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November 25, 2013

Filed Electronically

National Energy Board  
444 Seventh Avenue S.W.  
Calgary, Alberta T2P 0X8

**Attention: Ms. Sheri Young, Secretary of the Board**

Dear Ms. Young:

**Re: Trans Québec & Maritimes Pipeline (TQM)  
January 1, 2014 to December 31, 2016 Toll Settlement and  
2014 Interim Tolls Application (Application)**

TQM encloses for filing with the National Energy Board its application for approval of the TQM January 1, 2014 to December 31, 2016 Toll Settlement and 2014 Interim Tolls.

TQM has notified interested parties of this Application and is not aware of any opposition to the Application.

Should the Board require additional information with respect to this filing, please contact the undersigned.

Yours truly,  
**Trans Québec & Maritimes Pipeline**

*Original signed by*

Keith D. Nelson  
General Manager, TQM Pipeline

Enclosures

cc: List of Interested Parties

**NATIONAL ENERGY BOARD**

**IN THE MATTER OF** the *National Energy Board Act*,  
R.S.C. 1985, c. N-7, as amended, and the Regulations made  
thereunder;

**AND IN THE MATTER OF** an Application by  
Trans Québec & Maritimes Pipeline Inc. for approval of a  
settlement of the 2014-2016 revenue requirement pursuant to  
Part IV of the *National Energy Board Act*;

**AND IN THE MATTER OF** an Application by  
Trans Québec & Maritimes Pipeline Inc. for approval of  
Interim 2014 Tolls pursuant to Section 19(2) and Part IV the  
*National Energy Board Act*.

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**TRANS QUÉBEC & MARITIMES PIPELINE INC.**

**JANUARY 1, 2014 TO DECEMBER 31, 2016 TOLL SETTLEMENT**

**AND INTERIM 2014 TOLLS APPLICATION**

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**November 25, 2013**

To: The Secretary of the Board  
National Energy Board  
444 Seventh Avenue S.W.  
Calgary, Alberta  
T2P 0X8

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## APPLICATION

1. Trans Québec & Maritimes Pipeline Inc. (TQM) seeks in this Application, National Energy Board (Board) approval of a settlement that establishes the mechanisms for determining TQM's annual revenue requirement for 2014 to 2016 based on fixed and flow-through components (Settlement) pursuant to Part IV of the *National Energy Board Act*, R.C.S. 1985, c. N-7, as amended (NEB Act) and the Board's *Revised Guidelines for Negotiated Settlements of Traffic, Tolls and Tariffs*, dated June 12, 2002 (Guidelines).
2. TQM also seeks approval of Interim 2014 Tolls pursuant Section 19(2) and Part IV of the NEB Act.
3. In support of the Application, TQM provides and relies on the information contained in the Application, including the Settlement provided as Attachment 1.

## BACKGROUND

4. TQM is a "company", as that term is defined in the NEB Act, and was incorporated under the Laws of Canada on the 24th day of April 1980. TQM's registered office is located at 1 Place Ville Marie, 39<sup>th</sup> Floor, Montréal, Québec and its administrative office is located at 450 1<sup>st</sup> Street S.W., Calgary, Alberta.
  5. TQM operates natural gas transportation facilities as mandatory of TQM Pipeline and Company, Limited Partnership, of which 9265-0860 Québec Inc. (a wholly-owned subsidiary of Gaz Métro Limited Partnership) and TransCanada PipeLines Limited are the general partners. TQM is subject to regulation by the Board. The facilities were authorized under Certificates GC-64, GC-65 and GC-96, and other orders of the Board. The TQM facilities are located in the Province of Québec and extend from a point of interconnection with the TransCanada Mainline system at Saint-Lazare to a point near
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Québec City in the Municipality of Lévis on the south shore of the St. Lawrence River, and from Terrebonne, north of Montréal, to East Hereford on the border of the Province of Québec with the state of New Hampshire, where it interconnects with the Portland Natural Gas Transmission System.

6. TQM currently operates under the terms of the January 1, 2013 to December 31, 2013 Toll Settlement (2013 Settlement), approved through Order TG-001-2013 on February 27, 2013, and charges 2013 Final Tolls approved through Order TG-004-2013 on May 16, 2013.

## **SETTLEMENT PROCESS**

7. TQM invited the interested parties to its 2013 Settlement to take part in meetings to discuss TQM's revenue requirement for 2014 and beyond and to confirm their ongoing interest in TQM tolls and tariffs matters. Appendix A to the Settlement provides the current list of TQM interested parties (Interested Parties).
  8. The initial meeting with Interested Parties took place on October 2, 2013 and was followed by additional discussions until the end of October 2013. TQM responded to questions and also integrated various comments and suggestions into the Settlement during this time.
  9. The draft Settlement was circulated to Interested Parties on November 12, 2013 for review and comment. TQM followed up with the Interested Parties by telephone and e-mail during the week of November 12, 2013. As a result of comments received, TQM made minor changes to the draft Settlement and a final conference call was held on November 18, 2013 to finalize the Settlement. TQM is not aware of any opposition from Interested Parties to the Settlement.
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## THE SETTLEMENT

10. The term of the Settlement is three years, commencing January 1, 2014 and ending December 31, 2016 (Term). The Settlement is the product of negotiations between TQM and the Interested Parties. It represents an acceptable balance of interests among the parties and results from compromises in the diverse interests and positions of the parties. Consequently, the components of this Settlement are inextricably linked and presented to the Board for approval as a package.
11. The Settlement provides for a forecast 2014 revenue requirement of \$78.580 million. This forecast revenue requirement is detailed in the 2014 Annual Revenue Requirement Supporting Schedules provided in Appendix C to the Settlement.
12. The annual revenue requirement under the Settlement will be composed of Fixed and Flow Through cost components.
13. Section 3.2 of the Settlement defines the fixed annual amount for the aggregate of the following costs: operations, maintenance and administration costs; Insurance Expense Costs; electricity costs (excluding costs associated with the operation of the TransCanada Energy Ltd. Bécancour facility); depreciation; return on rate base; and regulatory proceeding costs (excluding regulatory costs that are capitalized) (Fixed Costs). For the purposes of understanding the basis upon which the pipeline will be depreciated, the Depreciation Rates for the various utility accounts are set out in Appendix B to the Settlement. These Depreciation Rates are consistent with those reflected in the 2013 Settlement and continue to result in a composite depreciation rate of approximately 2.49% for 2014.<sup>1</sup>

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<sup>1</sup> Asset accounts 401 and 468 only hold assets for one segment; the depreciation rates for the segments without assets have been aligned with the segments with assets.

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14. All other cost elements are to be treated on a flow-through basis, as further detailed in section 3.3 of the Settlement (Flow Through Costs).
15. An annual amount for each Test Year for Flow Through Costs will be based on TQM's forecast of the total expenses it will incur to operate the system. For 2014, a breakdown of this amount is provided in Appendix C to the Settlement.

#### **INTERIM TOLLS FOR 2014, 2015 AND 2016**

16. Section 4.1 of the Settlement details how interim tolls will be set for each Test Year during the Term of the Settlement.
17. Consistent with Section 4.1 of the Settlement, TQM requests approval of the Interim 2014 Tolls contained in Appendix C to the Settlement, effective January 1, 2014.

#### **FINAL TOLLS FOR 2014, 2015 AND 2016**

18. Consistent with Section 4.2 of the Settlement, for each of the 2014, 2015 and 2016 Test Years, TQM expects to file an application for final Tolls in March of each Test Year, once Flow Through Deferral Accounts balances for the prior year are known. In each case, the revenue requirement will reflect the actual Flow Through Deferral Accounts balances for the prior year, the Fixed Costs specified in Section 3.2(d) of the Settlement, and a forecast of the Flow Through Costs for the Test Year.

#### **INTERIM TOLLS FOR 2017**

19. Section 4.3 of the Settlement describes the establishment of interim tolls for 2017.
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## **LAND MATTERS CONSULTATION INITIATIVE (LMCI)**

20. As described in Section 6.1 of the Settlement, costs associated with abandonment under the NEB's LMCI are not addressed in the Settlement.

## **THE SETTLEMENT IS IN THE PUBLIC INTEREST**

21. The Settlement negotiations were conducted in accordance with the Board's Guidelines. All Interested Parties were invited to participate. All participants were provided with a fair opportunity to have their interests recognized and appropriately considered.
  22. The participants in the Settlement process are sophisticated parties and are knowledgeable about the operation of TQM. Their aggregate support of the Settlement is a strong basis on which the Board can reasonably conclude that the Settlement is in the interests of the Interested Parties, TQM, and the public generally.
  23. The Settlement will result in greater toll certainty and greater regulatory efficiency than would be achieved through a litigated toll application. It provides for a reasonable apportionment of risks on the fixed and flow-through cost components of the revenue requirement and enhances the incentives for achieving cost efficiencies.
  24. The Settlement will provide a basis for rates during the Term that are just and reasonable and not unjustly discriminatory. No provisions of the Settlement are illegal, contrary to the NEB Act or otherwise contrary to the public interest.
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## RELIEF REQUESTED

25. TQM requests from the Board:
- (a) an order approving the Settlement;
  - (b) an order approving Interim 2014 Tolls; and
  - (c) such further and other relief as TQM may request or the Board may consider appropriate.

**Respectfully submitted.**

**Calgary, Alberta  
November 25, 2013**

**Trans Québec & Maritimes Pipeline Inc.**

Per: *Original signed by*

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Keith D. Nelson  
General Manager

Communications relating to this Application should be directed to:

Keith D. Nelson  
General Manager  
Trans Québec & Maritimes Pipeline Inc.  
450 – 1 Street S.W.  
Calgary, Alberta  
T2P 5H1

Telephone: (403) 920-5540  
Facsimile: (403) 920-2384  
Email: keith\_nelson@transcanada.com

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**Attachment 1**  
**TQM 2014 to 2016 Toll Settlement**

# TRANS QUÉBEC & MARITIMES PIPELINE INC.

## TOLL SETTLEMENT

JANUARY 1, 2014 TO DECEMBER 31, 2016

### ARTICLE I OVERVIEW

#### 1.1 Overview

This Settlement is the result of discussions and negotiations among TQM and the Interested Parties. This Settlement represents a balance of interests and compromises among TQM and the Interested Parties and therefore, no single component of this Settlement can be said to be acceptable independent of the entire Settlement. TQM and the Interested Parties acknowledge and agree that:

- (a) This Settlement is subject to approval in its entirety by the NEB;
- (b) The terms and conditions of this Settlement have been negotiated and shall not set a precedent nor shall they prejudice any position TQM or any Interested Party may make regarding the matters addressed in this Settlement in other proceedings or forums excluding approval of this Settlement;
- (c) All discussions and exchanges of information and documentation during the Settlement discussions shall be confidential and on a “without prejudice” basis; and
- (d) This Settlement shall be effective from January 1, 2014 to December 31, 2016 (the “**Term**”).

#### 1.2 Settlement Goals

TQM and the Interested Parties intend this Settlement to be interpreted and applied in good faith and in a manner consistent with the spirit of the following objectives:

- (a) provide a predictable Revenue Requirement for the TQM Pipeline System during the Term;
- (b) minimize annual regulatory costs during the Term; and
- (c) provide TQM the opportunity for fair earnings on the TQM Pipeline System.

### ARTICLE II DEFINITIONS

#### 2.1 Definitions

The following terms shall have the following meaning:

“**AFUDC Rate**” means allowance for funds used during construction and shall be 6.44% consisting of after-tax equity and pre-tax debt components.

“**Carrying Charge Rate**” shall be 6.44%.

“**Fixed Costs**” has the meaning set out in Section 3.2(a).

“**Flow Through Costs**” has the meaning set out in Section 3.3(a)

“**Flow Through Deferral Account**” has the meaning set out in Section 3.3(c).

“**Insurance Deductible Costs**” means costs not recovered from insurers in an insurance claim. These costs are separate and distinct from Insurance Expense Costs.

“**Insurance Expense Costs**” means the premiums that are paid annually by TQM to its insurer.

“**Interested Parties**” means the parties listed in Appendix “A”.

“**LMCI**” has the meaning given to it in Section 6.1.

“**Miscellaneous Revenues**” means all revenues from services on the TQM System except revenue from the Toll Schedules T-1 Firm Service.

“**NEB**” means the National Energy Board and any successor thereof.

“**New Operating Costs**” means costs incurred as a result of short-term arrangements with third parties which allow TQM to provide incremental service which increases the utilization of the TQM Pipeline System, without having to add new facilities.

“**Non-Routine Adjustments**” means costs that are related to unanticipated changes, including without limitation, changes in:

- (a) revenues or expenses resulting from changes in applicable accounting standards (United States Generally Accepted Accounting Principles, International Financial Reporting Standards, and Gas Pipeline Uniform Accounting Regulations);
- (b) costs or revenues due to orders or directives issued by a regulatory agency having jurisdiction; and
- (c) legislation, regulations or ordinances or the issuance of orders or directives which result in changes to safety, health or environmental requirements or practices.

“**Regulatory Proceeding Costs**” means any costs and expenses incurred by TQM in any regulatory proceeding and application.

“**Revenue Requirement**” has the meaning set out in Section 3.1.

“**Settlement**” means this January 1, 2014 to December 31, 2016 TQM Toll Settlement.

“**Term**” shall have the meaning given to it in Section 1.1(d).

“**Test Year**” means for toll making purposes the period January 1 to December 31 for each applicable calendar year during the Term.

“**TQM**” means Trans Québec & Maritimes Pipeline Inc.

“**TQM Pipeline System**” means TQM’s natural gas pipeline system in the Province of Québec between Saint-Lazare located west of Montréal and Saint-Nicolas, located on south shore of Québec City and between Lachenaie located east of Montréal and East Hereford on the New Hampshire border.

### **ARTICLE III REVENUE REQUIREMENT**

#### **3.1 Revenue Requirement**

TQM’s revenue requirement (the “**Revenue Requirement**”) for each Test Year shall be calculated based on Fixed Costs and a forecast of Flow Through Costs. For each Test Year, the Revenue Requirement shall be calculated as follows:

$$\mathbf{RR = A + B - C}$$

**Where:**

“**RR**” = Revenue Requirement;

“**A**” = Fixed Costs;

“**B**” = Flow Through Costs; and

“**C**” = Miscellaneous Revenues.

#### **3.2 Fixed Costs**

- (a) The fixed costs shall include the aggregate of the following costs (“**Fixed Costs**”):
  - (i) operations, maintenance and administration costs;
  - (ii) Insurance Expense Costs;
  - (iii) electricity costs excluding costs associated with the operation of the TCE Bécancour facility;
  - (iv) depreciation;
  - (v) return on rate base; and
  - (vi) regulatory proceeding costs, excluding regulatory costs that are capitalized.
- (b) For each Test Year, the depreciation expense shall be calculated on the basis of the depreciation rates set out in Appendix “B”.
- (c) For each Test Year, any variance between the Fixed Costs set out in Section 3.2(b) and the actual Fixed Costs incurred by TQM is for the account of TQM.
- (d) The Fixed Costs for each Test Year shall be as follows:

<u>Test Years</u>	<u>Fixed Costs</u>
2014:	\$60.05 million
2015:	\$58.76 million
2016:	\$57.53 million

### 3.3 Flow Through Cost Envelope

- (a) The flow through costs shall include any and all costs incurred by TQM for the TQM Pipeline System including those costs set out in Section 3.3(b) (the “**Flow Through Costs**”). Flow Through Costs shall be forecast prior to December 1, for each Test Year. Any variance between the forecast Flow Through Costs and actual Flow Through Costs incurred will be included in a Flow Through Deferral Account and adjusted in the following Test Year’s Revenue Requirement. Carrying charges will be calculated at the Carrying Charge Rate on the balance in each Flow Through Deferral Account at the end of each month and recorded in the respective Flow Through Deferral Account. TQM will include the balances of the Flow Through Deferral Accounts in the calculation of the following Test Year’s Revenue Requirement.
- (b) The Flow Through Costs shall include the following costs:
- (i) Insurance Deductible Costs;
  - (ii) pipeline integrity costs;
  - (iii) additional compressor electricity costs associated with the actual operation of the TCE Bécancour combined cycle facility, no associated flow through costs are forecast;
  - (iv) NEB cost recovery;
  - (v) income taxes shall be calculated on a flow through basis utilizing a rate of return of 6.44% consisting of after-tax equity and pre-tax debt components. In determining an amount for Income Taxes calculations will be based on the actual average cost of debt and a debt financing percentage of 60%; among other deductions required under the flow through tax calculation;
  - (vi) capital variance shall include adjustments for return, depreciation, and operations, maintenance and administration costs arising from capital additions or retirements during the Term. The cost adjustments related to capital additions or retirements will be forecast annually based on the following:
    - (A) The rate of return shall be 6.44% consisting of after-tax equity and pre-tax debt components. The depreciation expense for capital additions or retirements shall be calculated on the basis of the depreciation rates listed in Appendix “B”; and
    - (B) Reduction/Increase in operations, maintenance, and administration costs, and other Fixed Costs associated with the change.
  - (vii) Miscellaneous Revenues;

- (viii) Non-Routine Adjustments;
  - (ix) New Operating Costs;
  - (x) balance of Flow Through Deferral Accounts; and
  - (xi) municipal and other taxes.
- (c) Flow through deferral accounts shall be established for the Term for each of the Flow Through Costs (the “**Flow Through Deferral Accounts**”). The balance in each Flow Through Deferral Account as at December 31, for each Test Year, including applicable carrying charges, shall be added to or deducted from (as the case may be) the Revenue Requirement for the following year or Test Year.

#### **ARTICLE IV TOLLS**

##### **4.1 Interim Tolls for the Term**

For each Test Year, TQM will file an application on or before December 1 of the prior year for interim tolls effective January 1 of the Test Year based on TQM’s forecast Revenue Requirement for the Test Year. The Interim tolls will be provided to the Interested Parties and filed with the NEB for approval. The derivation of Interim 2014 Tolls is provided in Appendix “C”.

##### **4.2 Final Tolls for the Term**

For each Test Year, TQM expects to file an application for final tolls in March of the Test Year, once Flow Through Deferral Accounts balances for the prior year are known. The Revenue Requirement will reflect the actual Flow Through Deferral Accounts balances for the prior year, the Fixed Costs specified in Section 3.2(d), and a forecast of Flow Through Costs of the Test Year.

##### **4.3 Interim Tolls For 2017**

If a settlement is not reached for 2017 prior to December 1, 2016, or an application for TQM’s 2017 Revenue Requirement has not been approved by the NEB, TQM will file for interim tolls no later than December 1, 2016, based on the approved interim or final tolls for the 2016 Test Year for implementation January 1, 2017.

#### **ARTICLE V SUPPORTING SCHEDULES**

##### **5.1 Supporting Schedules**

The following Appendices attached hereto form part of this Settlement:

- (a) Appendix “A” sets out the List of Interested Parties.
- (b) Appendix “B” sets out the TQM Depreciation Rate schedule for the various utility accounts.
- (c) Appendix “C” sets out the TQM Revenue Requirement for the 2014 Test Year ending December 31, 2014 and annualized toll schedules.

**ARTICLE VI**  
**LMCI**

**6.1 LMCI**

The Settlement does not address the recovery of costs associated with abandonment under the NEB's Land Matters Consultation Initiative ("LMCI") proceeding. The method of recovery of these costs will be subject to the NEB's determination, which is expected to be made in the context of the MH-001-2013 Proceeding.

**Attachment 1**  
**TQM 2014 to 2016 Toll Settlement**

Appendix A  
List of Interested Parties



## Appendix A

### LIST OF INTERESTED PARTIES

Company	Contacts	Telephone	Fax	Address	Email
Alberta Department of Energy	Mr. Glenn MacIntyre	(403) 297-5492	(403) 297-5499	300, 801-6 Avenue SW Calgary, Alberta T2P 3W2	<a href="mailto:glenn.macintyre@gov.ab.ca">glenn.macintyre@gov.ab.ca</a>
Société en Commandite Gaz Métro	Monsieur Dave Rhéaume	(514) 598-3176	(514) 598-3678	1717, du Havre Montréal, Québec H2K 2X3	<a href="mailto:drheaume@gazmetro.com">drheaume@gazmetro.com</a>
Industrial Gas Users Association	Madame Lucie Gervais	(450) 652-7600		225, Roy-Audy Street Varenes (Québec) J3X 1K8	<a href="mailto:lucie.gervais@gmail.com">lucie.gervais@gmail.com</a>
Ministère des Ressources Naturelles et de la Faune	Monsieur Richard Sirois	(418) 627-6385, ext. 8259			<a href="mailto:richard.sirois@mrnf.gouv.qc.ca">richard.sirois@mrnf.gouv.qc.ca</a>
Ministry of Energy for Ontario	Mr. Edward Sweet	(416) 325-6884	(416) 325-6981	880, Bay Street, 3rd floor Toronto (Ontario) M7A 2C1	<a href="mailto:edward.sweet@ontario.ca">edward.sweet@ontario.ca</a>
TransCanada PipeLines Limited	Mr. Todd Lang	(403) 920-2825	(403) 920-2347	450, 1 Street S.W. Calgary (Alberta) T2P 5H1	<a href="mailto:todd_lang@transcanada.com">todd_lang@transcanada.com</a>
Union Gas Limited	Mr. Warren Reinisch	(519) 436-4663	(519) 436-4643	50, Keil Drive North Chatham (Ontario) N7M 5M1	<a href="mailto:wreinisch@uniongas.com">wreinisch@uniongas.com</a>

**Attachment 1**  
**TQM 2014 to 2016 Toll Settlement**

Appendix B  
Depreciation Rates

TQM 2014-2016 Toll Settlement  
Appendix B  
Depreciation Rates

**Trans Québec & Maritimes Pipeline Inc.**  
**SCHEDULE OF SETTLEMENT DEPRECIATION RATES**

<b>Account</b>	<b>Description</b>	<b>Quebec Segment Rate (%)</b>	<b>East Hereford Segment Rate (%)</b>	<b>Composite Rate (%)</b>	
401	Franchises & Consent	0.77	0.77	0.77	
402	Miscellaneous Intangible Plant	33.33	33.33	33.33	*
403	Other Franchises & Consent	5.00	5.00	5.00	
461	Land Rights	1.10	4.51	2.79	
462	Compressor Station	3.05	5.61	4.16	
463	Measuring and Regulating	1.72	4.40	1.98	
464	Other Structure & Improvement	2.17	1.77	2.17	
465	Mains	1.14	4.43	2.32	
466	Compressor Equipment	4.43	6.04	5.17	
467	Measuring Equipment	0.28	3.65	0.88	
468	Communication Equipment - Transmission	0.24	0.24	0.24	
<b>Other Plant</b>					
				<u>Rate (%)</u>	
482	Structures and Improvements			10.00	*
483	Furniture and Equipment			7.00	*
484	Transportation Equipment			16.00	*
485	Heavy Work Equipment			12.75	
486	Tools and Work Equipment			7.00	*
489	Other Equipment			20.00	*

\* These asset classes are either fully depreciated or currently have no assets in service. During the term of the Settlement these asset classes will not be depreciated.

**Attachment 1**  
**TQM 2014 to 2016 Toll Settlement**

Appendix C  
2014 Interim Tolls and Revenue Requirement Schedules

**Trans Québec & Maritimes Pipeline Inc.**  
**LIST OF TOLLS**

**2014 Interim Tolls**  
**Order \_\_\_\_\_**

**T-1 FIRM SERVICE**

T-1 Toll: \$6.548 million/month

**OT-1 OVERRUN SERVICE**

OT-1 Toll: \$0.00 /10<sup>3</sup>m<sup>3</sup>

**TS - TRANSPORTATION AND STORAGE**

TS Storage Fees - Monthly Toll: \$3,875.00 /month

TS Injection Fees - Commodity Toll: \$0.8825 /10<sup>3</sup>m<sup>3</sup>

**SGT - STORAGE GAS TRANSPORTATION**

SGT Transportation Charge - Commodity Toll:

Trois-Rivières: \$1.09 /10<sup>3</sup>m<sup>3</sup>

Delivery Points Downstream of Trois-Rivières: \$5.11 /10<sup>3</sup>m<sup>3</sup>

Delivery Points Upstream of St-Nicolas: \$3.34 /10<sup>3</sup>m<sup>3</sup>

**BGT - BIOGAS TRANSPORTATION**

BGT Transportation Charge - Commodity Toll: \$2.83 /10<sup>3</sup>m<sup>3</sup>

This List of Tolls applies to Toll Schedules T-1, OT-1, TS, SGT, and BGT.

EFFECTIVE DATE: January 1, 2014

The List of Tolls currently in effect is available on the TQM Pipeline website at [www.gazoductqm.com](http://www.gazoductqm.com) by selecting "TOLLS AND TARIFFS" then "TRANSMISSION SERVICES."

**Gazoduc Trans Québec & Maritimes Inc.**  
**LISTE DES DROITS**

**Droits provisoises 2014**  
**Ordonnance \_\_\_\_\_**

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**T-1 SERVICE CONTINU**

Droits T-1: 6.548 \$ million/mois

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**OT-1 SERVICE EXCÉDENTAIRE**

Droits OT-1: 0.00 \$/10<sup>3</sup>m<sup>3</sup>

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**TS - TRANSPORT ET STOCKAGE**

TS Frais d'entreposage - Taux mensuel: 3,875.00 \$/month

TS Frais d'injection - Taux au volume: 0.8825 \$/10<sup>3</sup>m<sup>3</sup>

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**TGE - TRANSPORT DE GAZ ENTREPOSÉ**

TGE Frais de transport - Taux au volume:

Trois-Rivières: 1.09 \$/10<sup>3</sup>m<sup>3</sup>

Points de livraison en aval de Trois-Rivières: 5.11 \$/10<sup>3</sup>m<sup>3</sup>

Points de livraison en amont de St-Nicolas: 3.34 \$/10<sup>3</sup>m<sup>3</sup>

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**BGT - TRANSPORTATION DE BIOGAZ**

BGT Frais de transport - Taux au volume: 2.83 \$/10<sup>3</sup>m<sup>3</sup>

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Cette Liste des droits s'applique aux cédules tarifaire T-1, OT-1, TS, TGE, et BGE.

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EN VIGUEUR LE: 1 janvier 2014

La liste des droits présentement en vigueur est disponible sur le site web de Gazoduc TQM au [www.gazoductqm.com](http://www.gazoductqm.com) en choisissant "DROITS ET TARIFS" et ensuite "SERVICES DE TRANSPORT."

**TRANS QUÉBEC & MARITIMES PIPELINE INC.  
TOLL DESIGN**

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**T-1 Firm Transportation Service**

The toll for which Board approval is sought in this Application for Rate Schedule T-1 is \$6.548 million per month for 2014. The design of this toll follows the methodology employed by the Board in establishing the fixed monthly tolls prescribed by Board Order TG-2-84.

Following are the computations of the fixed monthly toll for Rate Schedule T-1 for the 2014 Test Year.

	<b>2014</b>
Transmission Cost of Service	\$78.580 million
Number of months in Test Year	12
Rate Schedule T-1 Toll per month	\$6.548 million

**TRANS QUÉBEC & MARITIMES PIPELINE INC.  
STORAGE GAS TRANSPORTATION SGT-SCGM**

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**CALCULATION OF COMMODITY TOLL  
2014 TEST YEAR**

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Trans Québec & Maritimes Pipeline Inc. Total Forecasted Deliveries in 2014	:	5,148,770 10 <sup>3</sup> m <sup>3</sup>
Trans Québec & Maritimes Pipeline Inc. System Forecasted Load Centre in 2014	:	198.7 km
Transportation distance pursuant to the SGT Contract for deliveries of Pointe-du-Lac gas to the Trois-Rivières delivery point	:	14.2 km
Transportation distance pursuant to the SGT Contract for deliveries of Pointe-du-Lac gas to the delivery points downstream of the Trois-Rivières delivery point in 2014	:	66.6 km
Transportation distance pursuant to the SGT Contract for deliveries of Saint-Nicolas gas delivery points upstream of the Saint-Nicolas delivery point in 2014	:	43.5 km
Trans Québec & Maritimes Pipeline Inc. 2014 Forecasted Revenue Requirement	:	\$78,580,000

**• SGT-SCGM TOLL SCHEDULE COMMODITY TOLL FOR DELIVERIES OF POINTE-DU-LAC GAS TO TROIS-RIVIÈRES:**

$$t = \frac{\$78,580,000}{5,148,770 \text{ } 10^3\text{m}^3 \times 198.7 \text{ km}} \times 14.2 \text{ km}$$

$$t = \$1.09 / 10^3\text{m}^3$$



**TRANS QUÉBEC & MARITIMES PIPELINE INC.**

STORAGE GAS TRANSPORTATION SGT-SCGM - CALCULATION OF COMMODITY TOLL - 2014 TEST YEAR (continued)

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- **SGT-SCGM TOLL SCHEDULE COMMODITY TOLL FOR DELIVERIES OF POINTE-DU-LAC GAS TO DELIVERY POINTS DOWNSTREAM OF TROIS-RIVIÈRES:**

$$t = \frac{\$78,580,000}{5,148,770 \text{ } 10^3 \text{m}^3 \times 198.7 \text{ km}} \times 66.6 \text{ km}$$

$$t = \$5.11 / 10^3 \text{m}^3$$

- **SGT-SCGM TOLL SCHEDULE COMMODITY TOLL FOR DELIVERIES OF SAINT-NICOLAS GAS TO DELIVERY POINTS UPSTREAM OF SAINT-NICOLAS:**

$$t = \frac{\$78,580,000}{5,148,770 \text{ } 10^3 \text{m}^3 \times 198.7 \text{ km}} \times 43.5 \text{ km}$$

$$t = \$3.34 / 10^3 \text{m}^3$$

**TRANS QUÉBEC & MARITIMES PIPELINE INC.  
BIOGAS TRANSPORTATION**

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**CALCULATION OF COMMODITY TOLL  
2014 TEST YEAR**

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Trans Québec & Maritimes Pipeline Inc. Total Forecasted Deliveries in 2014	:	5,148,770 10 <sup>3</sup> m <sup>3</sup>
Trans Québec & Maritimes Pipeline Inc. System Forecasted Load Centre in 2014	:	198.7 km
GMI's Markets Forecasted Load Centre in 2014	:	162.9 km
Sainte-Geneviève-de-Berthier km post	:	126.0 km
Transportation distance pursuant to the BGT Contract for deliveries of Saint-Geneviève-de-Berthier gas to GMI's markets load centre	:	36.9 km
Trans Québec & Maritimes Pipeline Inc. 2014 Forecasted Revenue Requirement	:	\$78,580,000

**• BGT TOLL SCHEDULE COMMODITY TOLL FOR DELIVERIES  
OF SAINTE-GENEVIÈVE-DE-BERTHIER GAS TO SCGM's MARKETS  
LOAD CENTRE:**

$$t = \frac{\$78,580,000}{5,148,770 \text{ } 10^3\text{m}^3 \times 198.7 \text{ km}} \times 36.9 \text{ km}$$

$$t = \$2.83 / 10^3\text{m}^3$$

**TRANS QUÉBEC & MARITIMES PIPELINE INC.**  
**CALCULATION OF TS, SGT AND BGT REVENUES**

	Forecast Year 2013	Adjustment	Test Year 2014
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<b>Storage Revenues</b>			
Volume (10 <sup>6</sup> m <sup>3</sup> )	0.0	0.0	0.0
Injection Fees (\$000)	0.0	0.0	0.0
Storage Fees (\$000)	0.0	0.0	0.0
<b>Sub-Total (\$000)</b>	0.0	0.0	0.0
<b>Storage Gas Transportation Revenues</b>			
Volume (10 <sup>6</sup> m <sup>3</sup> )	123.2	10.1	133.3
Transportation Charges (\$000)	138.7	(12.2)	126.5
<b>Sub-Total (\$000)</b>	138.7	(12.2)	126.5
<b>Biogas Transportation Revenues</b>			
Volume (10 <sup>6</sup> m <sup>3</sup> )	9.0	1.7	10.7
Transportation Charges (\$000)	36.0	0.4	36.4 <sup>(1)</sup>
<b>Sub-Total (\$000)</b>	36.0	0.0	36.4
<b>Total (\$000)</b>	174.7	(12.2)	162.8

Note (1) : Represents the minimum annual bill for the transportation of biogas volumes as per article 3.5 of the BGT Toll Schedule.

**TRANS QUÉBEC & MARITIMES PIPELINE INC.**  
**THROUGHPUT**

	Distance km	Volumes 10 <sup>6</sup> m <sup>3</sup>	
		Forecast Year 2013	Test Year 2014
<b>Receipts</b>			
<b>TransCanada Pipelines Limited</b>			
Saint-Lazare	-	5,416	5,005
<b>Société en commandite Gaz Métro</b>			
Pointe-du-Lac	180.1	28	32
Saint-Nicolas <sup>(1)</sup>	309.7	95	101
Saint-Maurice <sup>(2)</sup>	200.6	-	-
		<u>123</u>	<u>133</u>
<b>EBI Bio-Environnement Inc.</b>			
Sainte-Geneviève-de-Berthier <sup>(3)</sup>	126.0	9	11
<b>Deliveries <sup>(4)</sup></b>			
Oka	16.8	1	2
Mirabel	39.0	4	3
Boisbriand	45.3	1,580	815
Mirabel (Saint-Janvier)	53.3	22	36
Terrebonne 2	55.3	4	4
Saint-Jérôme	56.4	73	84
Terrebonne	65.8	17	15
Mascouche	74.3	9	8
Montreal East	82.9	235	373
L'Assomption	88.4	29	34
Lavaltrie	110.8	-	-
Lanoraie	116.8	3	3
Joliette	123.0	80	93
Berthierville	130.7	6	8
Louiseville	159.6	10	11
Yamachiche	169.3	4	4
Pointe-du-Lac	180.1	2	48
Trois-Rivières	194.3	152	142
Saint-Maurice	200.6	698	778
Champlain (Bécancour)	204.8	5	139
Sainte-Anne-de-la-Pérade	231.9	-	-
Deschambault	256.0	17	20
Portneuf	262.3	25	25
Donnacona	276.2	1	2
Pénitencier de Donnacona	278.6	1	-
Saint-Augustin-de-Desmaures	298.2	236	275
St Flavien TQM	309.6	121	131
Saint-Nicolas	309.6	234	296
Waterloo	183.9	174	157
Coaticook	260.2	4	3
East Hereford	296.0	1,800	1,640
		<u>5,548</u>	<u>5,149</u>

Note (1): Receipts at Saint-Nicolas represent gas received and transported to delivery points upstream of Saint-Nicolas, excluding Saint-Maurice and delivery points upstream of Saint-Maurice.

Note (2): Receipts at Saint-Maurice represent gas received for storage.

Note (3): Receipts at Sainte-Geneviève-de-Berthier represent refined biogas received and transported to Gaz Métro's markets served by TQM Pipeline.

Note (4): Total deliveries equal receipts at Saint-Lazare, Pointe-du-Lac, Saint-Nicolas and Sainte-Geneviève-de-Berthier.

**TRANS QUÉBEC & MARITIMES PIPELINE INC.**  
**CONTRACT QUANTITIES**

<b>Location</b>	<b>Class of Service</b>	<b>Maximum Daily 10<sup>3</sup>m<sup>3</sup></b>	
		<b>2012 / 2013</b>	<b>2013 / 2014</b>
<b>Receipts</b>			
<b>TransCanada PipeLines</b>			
Saint-Lazare	T-1 Service	24,384	24,384
<b>Société en commandite Gaz Métro</b>			
Pointe-du-Lac	SGT-SCGM	n.a.	n.a.
Saint-Nicolas	SGT-SCGM	n.a.	n.a.
Saint-Maurice	TS-SCGM	n.a.	n.a.
<b>EBI Bio-Environnement Inc.</b>			
Sainte-Geneviève-de-Berthier	BGT	n.a.	n.a.
<b>Deliveries</b>			
Oka, Mirabel, Boisbriand, Saint-Janvier, Terrebonne 2, Saint-Jérôme, Terrebonne, Mascouche, Montreal East, L'Assomption, Lavaltrie, Lanoraie, Joliette, Berthierville, Louiseville, Yamachiche Pointe-du-Lac, Trois-Rivières, Saint-Maurice, Champlain (Bécancour), Sainte-Anne-de-la-Pérade, Deschambault, Portneuf, Donnacona, Penitencier de Donnacona, Saint-Augustin-de-Desmaures, St Flavien, Saint-Nicolas, Waterloo, Coaticook, East Hereford	T-1 Service	24,384	

**TRANS QUÉBEC & MARITIMES PIPELINE INC.**

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**COMPARATIVE REVENUES (\$000)**

	(i) 2013 Final Toll -----	(ii) 2014 Interim Toll -----
Firm T-1 Service	76,408	78,580
TS-SCGM	0.0 ( 0.0 10 <sup>6</sup> m <sup>3</sup> )	0.0 ( 0.0 10 <sup>6</sup> m <sup>3</sup> )
SGT-SCGM	138.7 ( 123.2 10 <sup>6</sup> m <sup>3</sup> )	126.5 ( 133.3 10 <sup>6</sup> m <sup>3</sup> )
BGT Service	36.0 ( 9.0 10 <sup>6</sup> m <sup>3</sup> )	36.4 ( 10.7 10 <sup>6</sup> m <sup>3</sup> )

**Trans Québec & Maritimes Pipeline Inc.**  
**Transmission Cost of Service**  
**(\$000)**

Line No	Particulars (a)	Final 2013 (b)	Adjustment (c)	Interim 2014 (d)	Ref. (e)
1	<b>Fixed Costs</b> <sup>(1)(2)</sup>	63,620	(3,575)	60,045	
	<b>Flow Through Costs:</b>				
2	Insurance Deductible	-	-	-	
3	Pipeline Integrity	5,138	124	5,262	
4	Bécancour Compressor Electricity	-	-	-	
5	NEB Cost Recovery	740	560	1,300	
6	Income Taxes	7,372	503	7,875	Sch. 2 P.1
7	Municipal and Other Taxes <sup>(2)</sup>	N/A	2,910	2,910	
8	Capital Variance	-	150	150	
9	Miscellaneous Revenues	(175)	12	(163)	
10	Non-Routine Adjustments	-	-	-	
11	New Operating Costs	-	-	-	
12	Flow Through Deferral Accounts	(287)	1,488	1,201	
13	<b>TRANSMISSION COST OF SERVICE</b>	<b>76,408</b>	<b>2,172</b>	<b>78,580</b>	

Note (1) In accordance with Section 3.2 of the TQM 2014 Toll Settlement Agreement, fixed costs include operating and maintenance costs, TQM administration costs, insurance expense costs, electricity costs excluding costs associated with the operation of the TCE Bécancour facility, depreciation, return on rate base and regulatory proceeding costs excluding regulatory costs that are capitalized.

Note (2) Municipal and Other Taxes are included under Fixed Costs in 2013.

Trans Québec & Maritimes Pipeline Inc.  
Income Taxes  
(\$000)

Line No	Particulars	Final 2013	Adjustment	Interim 2014 <sup>(1)</sup>	Reference
	(a)	(b)	(c)	(d)	(e)
	<b>Income Taxes on Return</b>				
1	Return on Rate Base	6.26%		6.44%	
2	Rate Base	363,452	(10,696)	\$352,756	Schedule 3, page 1 of 1
3	Total Return on Rate Base	22,752	(35)	22,717	
4	Add: Depreciation	21,931	358	22,289	
5	Amortization of Debt Discount	318	(51)	267	Schedule 2, page 3 of 5
6	50% Meals & Entertainment (C.E.S. 0417)	-	-	-	Schedule 2, page 3 of 5
7		22,249	307	22,556	
8	Less: Interest Cost on Rate Base	9,086	(620)	8,466	Schedule 2, page 5 of 5
9	Interest A.F.U.D.C.	24	2	26	Schedule 2, page 5 of 5
10	Capital Cost Allowance	14,977	(361)	14,616	Schedule 2, page 4 of 5
11	20% of Debt Issue Costs	384	(146)	238	Schedule 2, page 3 of 5
12		24,471	(1,125)	23,346	
13	Taxable Income	<b>20,530</b>	<b>1,397</b>	<b>21,927</b>	
14	Taxes at 50% (.25936/(1-.25936)) TCPL	3,595	245	3,840	Schedule 2, page 2 of 5
15	Taxes at 50% (.26900/(1-.26900)) 9265-0860 Québec inc.	3,777	258	4,035	Schedule 2, page 2 of 5
16	<b>Total Income Taxes</b>	<b>7,372</b>	<b>503</b>	<b>7,875</b>	

Note (1) In accordance with Section 3.3 (b) (v) of the TQM 2013 Toll Settlement Agreement, income tax is calculated on a flow through basis utilizing a rate of return on rate base of 6.44% consisting of after-tax equity and pre-tax debt components. In determining an amount for Income Taxes, calculations will be based on the actual average 2014 cost of debt and a debt financing percentage of 60%; among other deductions required under the flow through calculation.



**Trans Québec & Maritimes Pipeline Inc.  
Calculation of Income Tax Rate**

Line No	Partners (a)	Description (b)	RATE (c)	ALLOCATION (d)	EFFECTIVE RATE (e)
1	TCPL	BC	11.00%	0.06%	0.007%
2		Alberta	10.00%	45.90%	4.590%
3		Saskatchewan	12.00%	12.81%	1.537%
4		Manitoba	12.00%	10.11%	1.214%
5		Ontario	11.50%	28.87%	3.320%
6		Québec	11.90%	2.24%	0.266%
7		Yukon	15.00%	0.02%	0.002%
8				100.00%	10.936%
9		Federal			15.000%
10		Total effective rate			25.936%
11	9265-0860 Québec inc.	Québec	11.90%	100.00%	11.900%
12		Federal			15.000%
13		Total effective rate			26.900%

**Trans Québec & Maritimes Pipeline Inc.**  
**Calculation of Income Tax Expenses**  
**(\$000)**

<b>Line No</b>	<b>Particulars</b>	<b>Interim 2014</b>
	(a)	(b)
	<b><u>Non-Allowed</u></b>	
1	Amortization of Debt Discount Term Loan	44
2	Amortization of Debt Discount Series K Bond	109
3	Amortization of Debt Discount Series L Bond	114
4		<u>267</u>
	<b><u>Allowed</u></b>	
5	20% of Debt Issue Costs Term Loan	56
6	20% of Debt Issue Costs Series K Bond	21
7	20% of Debt Issue Costs Series L Bond	161
8		<u>238</u>

Trans Québec & Maritimes Pipeline Inc.  
Capital Cost Allowance  
(\$000)

LINE NO.	CLASS	UNDEPRECIATED CAPITAL COST 12/31/2013	ADDITIONS (NET)	BALANCE BEFORE CLAIM	CCA	UNDEPRECIATED CAPITAL COST 12/31/2014
	(a)	(b)	(c)	(d)	(e)	(f)
1	Land	1,619	-	1,619	-	1,619
2	Class 1 - Full (4%)	179,586	-	179,586	7,183	172,403
9	- Half Year					-
4	Class 2 - Full (6%)	53,643	-	53,643	3,219	50,424
5	Class 3 - Full (5%)	992	-	992	50	942
6	Class 7 - Full (15%)	9,938	-	9,938	1,491	8,447
7	- Half Year					-
8	Class 8 - Full (20%)	2,058	-	2,058	412	1,646
9	- Half Year					-
10	Class 9 - Full (25%)	-	-	-	-	-
11	- Half Year					-
12	Class 10 - Full (100%)	49	-	49	15	34
13	- Half Year				-	-
14	Class 12 - Full (100%)	-	-	-	-	-
15	- Half Year					-
16	Class 13 - Full (S/L)	11	-	11	1	10
17	- Half Year					-
18	Class 45 - Full (55%)	-	-	-	-	-
19	- Half Year					-
20	Class 49 - Full (8%)	28,067	-	28,067	2,245	25,822
21	- Half Year					-
22	TOTAL	272,638	-	275,963	14,616	261,347

**Trans Québec & Maritimes Pipeline Inc.**  
**Calculation of Estimated Interest on Rate Base**

<b>Line No</b>	<b>Particulars</b>	<b>Average Debt Cost %</b>	<b>Weighted Avg. Debt Cost %</b>	<b>Rate Base \$000</b>	<b>Interest on Rate Base \$000</b>
	(a)	(b)	(d)	(e)	(f)
1	Debt Financing (60%)	4.00%	2.40%	\$352,756	\$8,466

**Calculation of Estimated Interest on Gas Plant Under Construction**

<b>Line No</b>	<b>Particulars</b>	<b>Average Debt Cost %</b>	<b>Weighted Avg. Debt Cost %</b>	<b>GPUC \$000</b>	<b>Interest AFUDC \$000</b>
	(a)	(b)	(d)	(e)	(f)
2	Debt Financing (60%)	4.00%	2.40%	\$1,067	\$26

**Trans Québec & Maritimes Pipeline Inc.**  
**Average Rate Base**  
**(\$000)**

<b>Line No</b>	<b>Particulars</b>	<b>Final 2013</b>	<b>Adjustment</b>	<b>Interim 2014</b>
	(a)	(b)	(c)	(d)
1	Net gas plant in service	360,719	(11,089)	349,630
	<b><u>Working Capital</u></b>			
2	Cash	1,688	(17)	1,671
3	Materials & Supplies	680	81	761
4	Transmission Linepack	1,163	-	1,163
5	Prepayments and Deposits	915	58	973
6	Total Working Capital	4,446	122	4,568
	<b><u>Other Rate Base Items</u></b>			
7	Tax Benefit on Sponsors' Development Costs	(2,509)	435	(2,074)
8	Unamortized Debt Discount	796	(164)	632
9	<b>Total Average Rate Base</b>	<b>363,452</b>	<b>(10,696)</b>	<b>352,756</b>