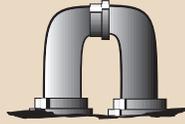


TransGas Helps Bring Natural Gas to Swan Valley



For residents in the Swan Valley area in Manitoba, it's hard to believe natural gas is going to become a reality since they've been pursuing natural gas service for nearly thirty years. After a number of attempts by other natural gas companies, we are pleased to announce that the Swan Valley Gas Corporation (SVGC), the new wholly-owned subsidiary of SaskEnergy, is the company of choice to deliver natural gas to Swan Valley area. SVGC will deliver natural gas to residences, farms, commercial and industrial businesses. SVGC will own and operate all transmission and distribution facilities on the Manitoba side of the project. Many Islands Pipe Lines (Canada) Limited will own the new transmission facilities connecting the TransGas system to the SVGC facilities at the Manitoba border.



Total capacity of the facilities is approximately 4.5 million cubic feet per day. Of this capacity, over half of the peak day will be used by the large industrial and commercial customers.

The Swan Valley Gas Corporation began construction on October 12th and by the end of the year, natural gas service will be available in Benito and at the Louisiana-Pacific wood products plant. Completion of the project will take place in early 2001, when Swan River and Minitonas are scheduled to receive natural gas service.

For more information contact: Fred Hill at (306) 777-9616

Your Link To

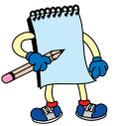
Workshops Assisting TransGas Customers with Daily Processes

It seems the natural gas business changes almost daily. That's why TransGas hosted close to 100 individuals in Calgary to a one-day customer workshop in October and a similar workshop in Regina in November. The events provided timely presentations and a user-friendly workbook to clients on various ways of doing business with TransGas. Topics included, Contracts and Customer Services, Nominations, Allocations and Statements, and TransGas e-business.

We believe such sessions are necessary to keep our customers informed about how TransGas is constantly changing to meet the needs of our customers while

remaining competitive, as well as provide a venue to receive vital feedback from our clients. The focus of the workshops changes each year so customers get fresh, new, helpful information each time they attend.

We are always interested in what you think. If you would like a particular topic covered in future workshops, please feel free to drop us a line any time. Also, if you missed the workshops and would like to receive a copy of the workbook (which also includes copies of all presentations), please contact Tracy Singer at (306) 777-9916 or e-mail Tracy at tsinger@transgas.sk.ca



Customer Usage Continues to Increase

"Since the July 2000 release of the Daily Energy TransGas Web application, our customer usage has continued to increase substantially," explains David Wark, Manager, Electronic Business. "The percentage of customers using Daily Energy has nearly doubled to 60 percent since September 2000." Recently, Daily Energy presentations were provided at the Calgary and the Regina Customer Workshops to assist clients in learning more about the benefits of using this Web application.

Daily Energy allows customers to compare nominations with the best measurement information available. Updates occur daily and are available for customers within 3 hours after the end of the gas day (12:00 CST). Volume and energy information for approximately 95 percent of the receipt custody transfer meter locations and 75 percent of TransGas intra Saskatchewan deliveries is currently accessible on a daily basis via Daily Energy. At these meter locations, Daily Energy provides you with a more economical alternative for obtaining a meter read from the TransGas facility.

How can I access Daily Energy?

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

OR

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 learn more about acquiring access to the Daily Energy Web application.



Quarterly Report

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Your Link To Success

Staffing Changes at TransGas



Randy Greggains

Dennis Orb, Executive Director of TransGas Customer Services is pleased to announce that Randy Greggains has been appointed the Manager, TransGas Customer Services. Randy has been acting Manager since February 2000, but now it's official! Randy has a 20-year background in the natural gas/energy industry and will use his experience to continue to provide quality customer service to TransGas clients.

did you
know?

80% of Saskatchewan gas production is sourced from natural gas wells. Not from gas associated with oil production!



Paul Nissen

As of October 1st, 2000, Paul Nissen is the new Director of Pipeline Control, Transport, Control & Measurement. Paul will be accountable for Gas Control Operations, as well as the Operations Planning function for TransGas. He brings a wealth of 19 years of experience in gas transmission and storage to his new position, including 11 years in the Operations Planning area of Transport, Control and Measurement.



Kathy Peter

After consulting for TransGas and SaskEnergy for close to three years, Kathy Peter has been appointed to the permanent position of Team Leader, Business Development and Market Services. In addition to heading up marketing initiatives for TransGas, Kathy is involved with various business development projects. Kathy looks forward to working with our customers to identify new business opportunities.

Record Drilling Year for Saskatchewan

Already, 2000 is turning out to be an all-time record gas well drilling year for Saskatchewan. As of October 27, there have been 1,100 gas wells cased in this province. This number far exceeded last year's record of 989 cased gas wells. Much of the drilling was focused in the well-established Hatton area; however, there also was new gas coming on stream in many other areas of the province.

"This level of activity is good for natural gas production in Saskatchewan," stated Randy Greggains, Manager, Customer Services. "Last year, we saw Saskatchewan gas production increase by 7% based on the high level of drilling activity. This has two implications on the TransGas system: throughput of Saskatchewan produced gas is increasing, and there are many tie-in projects proceeding." To the end of October 2000, TransGas has commitments from producers for 19 tie-ins representing 71 TJ/day (69 MMcf/d) of new receipt capacity. TransGas anticipates an even greater increase in Saskatchewan gas production in 2001.



Contract Renewal Reminder

TransGas Storage and Summer-Use transportation contracts include a one-year "evergreening" term. This means that contracts automatically renew for another contract year if we do not receive written requests from customers to terminate the contract(s).

The contract year for storage begins May 1 with the deadline to change 90 days prior to the beginning of the next contract year, or January 31, 2001, in this case. Currently, our firm year-round storage capacity of 32 BCF and 530 MMcf/d of deliverability is fully subscribed; however, spare summer-use capacity is available. There is also a queue of customers waiting with requests of approximately 2 BCF of storage space. Summer-Use transportation contracts (April 1 to September 30) also renew automatically unless we are advised otherwise at least 90 days prior to April 1, 2001 or January 2, 2001.

Customer services staff will soon be issuing individual renewal reminders to current Storage and Summer-Use transportation customers.



Hatton Service Offering

In September 2000, TransGas announced an "Open Season" for a new Hatton Area Service Offering. Details of this service can be found under "News & Industry" - "News Releases" on our website (www.transgas.sk.ca). This Open Season is for firm transportation service from receipt points within the defined Hatton Tolling Zone to our standard export delivery points. Please note that this Open Season will close at 5:00 p.m. C.S.T. on Thursday, 2001 February 1. Anyone interested in applying for this service should complete the "Terms and Conditions" Offer Sheet and return it to TransGas Customer Services before the close of the Open Season.

did you know?

Figures for the first seven months of 2000 indicate that production from gas wells is up by 4% over the same period in 1999 and non-associated gas production is up by 7% over the same period last year.

Rate Stability

TransGas is pleased to offer our customers existing transportation and storage rates through to the end of 2001. "We haven't had a rate increase since January 01 of 99," says Vern Gorr, Director, Policies, Rates and Regulations, "And we are working hard to maintain these rates even further into the future. Being able to extend this period of competitive and stable rates to the end of 2001, and possibly further, will provide our customers and TransGas with the competitive advantage required to run a viable business now and into the future."

Although the current rate freeze will be in effect until the end of next year, discussions have already begun between TransGas and our customers, through the Customer Dialogue Process, to extend this period of stable and competitive TransGas rates even longer.

We also review our fuel gas and unaccounted for/loss ratios for the coming year on an annual basis to determine changes necessary to reflect actual performance on the system. For 2001, the fuel gas ratio will remain at its current level of 0.70 percent. However, the loss ratio will increase from its current level of 0.23 percent to 0.40 percent to reflect the amount of lost and unaccounted for gas expected on the TransGas system during 2001. Therefore, the total gas in kind will increase from 0.93 percent to 1.10 percent to reflect forecasts for 2001. If the aggregate of fuel gas and losses during 2001 turns out to be less than forecast, the difference will be carried forward resulting in a lower gas in kind ratio for 2002.

In addition, we at TransGas continually review our operations to ensure the fuel gas and losses are minimized on our system. Programs to review daily operational efficiency and technological improvements to reduce fuel gas and improving metering accuracy are underway to find potential reductions to the aggregate gas in kind assessment. Look for more about the electronic fuel gas system currently being tested at our Beacon Hill Compressor Station and other programs, in future editions of the TransGas Quarterly Report.

TransGas Drives Down SCADA Communication Costs



Steve Fedyk, Senior Communications Analyst with TransGas SCADA Support performs CDPD signal strength measurements at Melfort Compressor Station.

As of November 2000, TransGas has completed Phase 1 of a telecommunications optimization project targeted to reduce Supervisory Control and Data Acquisition (SCADA) costs. The SCADA system provides real time information to a 24-hour Gas Control centre that monitors and controls TransGas's 13,500 km of high pressure pipeline, 22 compressor stations and 11 storage facilities, as well as all major town border stations and customer metering stations. Phase 1 of the telecommunications project replaced costly lease lines at 21 Remote Terminal unit (RTU) sites with Cellular Digital Packet Data (CDPD) wireless data services.

CDPD is an open standard technology that overlays the analog cellular network to transmit data between wireless devices and host networks. An air-link speed of 19.2 kbps, sophisticated encryption techniques, and use of the widely popular Internet Protocol (IP), makes this technology ideally suited to SCADA applications. SaskTel Mobility's extensive coverage in Saskatchewan and their policy of dedicated CDPD channels make this an ideal solution for TransGas.

Even though CDPD is often used in telemetry applications, TransGas is one of only a few natural gas transmission companies in North America to use CDPD technology in pipeline control SCADA applications. The commitment of SaskTel Mobility and the reliability of their CDPD network in a 6-month pilot conducted by TransGas earlier this year, instilled the confidence needed to proceed with this venture. As well, the pilot demonstrated that per site communications costs for this wireless technology were less than 40% of average lease line costs. TransGas is also developing innovative backup telecommunication strategies to ensure that overall reliability is not compromised.

TransGas plans to further reduce telecommunication costs in 2001. Phase 2 of the project will see more RTU sites equipped with CDPD radios. This phase will also examine other potential technologies to further migrate SCADA telecommunications towards Internet Protocol based networks as a means of driving down our telecommunication operating costs.

New Approaches For Better Customer Service

TransGas and our customers, represented by the Customer Dialogue Process, have agreed to a number of positive fundamental changes to make moving gas on the TransGas system much easier for our clients. When fully implemented, TransGas will become a more proactive service provider, working with our customers to manage the system on a daily basis. The new receipt and delivery service models being implemented will bring TransGas practices much closer in line with those in Alberta, which will provide efficiencies to customers operating on both systems.

Some of these changes were rolled out November 1st, 2000, while others will be phased-in during 2001. Complete implementation is scheduled for November 1st, 2001.

Three changes introduced November 01, 2000 include:

- Elimination of daily nominations for the smaller non-demand customers;
- Elimination of the mandatory aspect of backstop service for the smaller customers, providing them the same backstopping choice presently available to the larger intra-Saskatchewan customers; and,
- Clarification of policy interpretation surrounding contract demand transfers where TransGas has invested in a receipt or delivery point connection.

TransGas is presently developing and applying the system and process modifications required to implement the remaining changes. We will begin posting daily operational information on our website before the end of 2000. On January 1st of 2001, TransGas plans to provide the Common Stream Operators (CSO) with a summary of the daily nominations from their receipt points. On April 1st, the CSO's will be asked to begin informing TransGas if they are unable to meet these daily nominations. Also on April 1st, the unauthorized over run (ratchet) policy will be eliminated for delivery service.

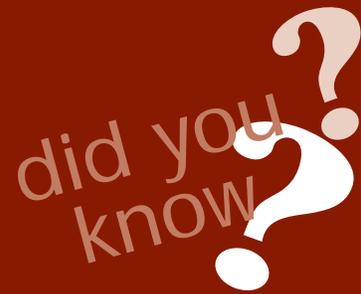
The remainder of the changes effective November 1st, 2001 include:

- The new model for receipt and delivery service
- Removal of imbalance charges
- Elimination of redundant corporate balancing
- Movement to actual heating values
- Elimination of the TEP balancing service
- Improved demand rate class definitions to determine rate category

TransGas and our Customer Dialogue Process customers continue to review other aspects of current TransGas policies in order to provide our customers with the best possible service.

Further communication of the identified Policy changes will be provided as TransGas confirms the processes expected by each.

If you would like any further information on these policy changes, please contact Vern Gorr, TransGas' Director of Policies, Rates and Regulations at (306) 777-9556, or Dennis Orb, TransGas' Executive Director of Customer Service at (306) 777-9559.



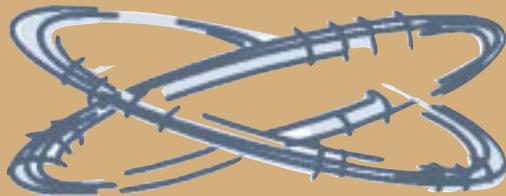
That on a peak day
TransGas withdraws up to
535 TJ/d (520 MMscf/d)
out of storage!

TRANSGAS 2000 SYSTEM CAPACITY AVAILABLE

Service	Location	Firm Status And Interruptible
A. Compression	Coleville	Yes
B. Gathering	Coleville	Yes
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	See Note 1
F. Storage (Volume and Deliverability)		No
	- Firm - Summer Use	Yes

Notes:

Some constrained delivery laterals exist that are currently fully contracted.



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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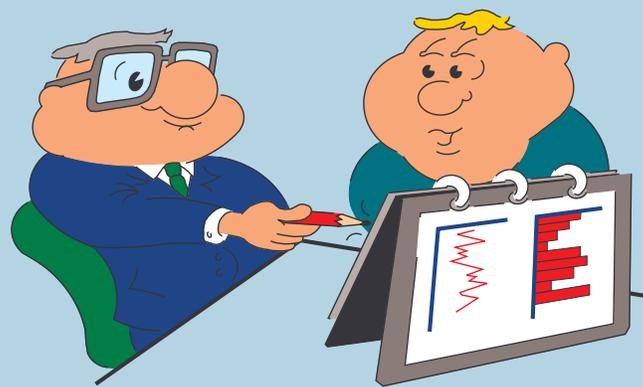
TransGas Transport & Storage Update

The projected total TransGas and MIPL(C)L transport for this year is 333 PJ (323 Bcf), 5% greater than 1999 actual deliveries. The Saskatchewan field productive capability continues to increase, with current daily receipts onto the TransGas system, approximately 5% greater than for the same period in 1999. This represents the second consecutive year the Saskatchewan total supply has increased.

As of November 1st, 19 PJ (18 Bcf) of storage injection has occurred this year, which resulted in TransGas firm storage customers averaging 95% of full. The total storage customer inventory at November 1 was 32 PJ (31 Bcf).

As of November 1st, over 125 system outages have been completed, which represents 95% completion of the scheduled outages planned for this year. Outages are required for system improvements and some new connections to continue providing a responsive, safe and reliable service. Minimal customer impact has occurred this year to date, as a result of these scheduled outages. The most significant outage work this year was during the months of October and November, during which pipe integrity inspection and repair work was completed at the Coleville compressor station and adjacent transmission lines. This resulted in a few receipt point outages for a short duration.

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** —

