

# Letter of Decision

**TransCanada PipeLines Limited** 

**RH-2-95** 

December 1995

Phase I

### Office national de l'énergie

#### **Letter of Decision**

relativement à

### **TransCanada PipeLines Limited**

Application dated 5 July 1995 for 1996 Tolls ("RH-2-95")

### Phase I

December 1995

File: 4200-T001-10 28 December 1995

#### BY FACSIMILE

Mr. James M. Murray General Counsel Litigation & Regulatory TransCanada PipeLines Limited P.O. Box 1000, Station M Calgary, Alberta T2P 4K5

Dear Mr. Murray:

Re: TransCanada PipeLines Limited ("TransCanada")

Application Dated 5 July 1995 for 1996 Tolls ("RH-2-95")

Reasons for Decision Regarding Phase 1

The Board has completed its consideration of RH-2-95, Phase 1 matters and the request from parties for the release of an expedited decision. In response to that request, the Board has decided to issue the attached Decision with Reasons for Phase 1.

Yours truly,

J.S. Richardson Secretary

c.c.: Interested Parties to RH-2-95

Attachment

# TransCanada PipeLines Limited ("TransCanada") Application Dated 5 July 1995 for 1996 Tolls ("RH-2-95") Reasons for Decision Regarding Phase 1

#### **Background**

On 5 July 1995, TransCanada PipeLines Limited ("TransCanada") filed an application pursuant to Part IV of the *National Energy Board Act* ("the Act") for new tolls to be effective 1 January 1996.

On 1 September 1995, the National Energy Board ("the Board") issued Hearing Order RH-2-95 setting down the application for a public hearing to commence on 11 December 1995. Hearing Order RH-2-95 was amended by letters dated 12 October and 7 and 16 November 1995.

On 20 October 1995, the Board approved a request by TransCanada to divide the proceeding into phases. Phase 1 would deal with issues related to cost allocation, toll design and tariff matters. Phase 2, which would begin no earlier than 29 January 1996, would deal with cost of service and other matters. TransCanada submitted that phasing would allow it sufficient time to complete settlement negotiations respecting cost of service matters.

Phase 1 of the hearing took place in Ottawa, Ontario on December 11, 12, 13 and 14, 1995.

The matters considered in Phase 1 included: tolls and tariff issues resolved by the 1996 Tolls Task Force; issues related to Firm Service Tendered ("FST") and an application for interim tolls to be effective 1 January 1996.

#### The Board's Negotiated Settlement Guidelines

In examining agreements among parties to a proceeding, the Board is guided by its *Guidelines for Negotiated Settlements of Traffic, Tolls and Tariffs*, dated 23 August 1994, and the cover letter from the Board of the same date (the "Guidelines"). Of particular relevance in these proceedings are the following extracts from those documents:

- All parties having an interest in a pipeline's traffic, tolls and tariffs should have a fair opportunity to participate and have their interests recognized and appropriately weighed in a negotiated settlement. The settlement process should be open and all interested parties should be invited to participate in the actual settlement negotiations.
- Upon filing of [information related to the resolution of individual toll design, tariff or other matters], interested parties would be provided with an opportunity to comment on each resolution. Resolutions that were not opposed by any party would normally be accepted by the Board.
- The Board confirms that, when presented with a settlement package, it will either accept or reject the package in its entirety.

#### 1996 Tolls Task Force Resolutions

TransCanada's application contained twenty-one resolutions which had received either the unanimous support of the 1996 Tolls Task Force or were unopposed. Three of the proposals had received expedited consideration and approval by the Board prior to the hearing. The remaining eighteen were unopposed at the hearing.

#### **Decision**

The twenty-one resolutions approved by the 1996 Tolls Task Force and put forward as part of this proceeding and as described in Attachment 1, meet the Board's Guidelines. The Board has considered and approves the resolutions in full and directs that they be incorporated into TransCanada's Transportation Tariff.

#### Firm Service Tendered ("FST") Settlement Agreement

In Phase 1 of the hearing, the Board was asked by The Consumers' Gas Company Ltd. ("Consumers"), Union Gas Limited ("Union") and the Canadian Association of Petroleum Producers ("CAPP"), collectively known as the FST Parties, and TransCanada to accept the FST Settlement Agreement dated 16 November 1995 (the "FST Agreement"), to which these parties were signatories. While acknowledging that certain interested parties were excluded from participation in the process which led to the signing of the FST Agreement and thus did not meet the requirements of the Board's Guidelines, the FST Parties characterized the FST Agreement as a joint proposal and urged the Board to accept it in its "substantial entirety". The proponents of the FST Agreement noted that it had been the intention of the FST Parties and TransCanada to include other parties in the negotiations; however, due to time constraints, this had not been possible.

The Northeast Group and ProGas Limited ("ProGas") opposed the terms of the FST Agreement and urged the Board to reject it. The Northeast Group also opposed the process which resulted in the FST Agreement on the basis that, while it had a direct interest in the outcome, it had been excluded from the negotiations. Further, the Alberta Department of Energy ("ADOE"), while taking no position on the FST Agreement, urged the Board to adhere to its Guidelines.

#### Views of the Board

In applying the Guidelines to the FST Agreement, the Board agrees that this is not an agreement within the meaning of those Guidelines. Accordingly, the Board believes that it would be inappropriate to accept or reject the FST Agreement *per se.* However, the Board can review the particular components of the FST Agreement, as it would with the common position of parties to a proceeding, to determine whether each of the components is acceptable to the Board. Based on the decisions taken by the Board, it will then be up to TransCanada and the FST Parties to determine whether the terms of their FST Agreement have been met as a whole.

The two components of the FST Agreement which address issues relevant to Phase 1 of RH-2-95 relate to the appropriate "suite of services" methodology to be used in calculating the FST Differential and the appropriateness and level of a split of the FST Differential between upstream and downstream. In respect of each of these components, the Board has examined the evidence put forward by all parties to these proceedings to determine the justness and reasonableness of each proposal proposed jointly by the FST Parties and TransCanada.

The Board also took note of the exclusion of other parties from the FST Agreement negotiations and the reasons provided for their exclusion.

#### FST Differential Methodology for 1996

In this proceeding, TransCanada applied for a change to the existing "suite of services" methodology which was first applied to calculating the FST Differential as a result of the Board's decision in RH-3-94. The proposed "suite of services", which in TransCanada's view is a more appropriate cost-based application of the generic "suite of services" approach to calculating the FST Differential, and the existing "suite of services" are detailed below:

#### **Proposed Suite of Services\***

Winter: 50% of volumes

• 151 days as Eastern Zone Short-Term Firm Transportation
("STFT") at the 100% load factor toll

50% of volumes

• 61 days at the 200% load factor Eastern Zone Interruptible
Transportation ("IT") toll

• 90 days at the Winter Firm Service toll which is 1.4 times the Eastern Zone 100% load factor Firm Transportation ("FT") toll

Summer: 100% of volumes • 214 days at 200% load factor Eastern Zone IT toll

#### Existing Suite of Services\* (as clarified in Board letter dated 23 November 1995)

Winter: 50% of volumes • 151 days as Firm Transportation ("FT") at the 100% load

factor toll

50% of volumes • 151 days as the minimum Temporary Winter Service ("TWS")

tor.

Summer: 50% of volumes • 194 days as Firm Transportation ("FT") at the 100% load

factor toll

• 20 days as the minimum Eastern Zone IT toll at the 200% load

facto

50% of volumes • 214 days as the minimum Eastern Zone IT toll at the 200% load factor

<sup>\*</sup> The foregoing would be modified to add one additional day to account for the leap year which occurs in 1996.

TransCanada's proposed "suite of services" is based on two criteria: the level of operating flexibility which FST provides the system; and the contracting approach which a customer would likely take in order to ensure the highest degree of probability that it would receive its volumes during the respective seasons, in the most economical fashion. In order to appropriately reflect these criteria, TransCanada has developed a proposed "suite of services" which places greater reliance on the IT toll.

TransCanada was supported by the other parties to the FST Agreement, TransCanada Gas Services Limited ("TCGS") and the Ministry of Energy and Environment for Ontario. Opposition was expressed by The Northeast Group and ProGas, who submitted that there had not been a sufficient change in circumstances to warrant review of the existing "suite of services" approach, that the FST Differential had been arrived at through negotiations and that the proposed "suite of services" injected an additional flavour of IT which did not accurately reflect the annual, seasonal and daily delivery obligations of TransCanada under FST service.

#### Views of the Board

The Board continues to support the use of the "suite of services" methodology in deriving the FST Differential.

The majority decision in RH-3-94 acknowledged that the "suite of services" approach, which was adopted at that time, might require reassessment in a future proceeding. Specifically, in that decision the majority stated:

"The Board recognizes that, if TransCanada or other parties believe that the value of FST service to its system is more appropriately reflected by an alternate suite of services from that proposed by CAPP or some other approach, there is an opportunity to bring forward a proposal either before the Tolls Task Force or in a future tolls application."

Upon reflection and after having experience with the "suite of services" approach, the FST Parties and TransCanada have brought forward a proposed "suite of services" for consideration by the Board. It is incumbent on those parties to satisfy the Board that the proposed "suite of services" will result in tolls that would be more just and reasonable than those which resulted from the decision of the Board in RH-3-94. As discussed above, the mere fact of agreement among some of the parties is not sufficient; each of those parties acknowledged that the negotiations of the FST Agreement involved compromises. Accordingly, the Board has carefully examined the evidence to determine whether the proposed "suite of services" is a better surrogate for the value of FST service than that approved in the RH-3-94 decision. No other alternatives were put forward for consideration by the Board.

The level of the FST Differential for 1995 which was calculated from the existing "suite of services" resulted in a decision by Consumers and Union to opt to convert FST volumes to FT volumes. This decision to convert the FST volumes to FT volumes is strong evidence, in the Board's view, that under the existing "suite of services", FST service is overpriced and, therefore, inappropriate.

The main difference between the proposed "suite of services" and the existing "suite of services" is the greater reliance on the IT toll. While certain assumptions made by TransCanada regarding the availability of IT and shipper behaviour may not be totally accurate, the Board is persuaded that, on balance, the proposed "suite of services" is a better proxy for the flexibility required by TransCanada and the surety of transportation service required by the customer.

#### **Decision**

The Board approves TransCanada's proposed "suite of services" proposal to calculate the FST Differential and the FST toll for the 1996 test-year.

#### **FST Differential Split**

Under the terms of the FST Agreement, it is proposed that an upstream and a downstream component to the FST Differential be designated for 1996. The allocation of the FST Differential was negotiated to be 4 cents/GJ to the upstream and 21 cents/GJ to the downstream, based on a 25 cents/GJ FST unit differential. In addition, it was agreed that, after TransCanada had applied an appropriate "suite of services" approach and calculated an actual FST Differential, any difference between the calculated FST differential and the agreed-to 25 cents/GJ FST Differential would be applied equally (i.e. 50/50) to the upstream and downstream components.

Under the "avoided cost" methodology used prior to the Board's decision in RH-3-94, the FST Differential was designated between upstream and downstream components. Under that methodology, the split, which was first introduced in RH-1-88, Phase 2, was a recognition by the Board that both upstream suppliers and downstream shippers/users contributed to the flexibility and other benefits afforded by FST service. Certain parties, TCGS [formerly known as Western Gas Marketing Limited ("WGML")], Consumers and Union, in placing reliance on that split, included in their gas sales contracts a pass-through of the upstream component of the FST Differential to TCGS. The non-identification by the Board of a split of the FST Differential in its RH-3-94 decision has created contractual uncertainty among the parties to those contracts.

Parties supporting the allocation of the FST Differential between upstream and downstream components, although acknowledging that the split was a negotiated element of the FST Agreement, argued for the inclusion in the Board's decision of an approval of the split for the following reasons:

- It would assist parties to achieve their expectations under the contracts since the gas supply contracts contemplate cost sharing on the basis of a split of the FST Differential.
- It would recognize that the upstream component is an element of the value captured in the price for FST service.
- It would be consistent with the decision in RH-1-88, Phase 2, which recognized the appropriateness of an upstream component of the FST Differential.
- Non-FST tollpayers are unaffected by any splitting of the FST Differential between upstream and downstream components.

The parties who opposed the approval of the split argued that it was not required for toll-setting purposes, that it is only required to resolve a private contractual dispute and that the determination of the split was not an independent valuation of the components but was subject to private negotiations.

#### Views of the Board

The Board must first decide whether approval of a split of the FST Differential between upstream and downstream is within its jurisdiction. In that regard, the Board notes that its jurisdiction in respect of traffic, tolls and tariffs, as set out in Section 59 of the Act, is very broad and extends beyond the mere setting of tolls. The Board's decisions may properly affect private contractual rights provided that the impacts on contract arrangements are incidental to the Board's exercise of its regulatory powers. As discussed below, an element of the FST Differential is the value to the TransCanada system of the flexibility provided both upstream and downstream by FST. In these circumstances, the Board is satisfied that an identification and approval of an FST Differential split is a matter related to TransCanada's system flexibility and, thus, to traffic, tolls and tariffs. Therefore, after reviewing the arguments presented by parties on this point, the Board has concluded that an approval of the FST Differential split is within its jurisdiction.

Secondly, the Board must be satisfied that a recognition of the split, as put forward by TransCanada, is also appropriate. In that regard, the Board notes that:

- Parties to the FST gas supply contacts entered into those contracts, in part, in reliance on a pass-through of the split as set out in the then-existing FST methodology.
- The allocation is intended to recognize that the operating flexibility provided by FST is due to the ability of both suppliers and the FST shippers to accommodate the service characteristics of FST.
- Parties supporting the FST Differential split have asked for the approval of the split as a
  transitional measure to facilitate contractual matters and to encourage a positive and
  cooperative approach to the upcoming consultative process for addressing FST conversion
  issues.
- The "suite of services" methodology does not, in and of itself, require or produce a split of the FST Differential.
- While there is no direct evidence on the record which could lead to an objective
  calculation of a split of the FST Differential, all parties directly affected by the FST
  Differential split in this proceeding have agreed to the value of each of the upstream and
  downstream components.

#### Decision

The Board also approves, as a transitional measure, the allocation of the FST Differential between upstream and downstream components as per the terms of the FST Agreement for the 1996 test-year.

#### **Process to Address FST Conversion Issues**

The Board's 12 October 1995 amendment to Hearing Order RH-2-95 identified Issue 3 b) as the toll and tariff impact of conversion from FST to FT. It was evident during the hearing that, at this time, parties were of the view that this issue related to an upcoming process wherein the views of all parties would be sought with respect to determining the ways and means by which TransCanada might be able to maintain a suitable level of flexibility once existing levels of FST had been converted to FT.

Within the text of the FST Agreement, it was noted that TransCanada and the FST Parties would co-operate and work together in an FST Study in order to implement a consultative process, involving a broad base of TransCanada's shippers and other stakeholders. This FST Study would examine and eventually could determine the ways and means whereby TransCanada could maintain and possibly enhance, on a long-term basis, the operating flexibility that is currently provided by the service characteristics of FST, including the classes of transportation services that would achieve this end and the corresponding service characteristics and toll-making methodologies.

In final argument, TransCanada indicated that such an examination to effect the conversion would be broad in scope and a fully-open process. TransCanada indicated that the intent of this broad and open approach is to recognize and address as many concerns as may be raised by different stakeholders and that the objective of the discussions will be to identify the optimum scenario which considers both the economic and operational aspects of the conversion.

TransCanada also indicated that it supports the proposal made by The Northeast Group regarding an overall review of alternate firm transportation services and that this proposal would be addressed, as part of the FST Study in 1996, by all participants in the 1997 Tolls Task Force.

TransCanada further stated that the results and conclusions from all discussions and analyses in the consultative process will be included in the comprehensive FST Study. This Study will be filed with the Board when TransCanada ultimately seeks approval from the Board to effect the conversion of FST to FT.

#### Views of the Board

In the Board's view, the comprehensive nature of the Study and the consultative process to be used by TransCanada should address the concerns of all stakeholders to RH-2-95 including those of The Northeast Group and ProGas.

#### **Decision**

The Board does not consider it necessary to issue specific directions in this area at this time.

#### **Interim Toll Request**

By letter dated 6 December 1995, TransCanada applied, pursuant to Sections 19(2), 59 and 64 of the Act, for an Order establishing interim tolls effective 1 January 1996. The attached Order TGI-3-95 establishes revised interim tolls effective 1 January 1996 to reflect the approval of the proposed "suite of services" in this Decision as well as to reflect the change in TransCanada's approved rate of return on common equity in accordance with the Board's letter dated 6 December 1995. Order TGI-1-95 is not revoked and continues to apply for the 1995 test-year pending final disposition by the Board of the issue before it re: RH-3-94 on FST. TransCanada will be required to file all affected schedules and revised tolls in compliance with the Phase 1 decisions and the approved rate of return on common equity for 1996.

### Disposition

The foregoing together with Order No. TGI-3-95 constitute our Decision and Reasons for Decision on this matter.

J.A. Snider Presiding Member

> K.W. Vollman Member

> > R. Illing Member

Calgary, Alberta December 1995

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#### 1996 Tolls Task Force Resolutions

#### Resolution 96-1 Tariff Amendment - Sales Meter Stations Charges

The General Terms and Conditions ("GTC"), Section VII will be amended to lower the threshold volume to which additional charges apply to 100 10<sup>3</sup>m<sup>3</sup> from 1 250 10<sup>3</sup>m<sup>3</sup> for sales meter stations regardless of when the meter station was put into service.

#### Resolution 96-2 Tariff Amendment - FST Curtailment Responsibilities

The FST Toll Schedules will be amended to clarify the wording of the GTC - Section XV such that an FST Shipper is not obligated to accept a Revised Tender unless that Revised Tender is a curtailment.

#### **Resolution 96-3** IT Toll Design Review

The IT Toll Design will remain in effect for the 1996 test-year as agreed upon in Resolution 95-1 by the 1995 Tolls Task Force and as approved by the Board in RH-3-94 with the exception of those changes to the IT Bidding Ceiling and the method of determining the applicable nominated toll level as described in Resolution 96-14. It was further agreed that this issue would be revisited by the 1997 Tolls Task Force.

#### **Resolution 96-4** Tariff Amendment - Imbalances Held at Primary Receipt Points

The GTC, Section II - "APPLICABILITY AND CHARACTER OF SERVICE" and Section XXII - "NOMINATIONS AND UNAUTHORIZED VOLUMES" will be amended such that imbalances will be deemed to have occurred and shall be held at the primary receipt point for the purposes of paying back recorded imbalances.

#### **Resolution 96-5** Tariff Amendment - Nomination Time Change

The nomination time will remain in effect as agreed in Resolution 95-14 by the 1995 Tolls Task Force, and as approved by the Board in RH-3-94, for the 1996 test-year. It was agreed that this issue would be reviewed by the 1997 Tolls Task Force.

#### **Resolution 96-6** Tariff Amendment - IT Nominating Discipline

In an Application dated 23 August 1995, TransCanada requested that the Board approve the Tariff Amendments to the IT Nominating Discipline that were agreed upon by the Tolls Task Force members. In a letter dated 21 September 1995, the Board approved the applied-for tariff amendments. This issue is to be reviewed by the 1998 Tolls Task Force.

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#### **Resolution 96-7** Tariff Amendment - IT Bidding Process

In an Application dated 23 August 1995, TransCanada requested that the Board approve the Tariff Amendments to the IT Bidding Process that were agreed upon by the Tolls Task Force. In a letter dated 21 September 1995, the Board approved the applied-for tariff amendments.

#### **Resolution 96-8** TransGas Tolling

The toll design for TransGas will be modified effective 1 January 1996 under which TransGas tolls will be based on the distance from weighted average receipt points to weighted average delivery points in either the Saskatchewan Zone or under the Intra-Saskatchewan contract.

#### **Resolution 96-9** Tariff Amendment - Contract Pressure

The GTC, Section XII - "DELIVERY PRESSURE" will be amended to relieve TransCanada of the responsibility to maintain contract delivery pressure at times, such as during peak loads, when the delivery pressure falls despite reasonable preventative measures taken by TransCanada's to maintain it.

#### **Resolution 96-10** Tariff Amendment - STS Service Classification

The GTC, Section XV - "IMPAIRED DELIVERIES" will be amended to reflect changes to the order of priority of both daily and seasonal curtailments of STS. This issue is to be reviewed by the 1997 Tolls Task Force.

#### Resolution 96-11 Expedited Processing of Resolutions 96-6 and 96-7

It was resolved that TransCanada would file an application with the Board requesting expedited processing of Resolutions 96-6 and 96-7.

#### **Resolution 96-12** Winter Firm Service (WFS) Price Cap

In its applications dated 5 and 10 July 1995, TransCanada requested Board approval of deviations from TransCanada's Transportation Tariff as it applies to Winter Firm Service for the bid period covering the 1995/96 winter season. In letters dated 7 and 11 July 1995, the Board approved Resolution 96-12 in its entirety.

#### **Resolution 96-13** Temporary Winter Service (TWS) Price Cap

The Tolls Task Force agreed to amend the TWS toll schedule to reflect changes to the TWS price cap and the length of service entitlement for the bid period covering service for the 1995/96 winter season.

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#### **Resolution 96-14** IT Service Bidding

The IT Toll Schedule will be amended to change the criteria for the determination of a successful IT bid to the basis of the maximization of financial benefit to the system. For the 1996 test-year, the ceiling for bids east of the Manitoba Delivery Area ("MDA") will be at the 50% load factor of the Phillipsburg toll. The ceiling for bids from Empress to and including all of the MDA and south to Emerson ("the West") will be at the 50% load factor level of the Phillipsburg toll less the East/West Differential. The IT Service Bidding floors will remain at the 200% load factor level for each domestic toll zone and export point. Nominations are to be evaluated on a maximum net revenue basis. The East/West Differential will be added to each bid from the West for the purpose of assessing financial benefit to the system.

### Resolution 96-15 Appropriateness of Basing Other Tolls on the FST Downstream Differential

As a result of the approval of the "suite of services" approach in RH-3-94, there is no longer the identification of an upstream and downstream component of the FST Differential. Consequently, the derivation of certain tolls (i.e. PS, WFS and TWS) which previously relied upon the specification of a downstream differential were required to be changed for 1996. This Resolution is intended only as a temporary measure pending potential resolution by the 1997 Tolls Task Force.

#### **Resolution 96-16** General Terms and Conditions Update

Amendments to various sections of TransCanada's GTC will be made to reflect several new services approved in RH-3-94: Long-term Winter Firm Service (LT-WFS), Enhanced Capacity Release Service (ECR) and Firm Backhaul Transportation Service.

#### Resolution 96-17 Tariff Update re: "TransCend"

Amendments to the GTC will be made to remove all references to the word "TransCend".

#### **Resolution 96-18** Tariff Amendment - Billings and Payments

Amendments to the GTC will be made so that the billing date for all shippers will be the 10th of each month and the invoice payment date will be the 20th of each month. All export customers will continue to pay on the 25th of each month until expiration of each shipper's export contract. The payment date for all renewals and new export contracts will reflect a payment date of the 20th of the month.

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#### **Resolution 96-19** Diversion Policy Adjustment

The GTC, Section XV - "IMPAIRED DELIVERIES" will be amended to give the diversion of gas away from firm contractual delivery points, which are downstream of the system restriction, priority over the diversion of gas away from firm contractual delivery points which are not downstream of the system restriction.

#### **Resolution 96-20** Single Handshakes

Single Handshakes will be incorporated into TransCanada's Transportation Tariff to provide shippers and gas suppliers assurances of service. This will also enable TransCanada to avoid operational imbalances in excess of a certain level by nominating against Handshake Account Holders where parties have not honoured their Handshake arrangements.

#### Resolution 96-21 Tariff Update re: "ISW-1"

The GTC, Section XVI - "DETERMINATION OF DAILY DELIVERIES" will be amended to update references to "ISW-1" to read "Maximum IT Toll between those two points or areas... " to reflect the removal of the IT tiers.

#### Attachment 2 Page 1 of 1

#### **ORDER TGI-3-95**

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

IN THE MATTER OF a request dated 6 December 1995 by TransCanada PipeLines Limited ("TransCanada") requesting the Board to issue an Order establishing interim tolls effective 1 January 1996.

BEFORE the Board on 21 December 1995.

WHEREAS the Board has received a request from TransCanada, dated 6 December 1995, pursuant to Sections 19(2), 59 and 64 of the Act, for an Order establishing interim tolls effective 1 January 1996;

IT IS ORDERED, Pursuant to Sections 19(2), 59 and 64 of the Act that:

- 1. Effective 1 January 1996, TransCanada's current interim tolls pursuant to TGI-1-95 shall be revised by Order TGI-3-95 to reflect the approval of the proposed "suite of services" as set out in the Phase 1 Decision for RH-2-95 as well as the change in TransCanada's approved rate of return on common equity in accordance with the Board's letter dated 6 December 1995; and
- 2. TransCanada is directed to file with the Board and serve copies on parties to RH-2-95 and its shippers forthwith all schedules and resulting tolls reflecting this decision.

NATIONAL ENERGY BOARD

J.S. Richardson Secretary