCanada submitted that the stated positions of Sempra and the CA do not provide sufficient reason to set the Mainline's interim tolls at a level other than that proposed in the 2003 Interim Tolls Application. TransCanada noted that the level of tolls is supported by a broad spectrum of parties that will be affected by those tolls on an interim basis and submitted that its 2003 Tolls Application should be approved as filed.

With respect to the comments of the CA and Sempra to TransCanada's 2003 Interim Tolls Application, the Board notes that the proposed interim tolls reflect TransCanada's currently approved rate-making methodology. The Board has previously indicated that a decision to approve interim tolls is, in no way, a ruling by the Board as to the merits of any case presented by an Applicant or by interested parties in an application to set final tolls. In the circumstances of this case, the Board is of the view that it would be premature to consider the appropriate means of adjusting for any difference between 2003 interim and final tolls. This question would be more appropriately addressed in the RH-1-2002 proceeding that will consider TransCanada's 2003 Tolls and Tariff Application.

Having considered TransCanada's 2003 Interim Tolls Application, and having considered all comments by interested parties in relation to that Application, the Board has decided to approve TransCanada's Interim Tolls Application as filed, effective 1 January 2003.

TransCanada is directed to serve forthwith a copy of this letter on parties in the RH-1-2002 proceeding, its Tolls Task Force, and its Mainline customers.

Yours truly,



Michel L. Mantha
Secretary

Attachment

National Energy
BoardOffice national
de l'énergie**ORDER TGI-2-2002**

IN THE MATTER OF THE *National Energy Board Act* (the Act) and the regulations made thereunder;

AND IN THE MATTER OF an application filed with the National Energy Board (the Board) under File 4400-T001-22 by TransCanada PipeLines Limited (TransCanada) for certain orders respecting tolls specified in a tariff pursuant to subsection 19(2) and Part IV of the Act.

BEFORE the Board on 6 December 2002.

WHEREAS TransCanada filed an application, dated 13 November 2002, for an Order fixing tolls it may charge, on an interim basis, for or in respect of transportation services rendered, effective 1 January 2003;

AND WHEREAS the Board has considered comments from interested parties on the appropriate level of interim tolls to be effective 1 January 2003;

THEREFORE, IT IS ORDERED, pursuant to subsection 19(2) and Part IV of the Act, that:

1. TransCanada's current tolls which were made effective under Toll Order TG-4-2002 be terminated as of the end of the day on 31 December 2002.
2. TransCanada's proposed tolls, as contained in its Application dated 13 November 2002, be implemented effective 1 January 2003 on an interim basis pending a final order by the Board concerning TransCanada's 2003 tolls.

NATIONAL ENERGY BOARD

A handwritten signature in black ink, appearing to read 'M. Mantha', written over a horizontal line.

Michel L. Mantha
Secretary



PROPOSED INTERIM TOLLS

Schedule 5.1

This schedule sets out the 2003 proposed interim tolls effective January 1, 2003 for the following:

- Firm Transportation Service,
- Storage Transportation Service,
- Long Term Winter Firm Service,
- Short Term Firm Transportation,
- East/West Differential for STFT,
- East/West Differential for IT,
- Backhaul Transportation,
- Enhanced Capacity Release,
- Multiple Handshake/Pooling Service,
- Delivery Pressure,
- System Average Unit Costs,
- Distances for IT Services.

Schedule 5.2

This schedule sets out the 2003 proposed interim tolls for Interruptible Transportation effective January 1, 2003



CANADIAN AND EXPORT TOLLS
PROPOSED INTERIM TOLLS EFFECTIVE JANUARY 1, 2003

LINE NO.	PARTICULARS	DEMAND TOLL (\$/GJ/mo)	COMMODITY TOLL (\$/GJ)	100% LF TOLL (¢/GJ)
	(a)	(b)	(c)	(d)
<u>CANADIAN FIRM TRANSPORTATION</u>				
1	Saskatchewan Zone	7.15098	0.01147	24.657
2	Manitoba Zone	10.97651	0.01810	37.897
3	Welwyn to Manitoba Zone	4.07210	0.00564	13.952
4	Western Zone	17.80615	0.03086	61.627
5	Northern Zone	27.50028	0.04793	95.205
6	Eastern Zone	34.74741	0.06066	120.304
7	St. Clair to Union SWDA	0.97411	0.00022	3.225
8	Dawn to GMi - EDA	10.33651	0.01758	35.741
<u>EXPORT FIRM TRANSPORTATION</u>				
9	Empress to Spruce	12.14753	0.02043	41.980
10	Empress to Emerson	12.38573	0.02086	42.806
11	Empress to Niagara Falls	34.74647	0.06124	120.359
12	Empress to Iroquois	34.93337	0.06158	121.007
13	Empress to Cornwall	35.69761	0.06296	123.658
14	Empress to Sabrevois	37.30920	0.06587	129.247
15	Empress to Philipsburg	37.66512	0.06651	130.482
16	Steelman to Philipsburg	33.33055	0.05868	115.448
17	Empress to Napierville	37.46801	0.06615	129.797
18	Empress to Chippawa	34.77344	0.06129	120.453
19	Empress to St. Clair	30.06809	0.05279	104.133
20	Empress to East Hereford	39.75318	0.07028	137.723
<u>MISC POINT-TO-POINT FIRM TRANSPORTATION</u>				
21	Dawn to Niagara Falls	4.22710	0.00613	14.510
22	St. Clair to Chippawa	4.52299	0.00666	15.536
23	Kirkwall to Chippawa	2.12414	0.00233	7.216
24	St. Clair to East Hereford	12.97944	0.02193	44.865

* All tolls are expressed and payable in Canadian Dollars.



PROPOSED CANADIAN AND EXPORT TOLLS
PROPOSED INTERIM TOLLS EFFECTIVE JANUARY 1, 2003

LINE NO	PARTICULARS (a)	DEMAND TOLL (\$/GJ/mo) (b)	COMMODITY TOLL (\$/GJ) (c)
<u>STORAGE TRANSPORTATION SERVICE</u>			
1	Centra Gas (Manitoba) - MDA	2.56750	0.00313
2	Union Gas - NDA	6.99333	0.01112
3	Union Gas - EDA	4.33750	0.00633
4	Kingston	4.26250	0.00619
5	Gaz Métropolitain - EDA	8.01000	0.01296
6	Consumers Gas - CDA	0.84083	0.00001
7	Consumers Gas - EDA	2.74583	0.00345
8	Cornwall	6.09333	0.00950
9	Philipsburg	8.06083	0.01305
<u>LONG TERM WINTER FIRM SERVICE</u>			
10	Empress to Iroquois		1.69410