

# Season's Greetings



As we reach the close of another year we take time to reflect on the year's events. As in 2010, the industry continued to see low gas prices resulting in record low levels of drilling. On the flip side, the strong economic development in the province is resulting in continued elevated industrial, commercial and residential customer growth and demand for natural gas. 2011 was the year that the province crossed over from being a net exporter of natural gas to becoming a net importer. Our forecast is that for 2012 about 35 percent of the gas supply will need to come from outside Saskatchewan.

To support economic growth in the province and to maintain customer satisfaction, TransGas must effectively meet demands for importing gas supply to end users in a reliable and cost-effective manner. This challenge was partially addressed through the NIT to TEP Alberta Receipt commercial solution to maximize the use of TransGas' existing infrastructure and minimize required capital expansion. However, some new pipeline infrastructure is required and a project is underway for a 47 km loop of an existing pipeline from the TransCanada Mainline to our Bayhurst site which will provide increased capacity into the province off the TransCanada Mainline.

In the last two years, TransGas has taken another new approach to managing costs and providing flexibility through the implementation of mobile compression. In 2010, TransGas purchased and put into service its first mobile compressor. In 2011, a second unit was purchased. These mobile units have already proven to be valuable in the flexibility they provide to manage our rapidly changing operational requirements and support existing compressor sites.

Another of TransGas' major initiatives in 2011 is not only an efficiency measure but it is also good for the environment. In November our first waste heat recovery unit generating electricity was commissioned at our Rosetown Compressor Station. Our goal is to ultimately become net self sufficient for our electrical needs through the use of waste heat recovery projects.

We hope as we come to the end of another year that we have met your expectations for the high standard of service that you have come to expect from TransGas. Over the coming holiday season we hope you take the time to relax and spend some quality time with family and friends. We wish you and your families all the best in 2012.

*Debbie McKague, Vice President,  
TransGas Business Services*

*Phil Sandham, Vice President  
Engineering, Construction &  
TransGas Operations*

# Vern Gorr Retires After 33 Years With TransGas!

This month marks the end of an era at TransGas, as Vern Gorr, Director - Policies, Rates and Regulations, retires after a 33-year career with the company.

With a Bachelor of Engineering and MBA (University of Saskatchewan), as well as a Professional Engineer designation (earned while working in the steel mill industry in Ontario), Vern was well-prepared for a challenging and diverse career when he joined SaskPower in 1978.

From his first role working on major SaskPower electricity-generation projects, Vern became Manager - Rates and Revenues, in 1985. His responsibilities included overseeing the first (and only) complete rate filing for both gas and electrical services to the Saskatchewan Public Utilities Review Commission, and preparing for the deregulation of natural gas service in the province.

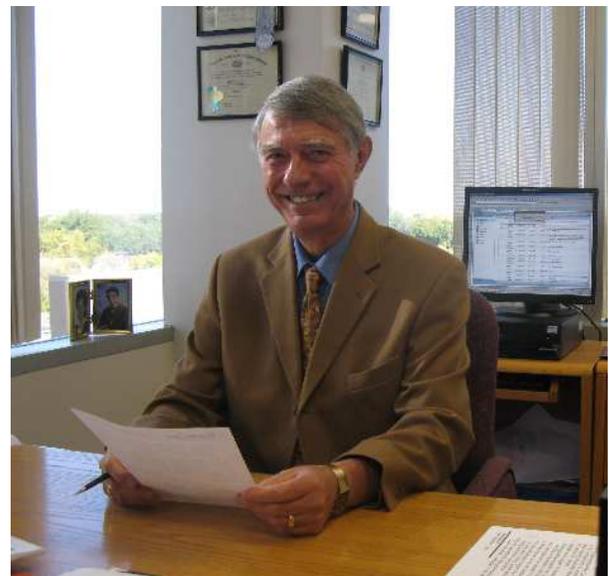
When TransGas was formed in 1988, Vern was named Director, Contracts, Rates and Regulations, and he has continued to oversee our Rates and Regulations since. Over that time, he has played a key role in:

- originating our transportation service model for the deregulated Saskatchewan natural gas industry
- creating the TransGas storage service model and overseeing the continuing

growth of TransGas transport and storage services

- developing the TransGas Customer Dialogue process and organizing Dialogue meetings.

“I have really enjoyed the challenging opportunities to work on the various projects and activities that led to these larger accomplishments over the years,” Vern says. “At the same time, the great people I have worked with have made it very rewarding, as have our customers. I’ve been fortunate to be able to get to know so many TransGas customers on a first-name basis and to really learn about them — from how many kids they have to what their interests are.”



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Vern and his wife, Cheryl, who is also retiring this month, have extensive plans for the next phase of their life together. They include wintering in warmer climates (Florida, this year) and trips to Australia, Spain and Portugal, respectively. Enjoy your travels!

As TransGas bids farewell to Vern, we welcome his replacement, Cindy Ziola, formerly Director - SaskEnergy Financial Accounting and Reporting. Cindy has been working with Vern over the last few months to ensure a smooth transition when he departs at year's end. Welcome to TransGas, Cindy.

## DID YOU KNOW . . .

In April 2011, TransGas began an extensive review of its Queue Policy in collaboration with its Customer Dialogue Group. Although the review will continue into 2012, certain practices relating to the acquisition of Services by an applicant have been determined to not be within the objectives of the Policy, specifically the objective of providing TransGas with a list of realistic Service requests from which an economic facility expansion may be planned.

Effective **immediately** TransGas will:

- ◆ **discontinue the practice of providing advance notice that an Offer of Service is imminent;** and
- ◆ **resume enforcing Queue Deposit retention,** as currently outlined in the Tariff.

If you have questions, please call your Key Account Manager.

# A Role for TransGas in New Power Generation Facility

TransGas is proud to have played an important service role in the recent completion of a new natural gas-fired power generation facility located in southeastern Saskatchewan.

On October 19, 2011, Northland Power Inc. announced that its wholly-owned 86 megawatt Spy Hill generating station started commercial operations. The facility is located about 200 km east of Regina, near the town of Esterhazy, and is tied into the SaskPower grid supplying peaking power to the province's electrical utility.

In 2009, to meet the province's growing need for power, SaskPower opened a competitive bidding process to the private sector. This resulted in Northland Power Inc., a leading independent power producer (IPP) based in Toronto, being awarded a 25-year power purchase agreement for peaking power to be provided from its then-proposed Spy Hill facility.

Peaking power is power that can be accessed quickly when additional supply is needed, such as cold days in the winter or hot days in the summer. Natural gas is an ideal source for peaking power as it takes far less time and energy to fire-up a natural gas turbine than it would to get a coal boiler up and into operation. For this reason, natural gas generation also serves as an ideal back up to the province's wind power facilities when the wind isn't blowing.

The recently commissioned Spy Hill facility consists of two General Electric LM 6000 natural-gas-fired simple cycle turbines capable of producing 86 megawatts of electricity. The required natural gas is transported to the plant through the TransGas pipeline system.

The Spy Hill power plant requires large quantities of natural gas to be delivered at a high pressure. As such, TransGas was faced with upgrading and expanding its infrastructure in the Esterhazy area. A new compressor station was built consisting of two natural gas compressors each producing approximately 1300 bhp. New pipeline was also required and approximately 11 km of 12" diameter pipeline was constructed to serve the plant. SaskEnergy, TransGas' parent company, was also involved as it constructed a new regulator and meter station needed to measure and provide the gas at a constant pressure.



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Northland was pleased that the Spy Hill facility was completed within budget and ahead of schedule despite the challenging construction conditions that the unusually wet Saskatchewan spring presented.

TransGas has a long history of providing reliable and efficient natural gas transportation and storage services in the province of Saskatchewan. Through providing natural gas service to the Spy Hill generating station, TransGas takes pride in playing a role in helping to meet the province's growing energy needs.

## Waste Heat Recovery System Now Online

On November 10, at 4:30 p.m., the waste heat recovery (WHR) system at the TransGas Compressor Station in Rosetown was successfully synchronized with the SaskPower electrical grid.

The Rosetown WHR project was initiated in 2009 as the first step toward electrical "net-zero" status for TransGas, through the use of innovative turboexpander technology that converts waste heat from compressor stations into emission-free electricity, which can then be sold to SaskPower.

With initial commissioning activities complete at Rosetown, the system is now being prepared for operational turnover (scheduled to take place by the end of 2011). Once fully operational, the Rosetown system alone is expected to offset 25 percent of our corporate electrical use.

WHR technology will next be introduced at the Coleville Compressor Station, with construction set to start at that location in the spring of 2012.

### DID YOU KNOW . . .

That TransGas' NIT to TEP Alberta Receipt Service customers are charged TransGas' standard receipt transportation rates; and subject to an Additional Cost Recovery (ACR) charge related to the transportation of gas to the Saskatchewan border.

TransGas' cost minimization measures and the current projection of additional costs to be incurred have enabled TransGas to reduce the ACR charge to be recovered from customers utilizing the NIT to TEP Receipt Service effective **January 1, 2012**. Information related to the current ACR and historical ACR charges can be found on the TransGas website under Services.

## TransGas Storage Update

During the seven-month period of 2011 summer (April to October) a total TransGas storage net injection of 33 PJ occurred, increasing customer inventory to 44 PJ or 94 percent of full as of October 31. The 2011 summer actual net injection of 33 PJ was a record TransGas storage injection. As of

November 30, TransGas storage customers have a total inventory in storage of 41 PJ, which is 88 percent of full based on contracted storage of 46 PJ. The TransGas storage net production during the month of November was 3 PJ.

## Embracing the BEAHR

For TransGas, the fast-paced Saskatchewan economy not only gives us an opportunity to expand our services, but also presents us with a responsibility to engage Saskatchewan's First Nations communities in our activities that impact them.

This spring, our company's Aboriginal Relations group introduced the Province's first and only program to provide students with the basic knowledge and skills to meaningfully participate in environmental monitoring activities. Through the Building Environmental Aboriginal Human Resources (BEAHR) initiative, TransGas is continuing to build the foundation for mutually beneficial relationships between our company and the First Nations communities we serve.

The BEAHR training, supported by Crown Investments Corporation, SaskPower and SaskWater, was held at the Land of the Loon

Conference Centre at Anglin Lake, 40 minutes north of Prince Albert. The employment-focused, community-based training integrates local knowledge, Elder participation and practical field experience. Students learned about National Occupational Standards for environmental monitoring, traditional ecological knowledge, regulatory and research practices, how to use maps and GPS equipment, and how to take daily notes. They learned about these subjects through classroom work, field trips, guest speakers, Elders and cultural advisors.

"First Nations engagement is critical to many of our pipeline projects. Working with Aboriginal Environmental Monitors who have been trained to gather local, traditional and ecological knowledge, and feed that information back into our project, helps to strengthen our relationships and ensure we are in communication

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# TransGas Outage Coordination and Communication

A total of approximately 170 TransGas system outages were completed in 2011. This high level of outage activity is similar to the past few years, with the majority of the outages related to the TransGas Pipeline Integrity Program. TransGas completed all the 2011 outages with minimal customer impact as a result of effective outage scheduling and coordination. A similar level of outage activity is planned for 2012 with scheduling of this work currently in progress.

TransGas maintains a Planned Outages web page found at [www.transgas.com/infopostings/plannedoutages.asp](http://www.transgas.com/infopostings/plannedoutages.asp), where TransGas customers can view upcoming scheduled outages to determine the effect to their service. In addition, TransGas continues to communicate planned outages impacting customer service a minimum of one week prior to outage and for major outages a minimum of one month prior to planned outage.

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with all parties that our project impacts," explains Tyler Danielson, Manager, TransGas Pipeline Engineering.

The inaugural Saskatchewan BEAHR program saw 15 students graduate from the seven-week course, each earning a Certificate of Completion for their efforts. Congratulations to everyone involved in this exciting new initiative.



BEAHR

Building Environmental Aboriginal Human Resources

## 2011 United Way Campaign Exceeds Goal

TransGas employees in Regina showed their generosity once again this year, helping SaskEnergy/TransGas raise over \$165,000 for the United Way of Regina's 2011 Circle of Care Campaign.

The week-long workplace campaign (November 14 - 18) was organized by an employee committee, relying on personal pledges, as well 50/50 draws, a silent auction, and other fun events to raise over \$80,000. This total was then corporately matched to create a final donation of \$165,684 for the United Way of Regina.

"Being a part of the United Way Campaign was a great personal experience — I had a lot of fun contributing to a great

cause," says Lee Kuruliak, TransGas Gradworks Intern, System Integrity. "Not only did it give me exposure to what the United Way is all about, but it also allowed me to work with a great bunch of individuals that I normally wouldn't be able to work with on a daily basis."

As the largest non-governmental funder of human services and programs in Regina, the United Way supports key community priorities through its 33 Funded Partners and their work. Recognizing the key role the United Way of Regina plays, TransGas is a long-time supporter of the Circle of Care Campaign, raising millions of dollars over that time.

