

**CHAPTER 7 – CAPITAL EXPENDITURE AND FINANCIAL FORECAST****7.1 Introduction**

Capital expenditure and financial forecasts included in this Annual Plan are based upon the July 2003 design forecast and design assumptions outlined elsewhere in the Annual Plan. The forecasts are subject to revision and are dependent upon the approval and timing of downstream expansion projects and Customer applications for service.

This chapter includes data for the year 2003, during which NGTL operated under the terms of the 2003 Alberta System Revenue Requirement Settlement, and also for the year 2004 as per the 2004 General Rate Application - Phase 1. This chapter does not include a forecast of capital expenditures for 2005 for the facilities contained in this Annual Plan or the impact on the revenue requirement and rates for 2005.

**7.2 Capital Expenditure Forecast**

NGTL's forecast of capital expenditures in 2004, including the facilities requirements identified in this Annual Plan, is provided in Table 7.2.1. This table also shows forecast capital expenditures for 2003. The table is segmented into capacity capital, including mainline expansion, receipt and delivery facilities, and retirements, and system maintenance and general plant. The figures are presented on a calendar year basis and are rounded to the nearest \$5 million.

The firm transportation design process identifies facilities requirements for the 2004/05 Gas Year and the winter season of the 2005/06 Gas Year. The costs associated with the facilities requirements for the 2004/05 Gas Year and the winter season of the 2005/06 Gas Year will occur in the 2004 and 2005 calendar years.

**Table 7.2.1**  
**Capital Expenditure Forecast**  
**(\$ millions)**

	2003	2004
<b>Capacity Capital</b>		
Mainline Expansion	25	60
Receipt and Delivery	10	10
Retirements	5	5
<b>System Maintenance and General Plant</b>	25	20
<b>Total</b>	65	95

### 7.3 Financial Forecast

Financial information, including forecasts of NGTL's revenue requirements and firm transportation demand rates, associated with 2003 and 2004 is provided in Table 7.3.1. Also included are forecasts of system annual throughput and ex-Alberta firm transportation unit cost for the years 2003 and 2004. The amounts for investment base and for revenue requirement are rounded to the nearest \$5 million.

**Table 7.3.1**  
**Financial Forecast**  
**(\$ millions)**

	2003	2004
Investment Base (December 31)	4,760	4,570
Revenue Requirement <sup>1</sup>	1,285	1,350
System Annual Throughput (tcf) <sup>2</sup>	3.98	3.98
Unit Volume Cost (¢/mcf)	32.5	33.2
Monthly Average Firm Transportation Receipt Demand Rate (\$/mcf) <sup>3</sup>	5.29	5.44
Monthly Firm Transportation Delivery Demand Rate (\$/mcf)	5.16	5.44
Ex-Alberta Average Firm Transportation Unit Cost (¢/mcf) <sup>4</sup>	34.3	35.8

1 The 2003 revenue requirement is based on a fixed amount of \$1,277 million plus non-routine adjustments, as per the 2003 Alberta System Revenue Requirement Settlement and as filed and approved by the Board. The 2004 revenue requirement is based on the applied for revenue requirement in the 2004 General Rate Application- Phase I currently before the Board.

2 Throughput includes fuel gas.

3 Based on a 3 year term.

4 The forecast of ex-Alberta firm transportation unit cost assumes a one to one receipt to delivery ratio at a 100% load factor and is based on the average 3 year firm transportation receipt rate and the firm transportation delivery rate.