

Example No. 3 Reporting Ex-Alberta Dispositions on Forms APMC-631 and APMC-632

Methodology for Determining Ex-Alberta Sales, Dispositions, Related Transportation Costs and Fuel gas/Line loss

Company Example:

My Company removed 277,000 GJ of Alberta gas from Alberta at the Empress removal point (no. 207) for sale downstream. The following are the details associated with the removal of Alberta gas for the delivery month of 0204:

Sales Information			
Arm's Length	Location	Quantity	Value
XYZ Company Ltd.	Niagara Falls	89,000	360,450
ABC Company Ltd.	Niagara Falls	133,266	539,727
Your Company Inc.	St. Clair	84,899	343,841
	<u>Sub-total</u>	<u>307,165</u>	<u>1,244,018</u> (1)
Non-Arm's Length			
My Sister Company	Union CDA	104,357	N/A (2)
	<u>Total</u>	<u>411,522</u>	
The following dispositions are also associated with the removal of gas:			
	Fuel gas/line loss	14,874	(3)
	Niagara Pipeline Inventory	604	(4)
	<u>Total Dispositions =</u>	<u>427,000</u>	(1+2+3+4)

Using the methodology described in Appendix A, here is how the above ex-Alberta dispositions would be calculated and reported

1. Identify the gas that moved from the Alberta border (Alberta supply) to each delivery point after the Alberta border. Use the pipeline statements for this purpose.

- At St. Clair My Company purchased 150,000gj of other gas. After the dispositions at St. Clair, 109,230 gj was transported to Niagara Falls for disposition.
- The balance of 604 gj at Niagara Falls is for Pipeline Inventory.

2. At each delivery point, calculate the Alberta supply ratio by dividing the Alberta supply at the delivery point by the Total Supply (Alta and non-Alta gas) at the delivery point.

- Determine if there is Alberta gas transported from one delivery point (delivery point A) to another delivery point (delivery point B) and add it to the Alberta gas supply at delivery point B. In this example, 109,230gj was transported from St. Clair (del pt A) to Niagara Falls (del pt B). Using the Alberta ratio from St. Clair, the Alberta gas that was transported to Niagara Falls is **25,163** = (109,230*23.0371%). The **total Alberta supply** at Niagara Falls is now 113,640+25,163=**138,803**.

Transportation Summary:

109,230 X Alta & non-Alta supply percentages from St.Clair

Supply Summary:	Empress			Union CDA			St. Clair			Niagara Falls		
	In	% of Total	Out	In	% of Total	Out	In	% of Total	Out	In	% of Total	Out
Alberta gas supply												
Empress/Union CDA	110,000			104,357								
Empress/St. Clair	12,000			-			11,464					
Empress/Union/St. Clair Diversion	35,000						33,435					
Empress/Niagara Falls	120,000									113,640		
St. Clair/Niagara Falls										25,163		
Total Alberta gas supply	277,000	100.0000%		104,357	100.0000%		44,899	23.0371%		138,803	62.2800%	
Other Gas Supply												
St. Clair/Niagara										84,067		
St. Clair purchases							150,000					
Total Other Gas Supply	-	0.0000%		-	0.0000%		150,000	76.9629%		84,067	37.7200%	
Total Supply	277,000	100.0000%		104,357	100.0000%		194,899	100.0000%	0	222,870	100.0000%	0
Transported Gas												
Empress/Union CDA			104,357									
Empress/St. Clair			11,464									
Empress/Union/St. Clair Diversion			33,435									
Empress/Niagara Falls			113,640									
St. Clair/Niagara Falls									109,230			
Total Transported Gas			262,896			0			109,230			0
Fuel/Line Loss												
Empress/Union CDA			5,643									
Empress/St. Clair			536									
Empress/Union/St. Clair Diversion			1,565									
Empress/Niagara Falls			6,360									
St. Clair/Niagara Falls									770			
Total Fuel/Line Loss			14,104			0			770			0
Pipeline Inventory												
St. Clair/Niagara												604
Total Pipeline Inventory			0			0			0			604
Sales/Dispositions												
						104,357			84,899			222,266
Total Dispositions			277,000			104,357			194,899			222,870
Out of Balance (if other than 0)			0			0			0			0

Total of Sales/Dispositions = 104,357+84,899+222,266= 411,522

Total of Sales/Dispositions, Fuel/Line loss and Pipeline Inventory= 427,000

411,522+14,104+770+604=427,000

3. Determine the arm's length sales and non-arm's length dispositions at a delivery point (excluding fuel gas/line loss and pipeline inventory).

- Allocate each arm's length sale (quantity and sales value) and each non arm's length disposition (quantity), at a delivery point to the Alberta supply using the Alberta supply ratio calculated above for each delivery point.

Sales Information

Arm's Length (APMC-631)		(1)	(2)	(3)	(4)	(5)
			Total Sales	Total Sales	Alberta	Alberta
Sold To:	Location	AB ratio	Quantity	Value	Quantity	Sales Value
			(=1*2)	(=1*3)		
XYZ Company Ltd.	Niagara Falls	62.2800%	89,000	\$360,450	55,429	\$ 224,488
ABC Company Ltd.	Niagara Falls	62.2800%	133,266	\$539,727	82,998	\$ 336,142
Your Company Inc.	St. Clair	23.0371%	84,899	\$343,841	19,558	\$ 79,211
Sub-total			307,165	\$1,244,018	157,985	\$ 639,841

Non-Arm's Length (APMC-632)

Sold To:		(1)	(2)	(3)	(4)	(5)
			Total Sales	Total Sales	Alberta	Alberta
Sold To:	Location	AB ratio	Quantity	Value	Quantity	Sales Value
			(=1*2)	(=1*3)		
My Sister Company	Union CDA	100.0000%	104,357	N/A	104,357	N/A
Sub-total			411,522		262,342	

4. Determine the total transportation costs and fuel gas/line loss to move the Alberta supply from the Alberta border to the final points of disposition.

Transportation Charges From Invoices:

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Invoice No.	Demand Charges	Available AOS/FT Credit	AOS/FT Credit Weighting (=2/total of 2)	Actual AOS/FT Credit (Based on \$13,357 IT Bill) (=IT Bill*3) *	Net Demand Charge (=1+4)	Commodity (GJ)	Commodity % for Allocating Diversions **	Net Demand Charge Alloc to Diversions (=6*7) **	Commodity Charges	Pressure	Total Transp. Charges (=8+9+10)
Invoice 1											
Empress to Niagara Falls	\$ 125,948	(\$7,800)	44.5714%	(\$5,953)	\$119,995	113,640		\$119,995	\$5,480	\$379	\$125,854
Invoice 2											
Empress to Union CDA	\$ 115,674	(\$6,500)	37.1429%	(\$4,961)	\$110,713	104,357	75.86%	\$83,989	\$4,964	\$0	\$88,953
Diversion from Empress to St. Clair	\$ -					33,205	24.14%	\$26,724	\$1,697	\$0	\$28,421
Subtotal Invoice 2	\$ 115,674	(\$6,500)		(\$4,961)	\$110,713	137,562	100.00%	\$110,713	\$6,661	\$0	\$117,374
Invoice 3											
Empress to St. Clair	\$ 13,198	(\$3,200)	18.2857%	(\$2,442)	\$10,756	11,384		\$10,756	\$542	\$0	\$11,298
Invoice 4											
St. Clair to Niagara Falls (IT)						109,230			\$12,998	\$359	\$13,357
Totals	\$ 254,820	(\$17,500)	100.0000%	(\$13,357)	\$241,463	371,816		\$241,463	\$25,681	\$738	\$267,882

* Only the Interruptible credits that are used are to be allocated against the firm service demand charges.

** As there are diversions, a portion of the demand charge from the original delivery point needs to be allocated to the diversion based on commodity % (i.e. for Empress to Union CDA, the weighting = 104,357/137,562=75.86%.

Allocated demand charge = \$110,713*75.86%=83,989

4(i) Identify the transportation costs and fuel gas/line loss to move Alberta supply to each point of delivery after the Alberta border.

	(1)	(2)	(3)	(4)	(5)
	Transportation Charges	Fuel Gas (GJ)	Alberta Gas Sales/ Dispositions	Unit Transportation \$/GJ (=1/3)	Fuel Gas % (=2/3)
Empress/Union CDA	\$ 88,953	5,643	104,357	0.852389	5.407%
Empress/St. Clair	\$ 11,298	536			
Empress/Union/St. Clair					
Diversion	\$ 28,421	1,565			
Sub-total St. Clair	\$ 39,719	2,101			
Less: portion going to Niagara	\$ 22,260	1,177 [See 4(ii)]			
Total St. Clair	\$ 17,459	924	19,558	0.892646	4.722%
Empress/Niagara Falls	\$ 125,854	6,360			
St. Clair/Niagara Falls	\$ -	177 [Total fuel from St. Clair to Niagara Falls * AB supply ratio at St. Clair = 770*23.0371%]			
Plus: Empress to St. Clair	\$ 22,260	1,177 [See 4(ii)]			
Total Niagara Falls	\$ 148,114	7,715	138,427	1.069975	5.573%
Total	\$ 254,525	14,281	262,342		

4(ii) If Alberta supply moves through a series of delivery points to the final delivery point, ensure to include the total allocated transportation costs and fuel gas/line loss from the Alberta border to the final delivery point.

Percent of Alberta Gas Transported to Niagara from St. Clair = Alberta gas transported from St. Clair to Niagara Falls/AB supply at St. Clair
 $25,163/44,899 = 56.04\%$

- Calculation of transportation costs to go from Empress to St. Clair for the Alberta supply (25,163gj) that moved on to Niagara Falls:
 - Percent of Alberta gas transported to Niagara from St. Clair * Total transportation costs at St. Clair = $56.04\% * 39,719 =$ 22,260
- Calculation of fuel gas/line loss to go from Empress to St. Clair for the Alberta supply (25,163gj) that moved on to Niagara Falls:
 - Percent of Alberta gas transported to Niagara from St. Clair * Total fuel gas St. Clair = $56.04\% * 2,101 =$ 1,177

4(iii) Allocate the transportation costs and fuel gas/line loss proportionately to the arm's length sales and non-arm's length dispositions of Alberta supply.

Calculation of Transportation \$/GJ and Fuel Gas/GJ Based on Sales				
Location	AB Sales	Trans \$/GJ	Fuel/GJ	
Union CDA	\$ 104,357	\$ 0.852389	5.40740%	
St. Clair	\$ 19,558	\$ 0.892646	4.72183%	
Niagara Falls	\$ 138,427	\$ 1.069975	5.57324%	
Total	\$ 262,342			

5. Now that everything is allocated and calculated, My Company is ready to compile this information and report on the APMC-630 series forms.

APMC-631 - Arm's Length

Removal Point	Contract type	Buyer type	Sold To	Loc code	Volume	Quantity	Value	Ex-AB		Dest.
								Fuel gas	Ex-AB Trans \$	
207	1	2	8888	8703	-	55,429	224,488	3,089	59,308	500
207	1	2	1234	8703	-	82,998	336,142	4,626	88,806	500
207	1	2	5697	8701	-	19,558	79,211	924	17,459	500

Ex-AB Fuel gas and Trans \$ are calculated by taking the Trans \$/GJ and Fuel/GJ rates calculated in 4(iii) and multiplying by the sales quantity

APMC-632 - Non-Arm's Length

Removal Point	Disp. code	Volume	Quantity	Destination
207	5000	0	104,357	500

Allocation of Inventory at Niagara Falls

Inventory Quantity =	604
AB ratio at NF	62.2800%
AB portion of Inventory	376

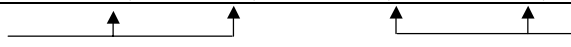
APMC-633 Form	Removal Point	Removals =	Total Sales APMC-631 +	Total APMC- 632 +	Balancing Entry
	207	277,000	157,985	104,357	14,658 (*)

*** Explanation of Balancing Entry**

	APMC-631	APMC-632	Total
AB portion of fuel	8,638	5,643	14,281
AB portion of inventory			376
Rounding			
Total			14,658

Check For Totals:	Quantity	Value	Ex-AB Fuel	
			gas	Ex-AB Trans \$
Niagara Falls	55,429	\$ 224,488	3,089	\$ 59,308
Niagara Falls	82,998	\$ 336,142	4,626	\$ 88,806
St. Clair	19,558	\$ 79,211	924	\$ 17,459
Union CDA	104,357		5,643	\$ 88,953
Totals	262,342	\$ 639,841	14,281	\$ 254,525

Calculated in Section 3



Calculated in Section 4(i)