



File 4400-T001-22 and 4200-T001-18  
6 December 2002

Mr. John Lee  
Manager  
Regulatory Research & Administration  
TransCanada PipeLines Limited  
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and

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Dear Mr. Lee and Mr. Yates:

**Application by TransCanada PipeLines Limited (TransCanada)  
for approval of Mainline Interim Tolls Effective January 1, 2003  
(2003 Interim Tolls Application)**

On 13 November 2002, TransCanada filed its 2003 Interim Tolls Application pursuant to sub-section 19(2) and Part IV of the *National Energy Board Act* for an Order approving Interim Tolls for service on TransCanada's Mainline effective 1 January 2003.

Between 15 November 2002 and 19 November 2002, the National Energy Board (the Board) received letters from the Firm Shippers Group (FSG), BP Canada Energy Company, the Canadian Association of Petroleum Producers (CAPP), and Centra Gas Manitoba Inc. concerning an eventual comment process for the consideration of TransCanada's 2003 Interim Tolls Application.

On 22 November 2002, the Board initiated a formal comment process, soliciting the views of interested parties on the appropriateness of the level of the proposed interim tolls. Comments indicating support or a lack of objection to the proposed interim tolls were received from CAPP, the Industrial Gas Users Association, Enbridge Gas Distribution Inc., the FSG, Société en commandite Gaz Métropolitain, and Union Gas Limited. Comments expressing concern over the proposed interim tolls were received from Sempra Energy Trading Corp. (Sempra) and from the Cogenerators Alliance (CA).

Sempra submitted that the current level of tolls, as approved by Board Order TG-4-2002 dated 29 August 2002, is the appropriate level of the interim toll for 2003. Sempra supported its position by the view that the current tolls are high enough, that any proposal to increase tolls from 2002 levels should be considered in light of all other issues in the [RH-1-2002] proceeding, and that TransCanada does not suffer from a lack of liquidity.

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The CA expressed concern about TransCanada's inability to retroactively collect the difference between the Mainline interim and final toll on the gas shipped by shippers that leave the system prior to the implementation of final tolls. The CA requested that the Board seriously consider providing TransCanada with the ability to charge/rebate departed shippers for the differential between the interim and final toll once the final toll is established.

In its reply comments, TransCanada submitted that the stated positions of Sempra and the CA do not provide sufficient reason to set the Mainline's interim tolls at a level other than that proposed in the 2003 Interim Tolls Application. TransCanada noted that the level of tolls is supported by a broad spectrum of parties that will be affected by those tolls on an interim basis and submitted that its 2003 Tolls Application should be approved as filed.

With respect to the comments of the CA and Sempra to TransCanada's 2003 Interim Tolls Application, the Board notes that the proposed interim tolls reflect TransCanada's currently approved rate-making methodology. The Board has previously indicated that a decision to approve interim tolls is, in no way, a ruling by the Board as to the merits of any case presented by an Applicant or by interested parties in an application to set final tolls. In the circumstances of this case, the Board is of the view that it would be premature to consider the appropriate means of adjusting for any difference between 2003 interim and final tolls. This question would be more appropriately addressed in the RH-1-2002 proceeding that will consider TransCanada's 2003 Tolls and Tariff Application.

Having considered TransCanada's 2003 Interim Tolls Application, and having considered all comments by interested parties in relation to that Application, the Board has decided to approve TransCanada's Interim Tolls Application as filed, effective 1 January 2003.

TransCanada is directed to serve forthwith a copy of this letter on parties in the RH-1-2002 proceeding, its Tolls Task Force, and its Mainline customers.

Yours truly,

  
Michel L. Mantha  
Secretary

Attachment



**ORDER TGI-2-2002**

**IN THE MATTER OF THE** *National Energy Board Act* (the Act) and the regulations made thereunder;

**AND IN THE MATTER OF** an application filed with the National Energy Board (the Board) under File 4400-T001-22 by TransCanada PipeLines Limited (TransCanada) for certain orders respecting tolls specified in a tariff pursuant to subsection 19(2) and Part IV of the Act.

**BEFORE** the Board on 6 December 2002.

**WHEREAS** TransCanada filed an application, dated 13 November 2002, for an Order fixing tolls it may charge, on an interim basis, for or in respect of transportation services rendered, effective 1 January 2003;

**AND WHEREAS** the Board has considered comments from interested parties on the appropriate level of interim tolls to be effective 1 January 2003;

**THEREFORE, IT IS ORDERED**, pursuant to subsection 19(2) and Part IV of the Act, that:

1. TransCanada's current tolls which were made effective under Toll Order TG-4-2002 be terminated as of the end of the day on 31 December 2002.
2. TransCanada's proposed tolls, as contained in its Application dated 13 November 2002, be implemented effective 1 January 2003 on an interim basis pending a final order by the Board concerning TransCanada's 2003 tolls.

NATIONAL ENERGY BOARD

A handwritten signature in black ink, appearing to read 'Mantha'.

Michel L. Mantha  
Secretary