

How TransGas Stacks Up

As clients of TransGas it's nice for you to know how we stack up against the competition. That's one of the reasons why TransGas participates in Natural Gas Pipeline Benchmarking Studies on a regular basis. A recent report conducted by Ernst & Young addresses the comparative performance of pipeline companies in the areas of natural gas transmission operations and maintenance and business support functions. Seventeen companies were examined and TransGas was compared specifically to a peer group of companies that was established using volume throughputs, haul distance, and pipeline miles as well as other factors. Within the peer group, TransGas was smaller in terms of Billion Cubic Feet (BCF) throughput but had the second highest number of pipeline miles. As well, TransGas had a relatively shorter average haul distance versus the other companies.

One important category studied was expenses. TransGas fared well in the total General & Administration, Operations & Maintenance, Fuel & Depreciation expenses compared with our peers. In fact, TransGas is the second lowest in terms of Total Expense/BCF throughput (about 40% less than the peer average), and just slightly higher than the overall best quartile performers.

To best compare the companies' fuel efficiency, a common measure is the amount of fuel required to move one BCF one mile. In this category, TransGas' results are close to both the peer and all company average. Overall, TransGas compares well with our peers in the industry - but don't think we are resting on favorable results! Among other things, we will continue to utilize new technology to manage our operating costs and gain greater efficiencies. As always, a challenge remains to better utilize the existing infrastructure, and this is one of our company's top priorities for year 2000 and beyond.



TransGas is continually striving to better manage our operations while maintaining excellent service. That is our ongoing commitment to our customers.

Your Link To

TransGas Working for our Customers

In the fall of 1999 TransGas announced a freeze of its transportation tolls for 2000 and 2001. As TransGas begins its forward planning for the years 2001 and beyond, we are pleased to be investigating the possibility of extending the rate freeze even further for our customers.

"We have begun discussions with our

customers, through the Customer Dialogue Process, to develop appropriate mechanisms that may permit this extension", announced Vern Gorr, Director, Policy, Rates and Regulations. "TransGas customers would then be provided with even longer-term rate stability. This is in keeping with TransGas' efforts to provide our customers with quality service offerings."

Reminder

Temporary Revision to the Transportation Imbalance Policy

Once again it's that time of year when TransGas implements the temporary revision to its transportation imbalance policy. As was done last year, an imbalance charge will be administered according to current policy for all over delivery imbalances (a positive imbalance on a receipt or delivery contract), in excess of 3 %. However, all over delivery imbalances, including those from 0 % to 3 %, will be held by TransGas for the winter and returned to the shipper only after April 1, 2001 on a reasonable-efforts basis.

To facilitate the temporary revision, TransGas will automatically zero the closing balance for October 31, 2000 on all over delivered contracts. However, customers will still be allowed to request any imbalance transfers with other contracts before the final imbalance is established.

TransGas will waive any under delivery imbalance charges in the 3 % to 7 % range in addition to the existing under delivery no charge range of 0 % to 3 % for October 2000 only. This will provide shippers with a similar, no consequence, tolerance window. Any imbalances that exceed the 7 % under delivery will be administered the normal charges.



To facilitate the return of the October 31, 2000 over delivery imbalances in April 2001, TransGas will add this stored imbalance to the shipper's opening balance for the month of April 2001. Shippers will have to compensate their April nominations for delivery to alleviate any imbalance that exceeds tolerance in April.

For further information, please contact Dennis Orb at (306) 777-9559 or Gary Johannsson at (306) 777-9560.

Quarterly Report

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Your Link To Success

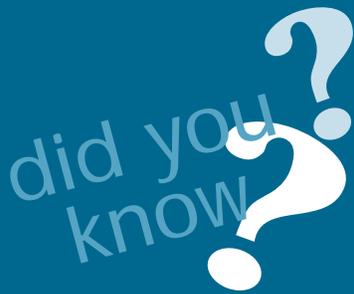
Daily Energy- Information at your Fingertips

As you already know, information these days is required quickly to make informed decisions. Therefore, to assist you in your efforts to make informed decisions, TransGas has introduced "Daily Energy". As of July 1, 2000 our customers have been able to sign onto our website (www.transgas.sk.ca) to access Daily Energy for up-to-date information on meter specific volume and energy information. To date, 30 percent of our customers have signed up for Daily Energy and have been using the service to make better, more informed business decisions and optimize their natural gas activities.

Ron Wittenbecher of Weyerhaeuser Saskatchewan Ltd. Stated, "The TransGas Energy Site has helped me streamline the accounting month end by providing me data in a timely manner."

Daily Energy allows customers to compare Nominations with the best measurement information available. Updates occur daily and will be accessible for customers within 3 hours after the end of the gas day (12:00 CCT). Information for approximately 95 percent of the 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 our customers' business decisions," stated David Wark, Manager, Electronic Business Systems. "Our Transport Management group has also been using Daily Energy over the past few months to assist customers with nomination imbalances, therefore making it a valuable tool for both our customers and staff. Daily Energy will also help our customers with the transition to the new business policy changes by proactively monitoring customer nominations to ensure the transition to minimal daily imbalances is manageable." For customers wanting to learn more about how to utilize Daily Energy please join us at one of our Customer Workshops scheduled for October and November of this year.



That you have access to a summary of the Customer Dialogue meeting on the website. Just look under "News & Industry" then "Customer Dialogue".

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), 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, to acquire access to the Daily Energy Web application.

Who can I call for more information on Daily Energy?

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 Web site please contact David Wark, Manager, Electronic Business Systems, (306) 777-9585.

Safety First

The emphasis on safety for TransGas was proven in 1999 with a record of zero employee lost-time incidents. This emphasis on safety is prevalent every day in our Public Awareness Programs.

In July, TransGas Saskatoon District Staff, Transmission Operations hosted an Open House at the Prud'homme Compressor station in central Saskatchewan. The information session was targeted for Emergency First Responders in the area and is only part of a larger plan that TransGas has for Public Awareness of our business and facilities.

The program, which included a tour and information about the Prud'homme facilities, was attended by over 50 Fire, Police, RCMP and other emergency response officials. Information on the TransGas operations and possible emergencies that may occur was provided to attendees. "The program was excellent," expressed Randy Hahn, Executive Director Transmission Operations. "We established roles and responsibilities for first responders and TransGas employees to ensure effective and safe continuity of operation during an emergency." Public awareness and safety are demonstrated through other programs of this nature as well, such as Contractor Information Sessions.

Open Houses are scheduled as a regular part of TransGas' efforts to educate the general public on potential impacts of any encroachments on equipment and pipeline right of ways. TransGas also works with other Saskatchewan organizations that have underground facilities, to communicate the message of "Dial Before You Dig". In addition, TransGas has scheduled over 2000 visits, this year alone, with individual landowners across the province to make them aware of the pipelines that may cross their land and the precautions that should be taken. TransGas also attends various trade shows and meets directly with Rural Municipality Representatives and individual First Responders to further emphasize our safety message.

Important Numbers to Remember:

Line Locates & Crossing Information	(306) 777-9666.
General Business & Information Calls	1-877-TRANSGAS (1-877-872-6742).
Emergency Calls	(306) 777-9800 (Gas Control Center).

Record Drilling Year for Saskatchewan!

2000 is shaping up to be another record drilling year for Saskatchewan! There have been 802 cased gas wells drilled as of August 18th this year compared to 614 wells drilled last year at the same time. If the current pace of activity continues, the 2000 year-end results should exceed the previous year record of 989 gas wells. This robust drilling activity will translate into increasing production from Saskatchewan's natural gas resource base.

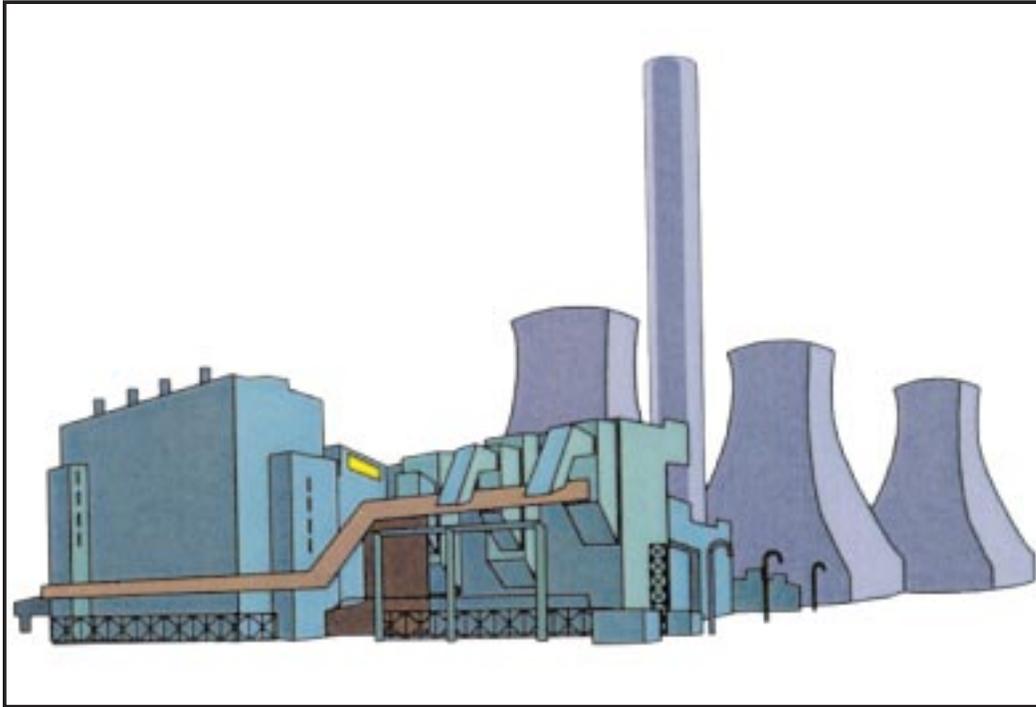
Once again, the outlook for 2001 portrays healthy drilling numbers. With both crude oil and natural gas commodity prices remaining high, cash flow for much of the upstream industry will lead to increased capital programs in exploration and production during 2001.



did you know?

Out of the 802 cased gas wells drilled as of August 18th, 730 of these wells were drilled in the Swift Current area.

Exciting Customer Activity



"While most of the TransGas activity has been on the receipt side of the business this year, there have been several important developments on the delivery side that will lead to future delivery capacity increases," says Greggains. "SaskPower has announced a significant addition to the gas-fired generation capacity at the Queen Elizabeth power station in Saskatoon, as well as a cogeneration scheme at the Cory Potash mine. These projects represent two major industrial loads on our system." Consumers' Co-operative Refinery Limited has announced an expansion project that will also substantially increase their natural gas load. As well, several small projects have been completed or are proceeding, resulting in delivery capacity increases for this year.

Customer activity remains focused on the receipt side of TransGas' business. "This year to date we have 12 contractual commitments for new receipt services," says Randy Greggains, Manager, Customer Service, "which correspond to about 48 TJ/day of new gas." Customer tie-in requests have increased over the last month as producers are working towards connecting additional gas receipts before the start of the new gas year on November 1, 2000.

Activity on both sides of TransGas business illustrates that the core business is currently strong and is expected to remain strong into the future.

For more information contact: Dennis Orb, Executive Director, Customer Services at (306) 777-9559 or Randy Greggains, Manager, Customer Services at (306) 777-9489

TransGas New Service Offerings

New Low Heating Value Surcharge Service

TransGas is excited to announce a new Low Heating Value Surcharge Service at various locations. "Effective November 1st, 2000, the new service will allow customers to deliver gas with a heating value lower than the gas quality minimum specification of 35 MJ/m³," said Gary Johannsson, Supervisor Rates & Revenue.

Currently, if the gas doesn't meet the minimum specification, the customer must enrich the gas by adding something like propane to increase the heating value to reach the minimum requirement. This will no longer be the case since some TransGas locations are able to receive gas with a heating value below 35 MJ/m³ and still meet delivery heating value obligations.

The new service offering will be available not only to CSO's who do not have propane injection capability, but will be an alternative to those CSO's who currently employ propane injection. This means CSO's are provided the opportunity to acquire transportation service without having to enrich their gas with propane injection.

The new service will be provided on a year-round firm basis and on a short-term firm service, however, some receipt points are not able to provide the service on a complete year-round basis. During the months TransGas is not able to offer the Low Heating Value Surcharge Service, the CSO will be required to maintain existing gas specification minimum heating value requirements.

The monthly surcharge for the service will be based on the total flows through the receipt meter and the actual heating value of the gas received by TransGas during the month. A monthly surcharge will only be billed if the actual heating value for the month is below TransGas' minimum heating value requirement of 35 MJ/m³, therefore, no payment is required when the actual heating values are above 35 MJ/m³.

For further information about this new service offering, please contact Dennis Orb, Executive Director, Customer Services at (306) 777-9559 or Randy Greggains, Manager, Customer Services at (306) 777-9489.

Hatton Service Offering

TransGas will implement a new competitive service offering to natural gas producers in the Hatton area effective November 1, 2001.

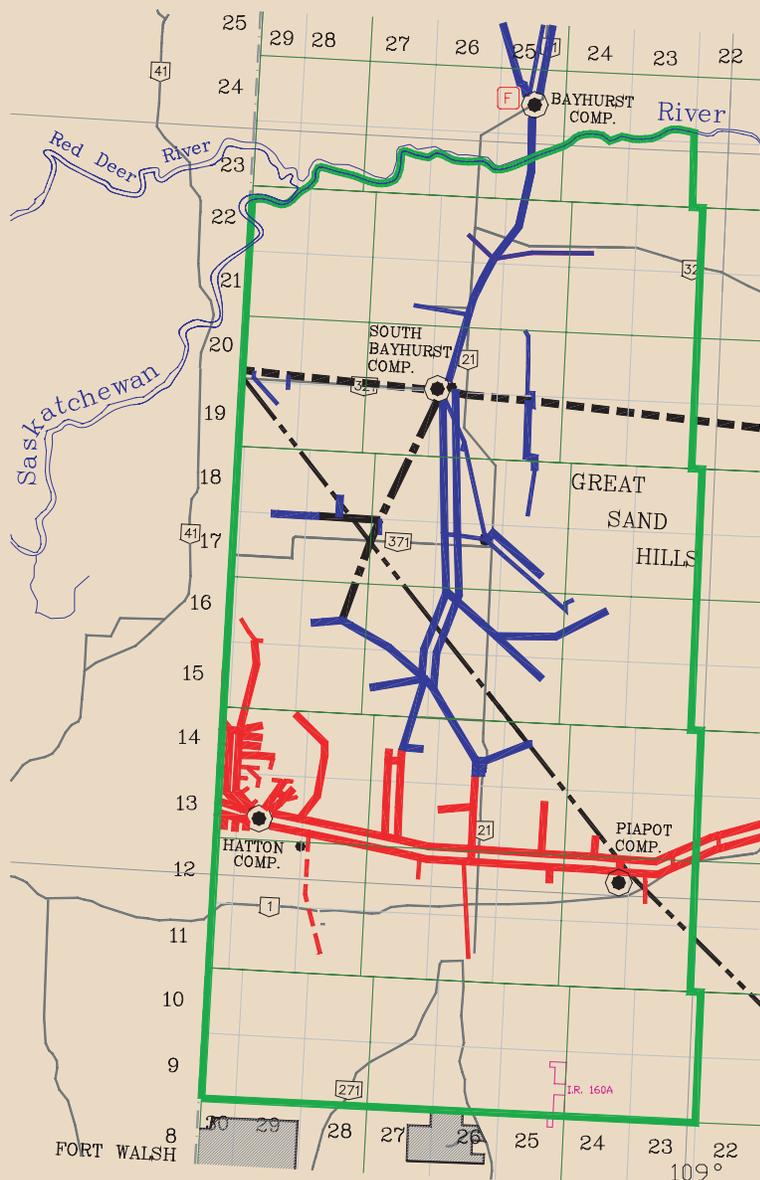
The offering is:

- Limited to a maximum of 200 TJ/day in the defined Hatton area (see map);
- Pertains only to export gas flowing to the Foothills or TransCanada pipelines;
- Will provide producers with a long-term competitive service. It is subject to an open season beginning October 1st, 2000 and ending February 1st, 2001 for customers to make their commitments for up to 15 years of service; and,
- Will allow producers to utilize the TransGas Energy Pool™ (TEP) via diversion changes. The Saskatchewan end-users with the diversion will continue to have access to this natural gas.

"It is important to take this step in order for TransGas and our customers to remain competitive in an ever-evolving industry," TransGas Vice President of Business Development and Market Services, Dean Reeve said.

"This new service offering will ensure the long-term utilization of TransGas' infrastructure in southwestern Saskatchewan as well as the long-term economic production of the gas reserves in the Hatton area."

For further information contact: Dennis Orb Executive Director, Customer Services at (306) 777-9559, or Randy Greggains Manager Customer Services at (306) 777-9489.

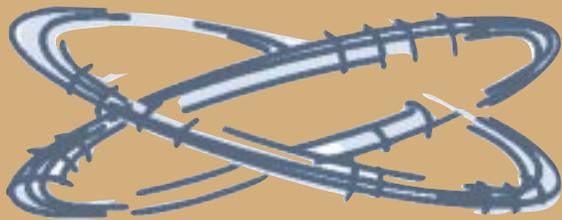


did you know?

The Hatton Area produces approximately 250 TJ's per day.

TRANSGAS 2000 SYSTEM CAPACITY AVAILABLE

Service	Location	Firm Status And Interruptible
A. Compression	Coleville	No (interruptible only)
B. Gathering	Coleville	No (interruptible only)
C. Receipt Transmission	Hatton-Success Bayhurst Area	Yes
	Loomis-Cypress Area	Yes
	Estevan-Steelman Area	Yes
	Coleville - Unity Area	Yes
	John Lake, Beacon Hill Areas	Yes
	TCPL Interconnects (Unity, Cold Lake, Empress)	Yes
D. Delivery Transmission (Export)	TCPL (Bayhurst, Success & Herbert)	Yes
	Foothills (Piapot)	Yes
	Williston Basin (North Portal)	Yes
E. Delivery Transmission (Intra)	Various Saskatchewan Delivery Points	Yes
F. Storage (Volume and Deliverability)		No
	- Firm - Summer Use	Yes



The [TransGas Quarterly Report](#) is published quarterly to provide customers with up-to-date information on the transportation and storage services offered by TransGas Limited.

If you have any comments or require additional copies of our [Quarterly Report](#), please contact:

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 E-Mail: tsinger@transgas.sk.ca

Schedule of Events:

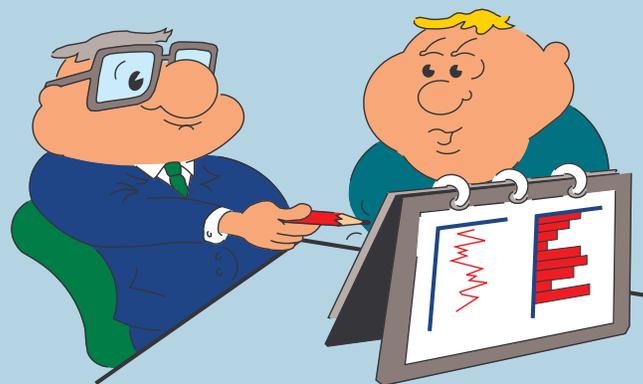
- October 5: Customer Workshop
 Sheraton Suites - Calgary
- November 23: Customer Workshop - Regina
- November 23: General Customer Meeting - Regina
- December 7: General Customer Meeting - Calgary

For more information regarding these events please contact Tracy Singer at (306) 777-9916 or Email tsinger@transgas.sk.ca

TransGas Transport & Storage Update

As of August 31, 17 PJ (16 Bcf) of storage injection has occurred this year, or 90% of the scheduled storage injection of 19 PJ (18 Bcf) for the year. TransGas storage customers currently average 90% of full, which is higher than historic average for August 31 storage position. The near full storage position was achieved despite the fact that during the majority of the past summer, best efforts injection was restricted.

To date, over 80 system outages have been completed, or 70% of the scheduled outages planned for this year. The planned outages are for compressor and storage maintenance pipeline integrity, system improvements, and customer tie-ins. Minimal customer impact has occurred to date as a result of these planned outages. TransGas will continue to communicate plans of any outage impacting a customer's service at least 7 days prior to outage, and will make every effort to minimize the impact.



Bookmark "The Saskatchewan Connection" on your internet!

www.transgas.sk.ca

— **TransGas** —

