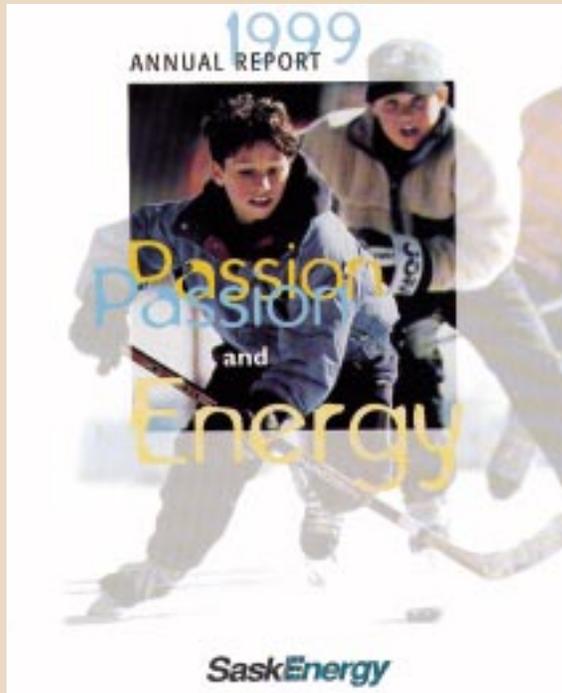


## Annual Report Now Available

The SaskEnergy 1999 Annual Report "Passion and Energy" is now available upon request. For your personal copy, please contact Tracy Singer at (306) 777-9916 or email your request to [tsinger@transgas.sk.ca](mailto:tsinger@transgas.sk.ca).

TransGas Highlights from this year's publication are as follows:

- TransGas' net income for 1999 was \$31.0 million, an increase of \$4.1 million over 1998.
- An all-time high of more than 1,000 new wells were drilled in the province of Saskatchewan in 1999.
- "Saskatchewan Connection" marketing initiative was launched to attract new Alberta volumes to the TransGas system.
- Freezing transportation rates for 2000 and 2001 has enhanced TransGas' already competitive tolling structure.
- \$6 million Christopher Lake to Timber Cove expansion completed.
- 11 new receipt points and 10 new delivery points added in 1999.
- 307 bcf moved on the pipeline system.
- More than 200 producers, marketers and end-user consumers relied on TransGas' transportation services in 1999.
- The TransGas Customer Dialogue Process continued with tremendous success.
- The Pipeline Research Committee International (PRCI) chose TransGas for its welding procedure tests on thin-wall pipelines.
- Zero employee lost-time incidents recorded in 1999.
- Received Climate Change Leadership Award from Voluntary Challenge and Registry Inc. for the action taken to reduce greenhouse gas emissions.



# A New Service for our Valued Customers

If you are currently a TransGas customer you should have already received your letter on the Daily Energy Service Release on the TransGas Website. If you haven't yet received your letter or you wish to have more information on "Daily Energy" please continue to read on.

We are pleased to announce the release of our Daily Energy Web service to assist you in your natural gas business decisions. This application will be available for TransGas customer use effective July 1, 2000.

Daily Energy will provide customers with meter specific volume and energy information on the Web. We trust this information will help customers make better, more informed business decisions and optimize their natural gas activities. In addition, nominations can be compared

with the best available measurement information.

Updates will occur daily and will be available for customers 3 hours after the end of the gas day (12:00 CST). Information for approximately 95 percent of the 170 receipt custody transfer meter locations and 75 percent of TransGas intra Saskatchewan deliveries is currently accessible using the Daily Energy Web application. We are currently working to increase the number of available meter locations to better assist you in your business decisions.



## *How Can I Access Daily Energy?*

You can access an electronic copy of the forms required to access Daily Energy from the TransGas Web site ([www.TransGas.sk.ca](http://www.TransGas.sk.ca)), under the Customer Activities section.

**Please call** Elanna Gilbert at 306-777-9563, Linda Neely at 306-777-9558 or Lillian Wilde at 306-777-9656 of TransGas Customer Services, for more information regarding acquiring access to the Daily Energy Web application.

## *Who can I call for more detailed operational information on Daily Energy?*

TransGas' Transport Management department will contact your staff that normally makes nominations such that they can assist you in use of this application. If you have any immediate questions on its use, please contact:

Darlene Exner - 306-777-9805  
Kathy Steponchev - (306) 777-9193  
Maureen Zaharychuk - (306) 777-9572  
Priscilla Bird - (306) 777-9817  
Shelley Chadwick - (306) 777-9806

We trust this new service will assist you in your daily business and we look forward to your feedback in order that we may continue developing cost effective, value added services for our TransGas customers. If you have any comments on this service or other plans for the TransGas website, please contact David Wark, Manager, Electronic Business Systems, 306-777-9585.

# Quarterly Report

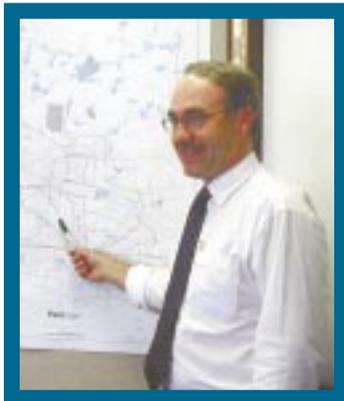
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Your Link To Success

# Organizational Changes Announced at TransGas

TransGas is pleased to introduce a series of senior management and organizational changes.



**Daryl Posehn**, Vice President, TransGas Limited will lead the Operations and Engineering groups. This reorganization allows TransGas the ability to maintain a focus on reliability and operations performance. The following changes were effective April of 2000.

Daryl Posehn, P.Eng. has been appointed Vice President, TransGas Limited. In his new role Daryl is responsible for planning, coordinating and leading the integrated operations of Transmission Operations, Engineering & Technology, Transport, Control & Measurement, as well as Environmental Affairs. Daryl's 24 year's experience with TransGas and its predecessor,

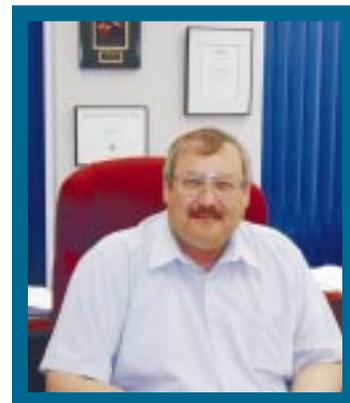
SaskPower, has provided him the depth of understanding and business experience to tackle the significant challenges of this position

**Phil Sandham**, P. Eng. formerly Executive Director, Engineering and Technology will now take on a new role in TransGas as Executive Director, Transport, Control & Measurement. Phil's 20 year's experience in the company has provided him with the skills and experience necessary to successfully deal with emerging issues in the Transport, Control & Measurement area, including the development of our e-business strategy. Phil looks forward to addressing the evolving needs of our customers.



**Dick Graham**, P. Eng. has been appointed to the position of Executive Director, Engineering and Technology. He brings over 17 year's experience in oil and gas production operations, facilities design, and gas transmission pipeline engineering. Dick has shown strong commitment and leadership in directing the company's pipeline integrity program, making it one of the best in Canada. He and his team look forward to implementing continued success building and maintaining a safe, reliable and efficient pipeline system focused on customer's needs.

**Randy Hahn** has been appointed as the Executive Director, Transmission Operations. Most of our customers will remember Randy as our Director of Gas Control, a position he held for many years. Randy's 29 year's experience in the industry has equipped him to successfully lead our Transmission Operations team. Randy looks forward to working closely with TransGas field personnel and our customers' field operations representatives, as well as building upon our strong operating tradition.

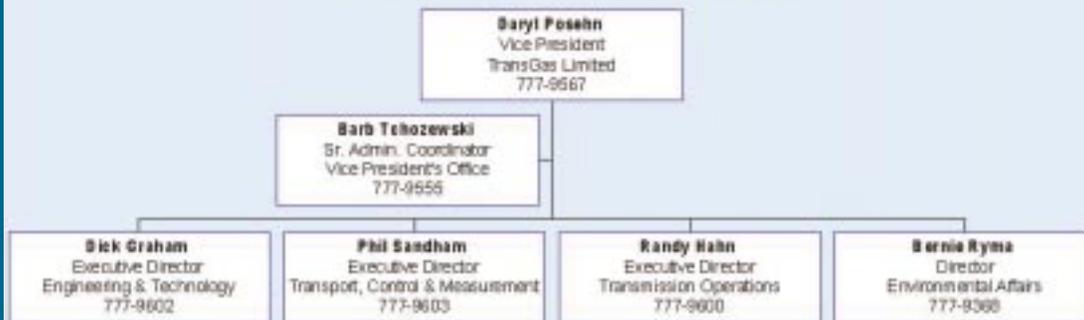


did you know?

That in addition to the organizational changes at TransGas, others changes are occurring as well:

- TransGas has recently given its website a new look while making it more user friendly. Log on at [www.transgas.sk.ca](http://www.transgas.sk.ca) and take a peek! We hope you like the changes!

# TransGas Limited

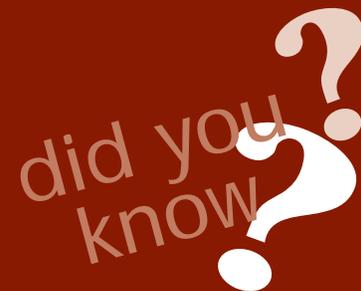


Dean Reeve, Vice President Business Development and Market Services will continue to lead TransGas Customer Service, Rates Policy & Regulations Marketing. The challenges of leading TransGas' business will continue to be met by Dean and his staff.



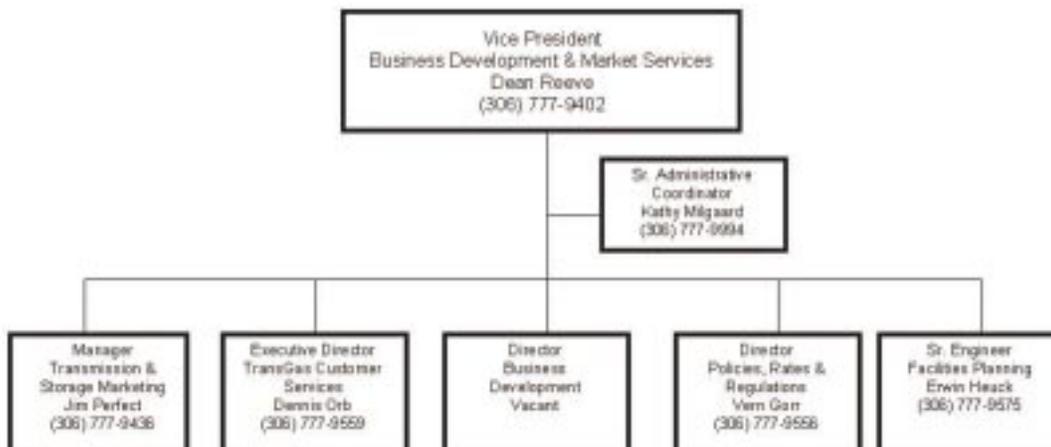
## Tracy Singer Joins Transmission and Storage Marketing

Jim Perfect, Manager, Transmission & Storage Marketing is pleased to announce the appointment of Tracy Singer to the position of Supervisor, Transmission and Storage Marketing. Tracy has gained many years of marketing experience through her employment with SaskEnergy. Tracy looks forward to meeting our customers and identifying opportunities where TransGas' transmission and storage services can be beneficial to you the customer. Tracy's responsibilities will also include acting as editor of the TransGas Quarterly Report. Tracy can be reached at (306) 777-9916 or email at [tsinger@transgas.sk.ca](mailto:tsinger@transgas.sk.ca).



- All email addresses for TransGas employees have now taken on a new look as well. For example you will now be able to locate Tracy Singer at [tsinger@transgas.sk.ca](mailto:tsinger@transgas.sk.ca). Just simply replace SaskEnergy on any previously used email addresses with TransGas.

# Business Development & Market Services



# Three Changes to Minimum / Maximum Heating Value

Proposed changes to the minimum/maximum heating values were discussed in the TransGas Customer Dialogue Process. The following three changes received participant support prior to being finalized and will be implemented by TransGas effective November 01, 2000.

**1) A low heating value surcharge service will be introduced.**

The low heating value surcharge services will allow some producers to avoid the costs of raising the heating value of gas to 35 MJ/m<sup>3</sup> before acceptance onto the TransGas system. At these locations the mixing of low heating value gas with higher heating value gas, will ensure gas quality can be maintained on the TransGas system. The surcharge service results in a sharing of the savings between the low heating value producer and the other shippers on the system.

**2) The minimum heating value requirement may be increased from 35 MJ/m<sup>3</sup>.**

Gas received by TransGas must flow directly into an interconnecting pipeline at certain receipt locations on the system. If the minimum heating value of this downstream pipeline is 36MJ/m<sup>3</sup>, as is the case with TransCanada Pipelines, this will become the minimum heating value for this receipt point.

**3) TransGas will be allowed to deliver gas with a heating value that exceeds 39MJ/m<sup>3</sup>.**

To permit additional flexibility for new gas reserves to be developed in Saskatchewan, TransGas will be allowed to deliver gas with a heating value that exceeds 39MJ/m<sup>3</sup>, provided that all other gas quality specifications are met.

The required Tariff changes to facilitate these initiatives will be made prior to the November 01, 2000 effective date and posted on the TransGas website. **If you are interested in this new service offering or have any questions regarding these changes, please contact Dennis Orb, TransGas' Executive Director of Customer Services at (306) 777-9559.**



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## Activities in Saskatchewan

There are a lot of exciting things happening in Saskatchewan which positively affect TransGas and its customers both on the production and consumption side of the natural gas business.

### Production Side of the Business

Gas well drilling in Saskatchewan is well ahead of last year's record pace, which yielded 989 gas wells. As of June 9, 2000, 335 wells have been drilled in Saskatchewan, 125 more than for the same period last year. It is anticipated that 2000 should be another record year in terms of gas well drilling.

TransGas receipts of Saskatchewan production have been averaging approximately 635 TJ/day since November 1, 1999, and the gas well drilling activity should again arrest the decline and result in an overall increase from last year. 1999 activity offset the declining production from existing wells and resulted in an overall increase of 7% above 1998 Saskatchewan field production (98-202 BCF, 99-216 BCF).

### Consumption Side of the Business

Saskatchewan has not seen many new gas consuming industrial projects over the last few years. However, recent announcements indicate that at least three major projects are planned for the 2001 - 2002 time frame:

- Consumer Co-operative Refineries Limited expansion is in the planning stages; and
- 2 cogeneration projects have been announced for the Saskatoon area

# Together, with Our Customers, TransGas Investigates New Approaches

TransGas, along with its customers represented by the Customer Dialogue Process, have established a joint work group to investigate some policy changes, which would see positive fundamental changes in the way business is conducted on the TransGas system.

During the later part of 1999 and early 2000, TransGas and its Customer Dialogue participants reviewed ways to modify the existing policy framework to mitigate a number of customer and TransGas concerns. At the April 2000 Customer Dialogue meeting it was agreed that more basic and fundamental changes, than had been previously discussed, were required.

To meet today's customer expectations, TransGas is looking to move from being an administrator of after-the-fact policies and penalties, intended to manage the system, to being a more proactive service provider, working with the customers to manage the system on a daily basis. These changes are required as today's policies fall short of meeting both customers' and TransGas' desires. Changes in capacity and growth of the TransGas system, as well as today's business environment and competitive pressures, make these changes both necessary and possible. Today the gas marketplace has evolved to a daily business and advances in information technology will enable us to move to a real-time environment. These changes will represent a significant and positive change to TransGas' approach.

As a foundation for the changes, TransGas put forward potential new models for receipt and delivery service. To provide ease for our customers, these models have brought TransGas' system much closer to the NOVA practices in Alberta. The suggested new business environment put forward by TransGas was well received in general, however, some concerns were expressed that the suggested receipt service would require more effort on the part of the CSO's. Therefore, it was agreed that further analysis is required to review these concerns and suggestions brought forward.

To assist this process, a Customer Dialogue work group comprised of producers, consumers and marketers, along with TransGas was formed to bring a more defined package back to Dialogue. The work group has conducted several meetings and solicited the input of a number of customers, not represented at Dialogue, to arrive at a more customer friendly model. One of the more major changes to TransGas' original suggestions was to the model for receipt service. The customers will better receive a model where imbalances would be held in the shippers TEP account, similar to the delivery service proposal and more similar to the NOVA receipt model. The work group has also begun to more clearly define how other changes could be best implemented.

It is anticipated that the work group will continue its efforts throughout the summer of 2000 and have a more defined package, including a possible implementation plan, to be reviewed by the entire Customer Dialogue group later in the year. Implementation of some of these changes may take place towards the end of 2000, however, full attainment of these changes may not be possible until sometime in 2001.

If you would like any further information on this process, please contact the Chairperson, Vern Gorr, TransGas' Director of Policies, Rates and Regulations at (306) 777-9556.

## Contract Renewal Reminder

*Contract Deadline: August 3, 2000*

We'd like to take this time to remind our customers that some transportation contracts reach the end of their present term on November 1, 2000. August 3 is your last chance to request contract demand reductions for contracts eligible for renewal November 1. Affected customers should have received letters in June, listing expiring contracts and renewal provisions for each. **If you have not received your letter or have any concerns regarding your contract renewal please contact Elanna Gilbert (306) 777-9563.**

TransGas, however, accepts other requests for revisions throughout the contract year. We make every effort to accommodate such requests from our customers.

did you  
know?



To date, in Saskatchewan, there were 125 more wells drilled in the same time period as last year.

