

Demand for Electricity is Keeping TransGas Busy

One of TransGas' large delivery customers, SaskPower, is keeping us hopping!

As the principal supplier of electricity in Saskatchewan, SaskPower serves more than 460,000 electricity customers in Saskatchewan and manages \$4.5 billion in assets.

The company operates three coal-fired power stations, seven hydroelectric stations, four natural gas stations and two

wind facilities with an aggregate generating capacity of 3,172 megawatts (MW).

SaskPower has been experiencing increased demand for electricity as Saskatchewan's economy and population has been growing. As a result of our buoyant economy and the demands it is putting on the provincial electrical system, 2009 will see SaskPower making its single largest investment ever in its system.

(Continued on page 2)

Demand for Electricity is Keeping TransGas Busy	1
TransGas Customer Dialogue Process	3
Saskatchewan Natural Gas Advantage Workshop—a Success!	4
2008 TransGas Customer Survey Results	5
Transportation and Storage Service Rates and Standard Investment Adjustments	6
TransGas Storage Update	7
A Bright Future for Volunteerism at TransGas.....	8

(Continued from page 1)

More than \$950 million will be spent to meet the growing demand for power in the province.

SaskPower's largest capital expenditures in 2009 will be on developing new generation for the province. Nearly \$400 million will be devoted to new generation projects, including the construction of simple cycle gas turbines in the Kerrobert, Saskatoon and North Battleford areas.

Specific highlights of SaskPower's 2009 capital investment program include the addition of approximately 100 MW of natural gas-fired generation at the Ermine Switching station near Kerrobert and 100 MW at the Queen Elizabeth Power Station in Saskatoon by the end of 2009. An additional 141 MW of natural gas-fired generation in the North Battleford area will also be added to the provincial grid by the end of 2010. The combined cost of these projects is approximately \$640 million.

In addition to its own generation expansion projects, SaskPower is also inviting independent power producers to help ensure that reliable and affordable power is in place to sustain Saskatchewan's economic momentum. SaskPower has issued a request for proposals to five

companies for 100 MW of peaking natural gas-fired generation to be in service for the 2011 – 2012 winter peak.

Furthermore, SaskPower has invited eight proponents to submit a proposal to supply between 200 and 400 MW of base load generation that SaskPower requires to be in service for the 2012 – 2013 winter peak. It is anticipated that much of this base load generation will be fueled by natural gas.

All of this activity has created a number of challenges for TransGas as we must ensure that our pipeline system is configured to efficiently provide the large natural gas loads that these electrical generation projects will create. Our Customer Facilities Requests, Facilities Planning and Engineering Services departments have all been extremely busy modeling various scenarios and providing cost estimates for the system expansion, reinforcement and compression that may be required to serve the various sites SaskPower has chosen and for those sites that the independent power producers are considering.

TransGas is pleased to be able to be a part of the solution to Saskatchewan's ever growing energy needs.

DID YOU KNOW?

The 2008/09 winter was the third coldest winter in Saskatchewan in the last 30 years.

TransGas Customer Dialogue Process

TransGas' Customer Dialogue group is comprised of 15 companies representing the majority of the transportation and storage service providers. The group gets together four or five times a year with the most recent meeting being held in Regina on February 11, 2009.

The Customer Dialogue Process provides a forum for information exchange with TransGas customers and a vehicle to seek customer input and dialogue on future TransGas service offerings, policies, capital expenditures and rate

issues, such as the rate and investment level changes recently announced. (See Services Rates and Investment Adjustments article on page 6.)

TransGas prepares a summary of the discussions at each of the Customer Dialogue meetings and makes this information available to all its customers and the public by posting these on its website. You can find out what was discussed at past Customer Dialogue meetings at the following link: <http://www.transgas.com/newsroom/dialogue/customerdialogue.asp>

Customer Dialogue Members: (Standing back row) Vern Gorr, TransGas Limited (TGL); Gene Setka, France Financial Consulting; Doug LaRocque, Mosaic Canada ULC; Dan Parent, SaskEnergy; Chris Mitchell, TGL; Phil Sandham, TGL; Bob Ferguson, CCRL/NewGrade Energy; Gary Johannsson, TGL; Scott Joyce, TGL; (Seated) Chris Uhren, TGL; Kory Hayko, SaskPower (NorthPoint Energy); Jamie Bowman, EOG Resources; Wendy Uytterhagen, TGL; Trent Stangl, Crescent Point Resources; Ken Florizone, Potash Corporation of Saskatchewan; Debbie McKague, TGL; Darlene Exner, TGL.
Missing from photo: Terri Abraham, Nexen Inc.; Ryan Berrett, Arc Resources; Larry Desmeules, AltaGas; Bruce Hope, Yara Belle Plaine; David Kay, Husky Lloydminster Upgrader; Brad Ryan, Husky Energy.





www.transgas.com

Saskatchewan Natural Gas Advantage Workshop - a Success!

TransGas was proud to once again host the Saskatchewan Natural Gas Advantage Workshop. The 2009 workshop was held in Calgary on February 25.

The workshop was started in 1999 and has been offered almost every year since. The intent of the workshop is to familiarize people with the processes and government departments that are involved in conducting business in the natural gas industry. There is also a component in the workshop that focuses on Saskatchewan's geological potential for natural gas development.

This year's workshop attracted well over 100 people who came out to hear speakers from the Saskatchewan Ministries of Energy and Resources, Environment, Agriculture and Municipal Affairs. TransGas also provided presentations on the TransGas Tie-In Process as well as Natural Gas Transportation Contracting and Marketing.

A reception followed the workshop where the workshop attendees enjoyed networking with officials from Saskatchewan's government departments as well as the TransGas hosts.

A survey conducted immediately following the workshop indicated that the majority of the attendees found the workshop, presenters and materials provided to be of high value. Overall, participants were convinced that Saskatchewan is indeed an excellent place to conduct business in the gas patch.

Workshop materials (a binder and CD) may be acquired by contacting Jim Perfect, Manager, Transmission & Storage Marketing at (306) 777-9436 or viewed on our website at www.transgas.com/newsroom/workshop.

DID YOU KNOW?

TransGas 2009 Facility Maps are now available. These maps come in two sizes: Small (18" x 23.5") and Large (34.0" x 43.5"). If you would like to order maps, please email clangford@transgas.com indicating the quantity and size required. Please include your mailing address with your request.

2008 TransGas Customer Survey Results

TransGas continually strives to provide the industry's best customer service. In order to improve our service, TransGas conducts a Customer Satisfaction Survey every year to assess our customers' satisfaction level. The results of the 2008 TransGas Customer Satisfaction Survey have been compiled and analyzed, and we are already planning how to improve our standing in 2009.

The electronic survey was sent to all of our customers. Customers were asked to rate their satisfaction in several areas including: Communication, Customer Service Administration, Tolls, Customer Facility Requests, Key Account Managers, Outage and Curtailment Handling, E-Business, Reliability and Comparison to Other Pipelines.

All segments of the survey received high ratings. In particular, questions relating to the satisfaction with the people in various departments in TransGas indicated that customers found our staff to be very friendly, responsive, knowledgeable and empowered to provide service. Our Key Account Managers and Customer Service Administrators received satisfaction ratings of 98 percent.

In response to a specific question on overall customer satisfaction, the satisfaction level was 94.4 percent. This compares to our overall satisfaction rating of 96.6 percent in 2007. Although the level of satisfaction for both years has been very high, TransGas is already taking steps to reverse this slight downward trend.

TransGas would like to thank all of our customers that took time to complete the survey. We appreciate your input and suggestions.

Although we use the Customer Satisfaction Survey as a means to formally evaluate our performance, we encourage all of our customers to provide comments and suggestions at anytime throughout the year.

For more information about the 2008 Customer Satisfaction Survey, please contact Jim Perfect, Manager, Transmission and Storage Marketing at (306) 777-9436.





www.transgas.com

Transportation and Storage Service Rates and Standard Investment Adjustments

TransGas Limited (TransGas) announced changes to its rates for transportation and storage services that were effective February 01, 2009. TransGas increased its service rates by an average of 8.6 percent. The rate adjustment was caused primarily by a reduction in transportation flows on the TransGas transmission system.

TransGas also announced an increase to its standard investment level in new customer specific facilities to \$22.50/GJ/day per year of service. This change was effective January 01, 2009.

Since their peak in March 2006, the Saskatchewan receipts on the TransGas system have declined approximately 25 percent. TransGas has been able to reduce the full impact of the declining throughput through a number of cost reductions. This decline in transportation flows has been experienced by all natural gas pipeline companies in the Western Canadian Sedimentary Basin. Thus, even with this new rate adjustment, TransGas will continue to offer one of the most competitive transmission rates in the country.

In order to maintain fairness and equity of the TransGas service rates, several rate realignments were included with this rate

adjustment to reflect various structural changes. Thus, while the average rate adjustment is 8.6 percent, customers may see impacts that range above and below the average rate adjustment. These rate realignments utilize a methodology which was developed by TransGas and its customers through the Customer Dialogue process using an independent industry consultant.

TransGas last adjusted its transportation service rates on June 01, 2008 with a rate increase of 4.2 percent. This rate adjustment was also primarily due to lower flows on the TransGas transmission system.

The TransGas standard investment level of \$16.00/GJ/day per year of service was last adjusted in 2003. With the changes to industry cost structures and to revenue streams, it was appropriate for TransGas to rebalance its standard investment level. This change will reduce the cost for customers requiring new customer specific facilities by 1.8¢/GJ, helping to mitigate the impact of the February 01, 2009 rate adjustment to the transportation tolls.

The adjustment of the service rates and the change to the standard investment level

(Continued on page 7)

(Continued from page 6)

were reviewed by TransGas' Customer Dialogue process during their development.

If you have any questions with respect to how the rate adjustment or the increase to TransGas's standard investment policy will affect you, please contact your Key Account Manager, Wendy Uytterhagen at (306) 777-9687 or Darlene Exner at (306) 777-9501.

If you have more general questions regarding these changes, please contact our Policies, Rates and Regulations Department: Gary Johannsson, Manager, at (306) 777-9560, Scott Joyce, Manager, at (306) 777-9985 or Vern Gorr, Director, at (306) 777-9556.



Pipeline projects like this will now attract an increased level of investment.

TransGas Storage Update

As of March 20, TransGas storage customers had a total inventory in storage of 16.7 PJ or 42% of full based on total contracted storage of 39.5 PJ. Storage customers were 23% of full last year at the same time. The storage withdrawal was reduced during this past winter as a result of low gas prices reducing customer

desire to withdraw from storage inventory. As of May 01, 2009, the total contracted storage increases to 40.5 PJ. To fill all contracted storage, the forecast 2009 summer TransGas storage injection requirement is 23.8 PJ.



A Bright Future for Volunteerism at TransGas

TransGas employees have a long history of being active in the community as they routinely volunteer their time to help make our communities a better place within which to live and work.

One of the on-going volunteer activities that TransGas has been pursuing for the past several years has been the Meals on Wheels program where volunteers take time from their lunch hours to deliver meals to people (mostly seniors) that are unable to prepare their own meals.

Recently, the Meals on Wheels cause has been bolstered by an influx of young TransGas employees that have stepped forward to volunteer their time to ensure that the program will continue to have adequate support well into the future.

The young employees are all members of an informal organization within TransGas called "Generation Energy" or simply "Gen-E". The organization provides opportunities for employees aged 30 and under to network with each other, share ideas and address inter-generational challenges in the workplace.

The Gen-E organization continues to look for ways of enhancing their corporate culture by getting involved in corporate initiatives and hope to inspire others to do the same.

Recently, several Gen-E members have really put the words of their mission into action – they have stepped up to the plate by signing up for Meals-on-Wheels.

One of Gen-E's active members, Mitch Carlson, an Engineer-in-Training from our Pipeline and Facilities Automation group, recognized the need for additional volunteers and came to the rescue when he recruited an impressive number of volunteers from the GenE group.

Mitch has volunteered with Meals-on-Wheels in the past and appreciates the value of the program. "I simply sent out an email to Gen-E members at head office and asked if anyone would be interested in assisting with the program," says Mitch. "The response we received was overwhelming – by the end of that same day we had at least half dozen more volunteers to deliver meals."

The Meals on Wheels program welcomes the addition of young energy and eager helping hands, and the "older generation" at TransGas is pleased to see that the long-standing culture of volunteerism in the corporation appears to be growing even stronger with the increased participation of our youthful employees.