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Strengthening Relationships With Customer Dialogue

Openness and honesty aren't just good practices when it comes to relationships – they're also important pillars of great business.

At TransGas, creating the space for dialogue, in which ideas and feedback can be exchanged freely, is a fundamental business practice. Nothing epitomizes this more than our customer consultation process known as Customer Dialogue.

Customer Dialogue is one of the primary ways TransGas ensures that its rates and policies are meeting its customers' needs. Established in 1996, the Customer Dialogue process provides a forum for information exchange with customers and seeks input on future TransGas service offerings, policies, capital expenditures and rate design issues.

TransGas Customer Dialogue is similar to industry committees created by TransCanada Pipelines, which were created to review operational, policy and rate application issues in an

attempt to come to an agreement without having to go through the full regulatory process. "This process benefits both TransGas and our customers" explains David Wark, Director, Policies, Rates and Regulations.

If an application is already backed by the committee's members, the application may be approved without a regulatory hearing. "In addition to saving time and money," says Wark, "these committees often achieve better outcomes through collaboration than going through a full regulatory process." And while TransGas is not formally regulated, the input and support for rate and policy changes is a component of the approval process through to Cabinet.

The membership of TransGas' Customer Dialogue varies from 15 to 17 associations and companies like Mosaic, Husky Energy, Nexen and Potash Corporation. These members represent the broad spectrum of TransGas' customers and are responsible for 70 to

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75 per cent of the gas flows on the TransGas system.

“Customer Dialogue has strengthened TransGas’ relationships with our customers because our customers have input into the services we offer, the policies that we put into place and the rates that we charge,” says Tanya Lang, Director, TransGas Customer Services.

Customer Dialogue sessions take place four to five times a year and, if there are specific issues to address, meetings in smaller work groups can be arranged as needed. The meetings rotate back and forth between Saskatchewan and Alberta. Not all of TransGas’ 200 customers can participate in the Dialogue process, but TransGas keeps

all of its customers informed by posting summaries of each meeting on its website.

In the end, not everything customers suggest or ask for is implemented. However, customers can rest assured that their feedback has been considered and that their opinions are valued as important pieces in determining TransGas’ corporate direction.

“Customer Dialogue is an opportunity for TransGas to be transparent in what it is doing while maintaining customers confidentiality,” explains Lang. “There are often topics that require one-on-one discussions with each customer dialogue member. All the information is compiled and taken into consideration when TransGas develops a new service offering or policy.”

TransGas Transport Update

The energy transported by TransGas and MIPL this year to August 31 of 167 PJ is 12 percent greater than the same eight month period in 2012. The significant increase in 2013 year to date transport is primarily driven by Saskatchewan load growth.

Saskatchewan producer receipts are currently averaging 345 TJ/d, which is a 4 percent decline from one year ago. Increasing Saskatchewan receipts from southeast Saskatchewan and the Coleville area, oil related gas production, is reducing the net decline of Saskatchewan gas production.

TransGas Coleville Gas Plant Update

The TransGas Coleville Gas Plant is located near Coleville, Saskatchewan. The Coleville Gas Plant is a refrigeration-absorption type plant designed for the recovery of hydrocarbon liquids from the inlet gas. This facility was installed in 1957 and upgraded in 1968 to add a lean oil absorption system for liquefied petroleum gas (LPG) recovery. Over the years, the plant has had some upgrades, but the majority of the equipment in the plant is original.

In recent years, the Coleville area has experienced an increase in oil and gas activity (mainly oil). Due to this increase, the Coleville Gas Plant has gone from 30 per cent capacity utilization to near 100 per cent capacity utilization.

Given the continued customer demand coupled with required operational upgrades, TransGas hired a consultant to complete a plant review and optimization study of the gas plant. The study highlighted areas where significant improvement can be made to enhance the gas plant's efficiency, extend gas plant's life cycle, and increase LPG recovery.

TransGas has received Board of Directors' approval to proceed with a capital expenditure to improve the gas plant's efficiency, extend gas plant's life cycle and increase LPG recovery.



Staff Announcements

With the departure of Cindy Ziola as Director, Policies, Rates and Regulations, we want to welcome David Wark to the position.

David has 16 years of experience with TransGas in various positions. As well, he

worked with SaskPower and most recently, Mosaic Potash. With education in Engineering and a Masters in Business Administration, David's experience and education will be valuable in his new position.

Welcome to TransGas, David!



After nearly six years of service, Scott Joyce, Manager, Rates and Revenue departed TransGas effective August 30. Scott's experience developing TransGas rates, developing annual load and revenue forecasts, maintaining and

implementing the TransGas Tariff and input into the Customer Dialogue process made him a valuable part of the TransGas team. We wish him all the best in his new opportunities.

Alberta Receipt Capacity Update

TransGas receipts at the four Alberta interconnects, averaged 310 TJ/d during August, which is a record level of Alberta receipts in a month. The Alberta major interconnect capacity utilization averaged 99 percent during August. During the months of April to June, 2013, the Alberta border utilization was only 70 percent, with daily spare near 100 TJ/d. The large increase in Alberta border utilization during the months of July and August continue in to September is primarily driven by TransGas storage customers taking advantage of low gas prices. Currently the majority of the major

interconnect Alberta supply is contracted under TransGas NIT to TEP service.

TransGas has been actively working to significantly increase Alberta receipt capacity, with the primary focus on increasing capacity utilizing the Foothills system in southwest Saskatchewan. The approved Bayhurst to Rosetown 16 inch pipeline that is scheduled to be in service November, 2014 is an integral part of increasing Alberta receipt capacity and utilizing the Foothills pipeline.

Busy Times for TransGas

It's a busy time for TransGas as a number of projects, improvements and safety plans are in the works or on the horizon. Driving this increased activity is provincial industrial growth, continued focus on safe and reliable service delivery, and ensuring continued gas supply for the province.

TransGas customer capital spending is expected to exceed \$100 million in 2014, with increases coming from transmission growth, Alberta supply and producer/delivery tie-ins. Major projects are currently underway to serve customers to bring gas from out-of-province onto the TransGas system (Foothills Golden Prairie Interconnect) and to move gas once it is on the system (docking station at Success for two mobile compressors). 2014 will see the construction of 140 km of NPS 16 pipeline from Bayhurst to Rosetown, a docking station for one mobile unit at Unity, and a docking station for two mobile units at Bayhurst.

"TransGas is committed to working with new and existing customers to ensure they can develop and grow their business in Saskatchewan," says Brian Torgunrud, Executive Director, Engineering and Technology. "The high level of capital spending reflects the health of the economy in the province and all of us at TransGas should be proud of the role we've played and continue to play as a major energy provider."

At the same time, system integrity capital programming is expected to be \$40 million in 2014, driven by integrity spending and system improvements. A new record length of in-line inspection is planned for 2014 of more than 1,000 km. A brand new inspection tool called EMAT (Electromagnetic Acoustic Transducer) is currently being built to run in NPS 12 pipe-

lines to eliminate the need to have expensive outages to hydrotest or run ultrasonic inspections in a liquid slug. This EMAT tool will allow for uninterrupted gas flow while inspecting our NPS 12 and larger pipelines to help manage the threat of cracking and mill features. An automated block valve program was developed in 2013 to decrease response time to shut in major pipelines in case of an emergency. The first locations are currently being installed around the City of Moose Jaw and installations will continue in 2014 in class 3 locations around the province.

"TransGas continues to advance integrity programming by leveraging industry best practices with a risk based asset management system to achieve a safe and reliable system," says Derrick Mann, Executive Director, System Integrity and Standards.

As Saskatchewan's gas supply needs grow, TransGas will meet the demand using cost-effective approaches while keeping options open to address system capacity and changing customer needs. As expansions occur, it will also be important for TransGas to monitor transport tolls and engage in ongoing dialogue with its stakeholders.

Meanwhile, growth in TransGas' customer base will require ongoing contingency planning and risk management, as third-party transportation decisions and adjustments to customer project schedules affect the timing of planning for new industrial facilities. In order to successfully execute on its capital investments, TransGas will continue to be flexible in meeting changing market conditions, as well as customer needs.

TransGas Storage Update

As of September 26, TransGas storage customers have a total inventory in storage of 48 PJ, which is 97 percent of full based on currently contracted storage of 49.6 PJ. The months of July and August were at record levels, with a total of 13 PJ injected during the 2 months. As of September 26, the remaining TransGas storage net injection requirement is only 1.6 PJ, assuming

storage customers 100 percent fill contracted storage. TransGas storage customers continue the rapid fill given low gas prices of just over \$2/GJ and are expected to 100 percent fill around October 1. This compares to last year when TransGas storage customers only filled to 90 percent of full.

DID YOU KNOW . . .

The Additional Cost Recovery (ACR) charge to be recovered from customers utilizing the NIT to TEP Receipt Service is being decreased effective **October 1, 2013**.

Information related to the current ACR charge in effect on October 1, 2013 and historical ACR charges can be found on the TransGas website under Services.

Emergency Response Information Booklet

At TransGas, we're always looking for ways to improve on safety, both within our company and within the communities we serve. Recently, groups from across the Corporation worked together to create an Emergency Response Information booklet that will be distributed to police officers, firefighters, Emergency Medical Services and local municipalities across Saskatchewan. The eight-page booklet can easily tuck inside a vehicle visor, providing simple, clear instructions for First Responders in case of a crisis.

The idea underpinning the Emergency Response Booklet is simple – people who know better, do better. By making emergency procedures more accessible, TransGas is providing responders the information they need to safely handle a natural gas incident.

“The nice thing about this booklet is that the message is very simple and clear,” says Layne Shoemaker, Land and Public Awareness Coordinator. He adds that the booklet “provides the responder enough knowledge to respond to a natural gas incident safely and effectively.”

The booklet starts with a brief introduction to TransGas. It then provides a short description of the characteristics of natural gas (touching on its volatility, odour, appearance, special behaviour, noise and toxicity). Finally, the booklet provides steps to be taken by First Responders, which includes specific instructions for RCMP/Local Police, the Fire Department, Medical/Ambulance and Rural Municipalities.

TransGas has always provided safety procedures to First Responders but, as Shoemaker points out, the information needed

to be condensed. “Responders had binders and binders of emergency protocol from not only TransGas, but every other pipeline company that affects Saskatchewan,” explains Shoemaker.

“In a pipeline emergency situation, responders do not have time to start pulling out all the safety binders that every gas or oil company provides over the years. Now, TransGas has one small, compact, handheld booklet for if or when a gas incident occurs.”

The booklet is another step one in our ongoing effort to ensure First Responders are prepared for any pipeline emergency they could face. TransGas is also currently working alongside other pipeline companies to implement an online training tool for First Responders that would continue to enhance their pipeline incident preparedness.

In the end, TransGas' emergency booklet may be small, but it's effective and the team effort that went into producing it was significant. “This booklet would not happen without the many different departments coming together as a team,” says Shoemaker.



Layne Shoemaker, Land and Public Awareness Coordinator, shows off the new Emergency Response Information booklets.

DID YOU KNOW . . .

Manitoba Hydro and SaskEnergy announced August 27, 2013 that a tentative agreement was reached for the sale of SaskEnergy's Swan Valley Gas to Manitoba Hydro, pending regulatory approval. Swan Valley Gas distributes natural gas in and around Swan River, Manitoba, including the towns of Minitonas and Benito. The proposed sale is subject to approval by the Manitoba Public Utilities Board.

Swan Valley Gas Corporation was established in 2000 as a subsidiary of SaskEnergy to expand natural gas service to an area just north of Duck Mountain Provincial Park in Manitoba.

Under the proposed sale, Swan Valley Gas Corporation's distribution assets and responsibility for approximately 240 customers will be transferred to Manitoba Hydro. Manitoba Hydro would also assume any existing gas supply contracts. If the purchase is approved, Swan Valley Gas customers will become customers of Manitoba Hydro and pay the same natural gas rates as the corporation's other customers in their respective customer classes.

We have been proud to serve the people and businesses of Swan Valley Gas, and TransGas looks forward to working with Manitoba Hydro to continue supplying natural gas to the region.