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Alberta Receipts NIT to TEP

A soon-to-be introduced enhancement to TransGas' receipt transportation service referred to as "NIT to TEP" will provide a streamlined service to customers acquiring gas from Alberta as well as assist in minimizing TransGas capital and operating costs as Saskatchewan moves to becoming an importing province for natural gas.

Since the natural gas industry was deregulated in 1987, Saskatchewan has been a net producer of natural gas providing Saskatchewan consumers the ability to source all their natural gas requirements from within the province. With the decline in conventional well drilling that began in 2007, there has been a corresponding steep decline in natural gas production. As well, industry has continued to grow in Saskatchewan with the consumption of natural gas almost doubling in the last 25 years. By 2011, the

current forecast indicates about 25 % of Saskatchewan natural gas supply will need to come from outside the province. Since 2008, TransGas has been working with members of the Customer Dialogue group to determine whether business service model modifications could help to minimize the capital required for new pipelines. This review ultimately led to this new service enhancement.

Currently, when customers purchase gas in Alberta, the customer (or their supplier) contracts with TransCanada-Alberta system (NGTL) to bring the gas to the Saskatchewan border. The customer then contracts with TransGas to transport the gas within Saskatchewan. The new service enhancement provides a simplified contracting process whereby TransGas will contract with NGTL on the customer's behalf.

Alberta Receipts NIT to TEP Cont'd	2
TransGas Rates.....	3
TransGas Daily Operations	3
Employees Help Drive Away Hunger	4
Mark Your Calendars—Customer Service Workshop.....	5
Portable Compressor	6
TransGas Storage Status.....	7
Greetings From the Vice President.....	8
Survey Says	8



This will allow TransGas to move the gas into Saskatchewan in the most cost-effective manner. At the same time, customers will still be able to bring their gas into Saskatchewan through the commercial Empress border point if they wish.

The following points briefly describe new procedures for receipt of Alberta gas into Saskatchewan:

Two options of receiving Alberta gas:

- i. customers can use either the NIT to TEP service, or
- ii. manage their own transport to the Empress point.

Standard TransGas receipt service charges will apply for both options once the gas reaches the Saskatchewan border.

TransGas will acquire contracts with NGTL to move gas from NIT to Saskatchewan for the NIT to TEP service. These costs will be an added service charge to NIT to TEP service holders on a cost recovery basis.

TransGas will limit the amount of Empress receipt transport available until enough capacity is contracted on NIT to TEP to satisfy the north gas receipt capacity.

The NIT to TEP service charge will be adjusted as needed in order to maintain cost recovery only.

TransGas anticipates the following steps and timeframe for implementation of the first service contracts for NIT to TEP:

December 1	Issue Open Season for Service
December 8	Host Webcast Information Session
Early January	Customer Specific Meetings
January 21	Open Season Closes
January - March	Open Season Assessment Issue Binding Service Offering
April	Issue Service Contracts for May/2011 or Nov/2011 requests

Debbie McKague, Vice President - TransGas Business Services, stated "Providing secure, reliable natural gas supply for Saskatchewan is a critical TransGas mandate. This new business process helps meet that mandate while minimizing any incremental costs for all TransGas customers. Working with the Customer Dialogue group has ensured customer support for this new service model."

If you would like further information on this new service enhancement, please contact your Key Account Manager.

TransGas Rates

TransGas continues to provide our customers with competitive and stable rates, as evidenced by the fact that there will be no changes to existing TransGas transportation and storage rates for 2011. This marks the third consecutive year without changes to these rates. When the TransGas Customer Dialogue group was informed of this at its recent meeting TransGas was congratulated by customers for “keeping things on track and under control.”

Lower interest rates have been helpful in keeping rate increases at bay but TransGas has also been working hard to keep its costs in line. In addition, throughout the organization we continue to devote significant effort toward reducing operating costs and becoming more efficient, thus helping to maintain our rates at existing levels. While many pipelines have seen rate increases as a fallout of lower transportation throughput as natural gas production declines, TransGas’ throughput is now driven mainly by Saskatchewan consumption. This has remained fairly robust as the Saskatchewan economy continues to grow, avoiding much of the slowdown seen elsewhere in North America.

TransGas remains committed to providing service as cost effectively as possible.

TransGas Daily Operations

TransGas has recently updated its website reporting of its daily operating activity. This report provides an overview of how natural gas flows in and out of our system on any given day. This was originally developed several years ago and, over the past several months, the layout and content of the report have been reviewed to ensure that it is providing a concise and clear picture of TransGas operations. The resulting updated Daily Operations Report can be viewed at <http://www.transgas.com/infopostings/tgldailyops/DailyOpsSummary.asp>. It has been re-formatted to provide a summary level of detail and to remove Many Islands Pipe Lines (Canada) Limited (MIPL) system flows that did not flow into TransGas. The new report will be introduced in the beginning of December and will be available for all historical queries that customers wish to make.

Should you have any questions or comments with respect to the new report please do not hesitate to contact your Key Account Manager.



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TransGas Employees Drive Away Hunger

TransGas employees were among those who showed both creativity and generosity in support of the 2010 Farm Credit Canada (FCC) Drive Away Hunger campaign.

Raising the equivalent of over 20,425 lbs (nine tonnes) of food, SaskEnergy/ TransGas was the largest single Drive Away Hunger program contributor in Regina this year. In addition, the impressive effort – more than double last year’s amount – brings our corporate total to over 55,000 pounds of food donated to the Regina Food Bank since 2005.

Every month, the Regina Food Bank assists over 10,000 people, including 5,000 children. Recognizing that the organization’s purchasing power allows them to buy two jars of peanut butter (for example) to our one, the corporate focus this year was on cash donations, though food donations were also accepted.

To create a visual element for a cash-focused campaign, organizers came up with a unique approach. “During a pre-campaign brainstorming session, we agreed that we liked what another company is doing by donating a CFL’s quarterback’s weight to the local food bank when he is sacked,” says Leanne Johnson, Manager – TransGas Customer Services, who served as Co-Chair of the Food Drive initiative.



Greg Stewart (L) Farm Credit Canada's CEO accepts the equivalent of over 20,000 pounds of food from Leanne Johnson of TransGas Customer Services



Rival quarterbacks were sacked repeatedly as part of the SaskEnergy/TransGas “Sack Attack Challenge”

The resulting “Sack Attack Challenge”, assigned each SaskEnergy/ TransGas floor or office a rival CFL quarterback and each \$100 raised in that area was counted as one quarterback sack. The quarterbacks were dressed and displayed on a miniature football field at SaskEnergy Place, and an FCC Food Bank sack was placed in front each quarterback each time he was “sacked”.

Mark Your Calendars

TransGas will be providing a Customer Service Workshop in Calgary on Wednesday, March 23, 2011 at the Metropolitan Conference Centre. This workshop will be of interest to anyone who does business with TransGas, particularly those people who might be new to our services or those people who would like a “refresher”.

Topics will include:

- Contracting
- Nominations and Daily Balancing
- Daily and Monthly Allocations
- An Overview of our Electronic Business Applications
- And much more.

The workshop will start with a light breakfast and will include lunch. The topics will be presented during breakout sessions that will provide you with the flexibility to attend those sessions that are of particular interest to you.

Further information and an opportunity to register will be provided on our website early in the new year. The TransGas Customer Services team looks forward to seeing you there.

DID YOU KNOW...

The Non-Binding Open Season Package is available on the TransGas website, www.transgas.com.

To assist customers in their understanding of this new Alberta Receipt Service and the Open Season Process, TransGas will host a web cast to occur on **Wednesday, December 8, 2010 at 2:30 p.m. (CST) 1:30 p.m. (MST)**. To receive your personal invitation to join this web cast, please email your name, the company represented, email address and phone number to: ebusiness@transgas.com.

Our webcast will be recorded and made available on our website for interested parties who were unable to attend.

Portable Compressor Brings Operational Flexibility

After a year of research and consideration, TransGas took an exciting step in 2010 – one likely to have a significant impact on our operations in the coming years. With the purchase of an 1150 HP (Horsepower) mobile compressor unit from Calgary’s Bidell Equipment Inc., TransGas has added operational flexibility, improved response time and made advances in the reduction of greenhouse gases.

Throughout the fall, the portable compression unit has provided additional storage capacity for the TransGas Unity storage field by enabling injection over the pressure limits previously constrained by the Unity Station. Thanks to its mobility, the compressor may be deployed to our Bayhurst Storage Field, where it will provide added compression for injection and production of storage gas. Finally, throughout the summer, the unit will be used to help recover gas from larger pipeline blow-downs, avoiding the conventional practice of flaring the gas.

From a broader perspective, the acquisition of this compressor will enable TransGas to further explore using portable compression to meet the needs of multiple locations if short term compression is only required at each, or to respond to compression needs more expediently. In the longer term, portable compression is expected to provide operational and business flexibility through relocation as the transportation requirements change on the TransGas system. Furthermore, the units, built in larger quantities at a unit packager location, provide a cost-effective solution, especially when one considers the increasing cost of site construction at remote locations.

While the utilization of portable compressor units is a new practice for TransGas – and other natural gas transmission pipelines, for that matter – it shows great promise and may well become the foundation of a future compression strategy



TransGas Storage Status

As of November 15, TransGas storage customers have a total inventory in storage of 42 PJ or 98 % of capacity (based on contracted storage of 43 PJ) and TransGas storage at eight locations is also physically near capacity, as planned. TransGas storage customers have been at or near capacity since September, 2010.

During the past summer, TransGas has proven out an additional 8 PJ of storage capacity at Bayhurst storage field, increasing the useable capacity of this location from 2009 maximum of 16 PJ to a 2010 maximum of 24 PJ. This storage capacity will be converted to firm storage over the next two years. This capacity will also form a large portion of the current storage expansion in progress (Energy to Store 2), which has already been fully contracted.

TransGas Transport Update

The current projection for total energy transported by TransGas and MIPL in 2010 is 232 PJ, which is 13 % less than 2009 actual transport of 267 PJ. The reduced transport is primarily a result of reduced Saskatchewan producer receipts, which are currently averaging 450 TJ/d.

2010 Outage Coordination

In 2010 a total of 190 outages were scheduled, with approximately 90 % completed as of November 15. The majority of the completed outages during the past year related to the TransGas pipeline integrity program.

Thus far, all of the 2010 outages have been completed with minimal customer impact, maintaining a very high reliability of firm transport and storage services on the TransGas system. The scheduled outages during the remainder of year are not significant and will not have any customer impact.

TransGas has commenced the 2011 outage scheduling and coordination process and the 2011 scheduled outages will be posted by the end of February, 2011. Planned outages are updated at least monthly and can be viewed at <http://www.transgas.com/infopostings/plannedoutages.asp>.

TransGas Storage Service Reliability

TransGas has been offering storage service for nearly 30 years and has maintained a very high reliability of this service. Since its inception, there has never been a planned or unplanned curtailment of firm TransGas storage service. By having eight separate storage locations and operating these as one integrated storage operation, TransGas has created the diversity and flexibility to offer this high storage reliability.



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Holiday Greetings

As we look back at 2010, we see the year from two perspectives. Low gas prices had a significant impact on producers – resulting in record low levels of conventional well drilling – while low gas prices created a beneficial situation for our consuming customers and helped industry in Saskatchewan become more successful.

Regardless of your perspective, the economy of Saskatchewan remains strong, continuing to drive significant levels of activity for TransGas. We will very soon complete the new 117 kilometre 10" pipeline from Alameda to Whitewood, which will add another 35 TJ of capacity in the southeast part of the province. As well, TransGas continued to expand our storage service in 2010, adding 2.5 PJ of capacity and 26 TJ/d of deliverability in July. Throughout the province, we had activity for facility alterations driven by major road construction and redevelopment and new service installations, primarily for gas-fired electrical generation – a sign of a strong and prosperous province.

As we close the year, we at TransGas would like to take the time to let you know how much we appreciate you, our customers. Your business is important to us and so we hope that 2011 is a year of economic success for you. As we head into the holiday season, we wish you all the best and hope you are able to take the time to relax and enjoy special times with family and friends.

Debbie McKague, VP TransGas Business Services

Survey Says...

The results of the 2010 TransGas Customer Satisfaction Survey are in!

Each year, TransGas surveys its customers to acquire feedback on their level of satisfaction with our service. This feedback helps us to address any areas of our customer service that need improvement.

Customers gave TransGas an overall satisfaction rating of 93.0% as compared to our 2009 survey result of 94.6%. Although the results are very good, the slight drop in the overall level of satisfaction is of concern to TransGas and we are now in the process of formulating a plan to address the areas in our customer service that appear to be receiving a lower level of customer satisfaction.

We would like to thank all of those people that took time to complete our survey. We also encourage all of our customers to comment on our service at any time. Our Key Account Managers welcome your comments and suggestions. You don't need to wait for next year's survey to tell us how we are doing!