

▶ OPERATIONAL EXCELLENCE STRATEGY



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▶ 2007 CUSTOMER SATISFACTION SURVEY



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▶ CUSTOMER SERVICE - YEAR IN REVIEW



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▶ INSTANT MESSAGING A REAL BENEFIT

The TransCanada Call Centre implemented AOL Instant Messaging in 2007 as a result of discussions with customers. >>

▶ NEB ANNUAL PIPELINE SURVEY

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▶ CONOCOPHILLIPS JOINS KEYSTONE



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▶ ALASKA RECOMMENDS TRANSCANADA



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> HOME

> TransCanada's Operational Excellence Strategy

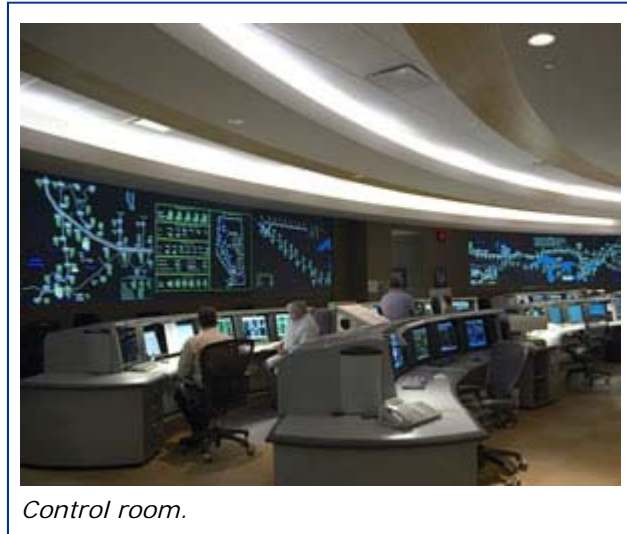
Editor's note: The focus of the January issue of Update magazine is on our operational excellence strategy. Several articles in this issue highlight examples of how we've delivered results and value to customers throughout 2007. The 2007 annual Customer Satisfaction Survey and National Energy Board survey reflect the feedback we've received.

At TransCanada, we devote a lot of time and energy to operational excellence, a key strategy for the way we run our business.

"Operational excellence has been an area of focus for the sales and service teams since 1999," says Steve Emond, vice-president, System Design and Commercial Operations. "The operational excellence model drives us to provide the lowest total costs for customers by focusing on transportation and transactional reliability, hassle-free service and timeliness." The challenge is to maintain this focus and deliver a low-cost, simple service that also meets customers increasing need for service flexibility to address market volatility, manage risks and capture market opportunities.

A key to delivering continuous improvement is to measure our performance. "We get feedback formally through our annual Customer Satisfaction Survey, the National Energy Board survey, as well as informal feedback from such things as our Call Centre and our front-line Customer Service meetings. For 2008, our focus is on sustaining high levels of performance in our core processes and being more proactive in understanding customer needs in a changing marketplace," says Steve. "Operational excellence has no end date. It's how we do business every day."

For more information, contact Steve directly at 403.920.5979.



Control room.

> HOME

> 2007 Customer Satisfaction Survey Results

The annual Customer Satisfaction Survey conducted last fall showed significant areas of improvement while highlighting some of the challenges facing the energy industry in the current environment.

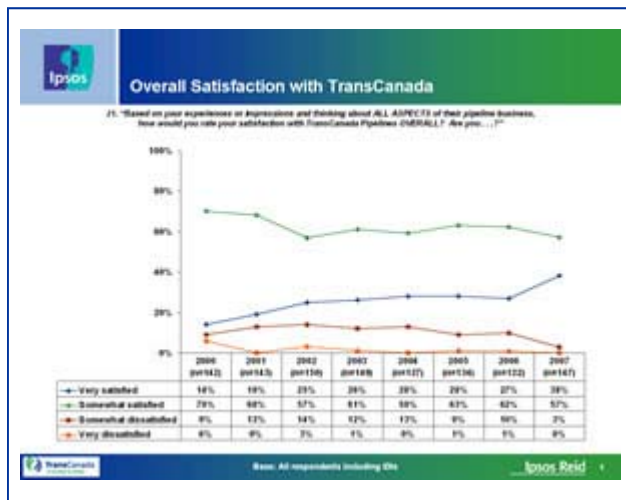
Market research firm Ipsos Reid once again conducted the survey via telephone interviews and web-based questionnaires. The results were augmented with one-on-one interviews with a group of industry executives asked to provide candid feedback on TransCanada's performance. The executives were also invited to provide their perspective on industry trends and the role they see TransCanada playing in working with its customers and stakeholders to address the changing dynamics in industry and the marketplace going forward.



The results from this survey are also used in the development of TransCanada's objectives for 2008 and beyond.

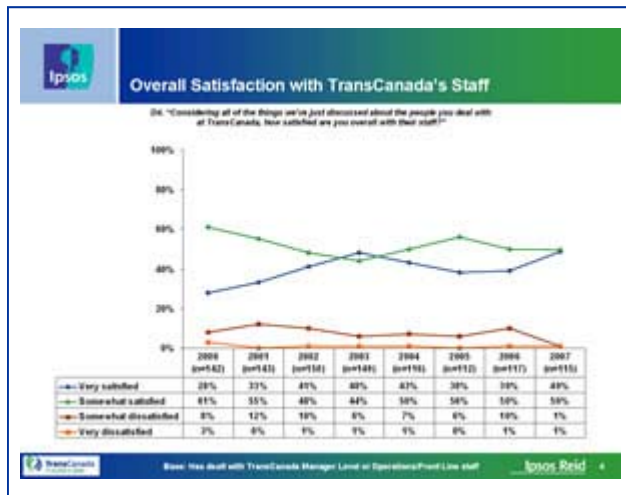
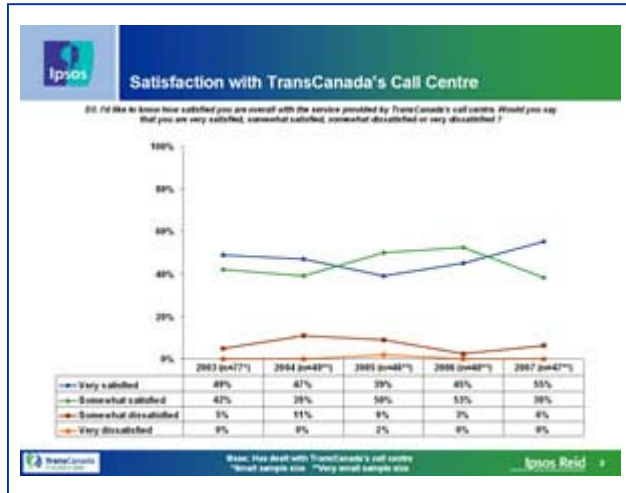
Operational Excellence - A Focus on Continuous Improvement

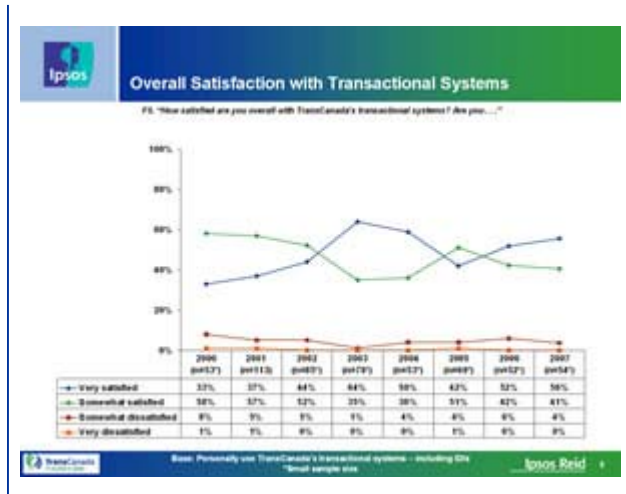
Overall satisfaction rose significantly from 2006 levels. Customers gave the highest marks to our Call Centre, transactional systems and staff. This reflects our commitment to customer service, with a particular focus on making it easy for customers to do business with us.



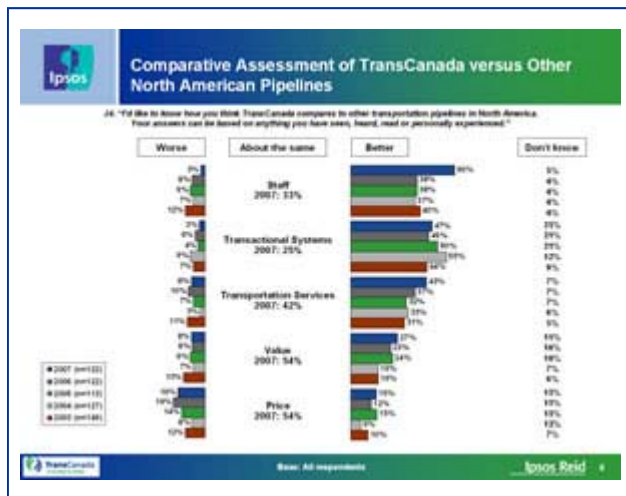
"We're very proud of these results and would like to thank customers for their feedback as well as for recognizing our efforts in 2007," says Steve Emond, vice-president, System Design and Commercial Operations. "Core to our Operational Excellence strategy is a continuous improvement mindset and the survey results reinforce that we're on track. We also understand that customers have high expectations of us to maintain and even improve on this performance. We're up to the challenge!"

The following graphs show TransCanada's performance in core business processes over the past several years.





We are also proud of how customers rank TransCanada's performance relative to our industry peers.



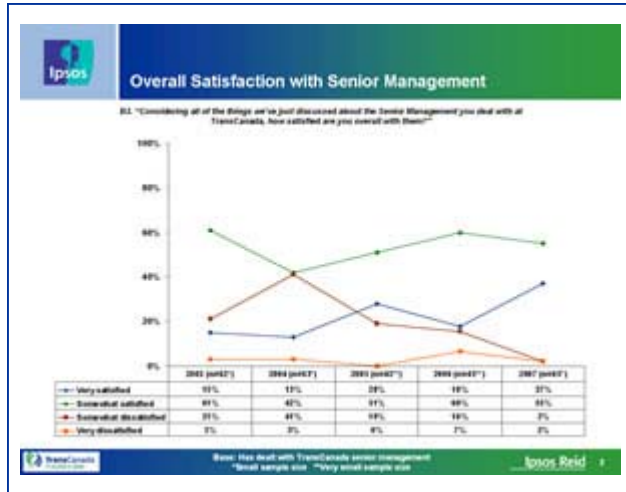
TransCanada thanks those who participated in the 2007 survey. The feedback from the survey provides an important snapshot of where we're clearly hitting the mark, where we have made gains and also where we need to change to achieve further improvement.

Taking a Leadership Role in our Industry

Customers who deal with TransCanada's senior management acknowledged efforts to improve communications and build relationships, which was a focus in 2007.

Also, feedback from our survey and one-on-one executive interviews clearly affirmed the challenges facing the energy industry today. Uncertainty on many fronts such as commodity price volatility, material and labour costs, regulatory policies, environmental issues, *etc.*, means the decision-making process is increasingly complex.

"Over the past few years, we have made it a focus to strengthen relationships at the senior management level," says Max Feldman, senior vice-president, Canadian and Eastern U.S. Pipelines. "Through this survey, industry collaborative processes and one-on-one discussions, the feedback tells us we are on the right path and reinforces the need to continue our productive dialogue. Building on this framework of trust and collaboration is essential to address many of the challenges we have in common."



Our focus in 2008 will be to sustain high levels of performance in core areas while continuing to progress our performance in senior management relationships, proactive communication, and working collaboratively to exceed customers' expectations in an increasingly complex marketplace.

For more information on the 2007 Customer Satisfaction Survey, please contact [Patrick McCausland](#) at 403.920.5831.

[> HOME](#)

> Putting an Operational Excellence Strategy into Practice - A Year in Review

The Customer Service team implemented several new initiatives last year, many of them as a direct result of customer feedback and requests.

“Our customers are faced with an increasingly challenging and complex business environment, and we continue to explore new or more flexible enhancements and services to meet customer needs.” says Steve Emond, vice-president, System Design and Commercial Operations. “Our focus on continuous improvement resulted in the implementation of a number of process changes and enhancements in 2007. While many of these new initiatives began as initial discussions to address specific customer’s needs and requests, they were developed and implemented in a way that benefited all customers. A lot of credit goes to our front-line staff for taking our operational excellence strategy and putting it into practice.”



Some of the highlights from 2007 include:

Open Season Bid Deposit Changes

With these changes, existing customers of the Canadian Mainline, Foothills System and the Alberta System will no longer be required to provide a deposit with each Open Season bid for new or existing capacity. [More...](#)

IT Bid Rate Enhancement Feature

The new IT Bid Rate Enhancement feature is an edit into the NrG system which provides customers with a validation message that lets them know when they have bid over the minimum IT Bid Rate. [More...](#)

CSV Reporting System for Mainline Invoices

A new report is now available that provides the Mainline invoice in a downloadable CSV format and allows customers to upload the data directly into their systems. [More...](#)

Automated Phone Notification Service

As a complement to the NrG services already provided, the Automated Phone Notification system is an outbound calling service that was implemented to enable TransCanada to directly contact a large number of customers simultaneously if system or operational upsets occur. [More...](#)

Extension of FT-RAM Pilot

TransCanada received approval from the National Energy Board to extend the FT-RAM (Firm Transportation, Risk Alleviation Mechanism) pilot on the Canadian Mainline System for a period of two years to Oct. 31, 2009. [More...](#)

We're always interested in feedback and ways we can help customers be more efficient and effective utilizing our systems," says Steve. "Whether it's a question on a new service or providing training for new staff, our Customer Service team has a variety of ways to help you get the most out of TransCanada's systems and services. We're here to help."

For more information, contact our Call Centre toll-free at 1.877.920.PIPE (7473).

> [HOME](#)

> **Customers Benefit From Instant Messaging**

The TransCanada Call Centre implemented AOL Instant Messaging in 2007 as a result of discussions with customers. The instant messaging feature provides customers with additional direct access to TransCanada Call Centre staff. Customer feedback indicates that this feature is a great success and has been particularly helpful in working to facilitate communication to complete daily nominations activities.

"The implementation of instant messaging has decreased response time to nomination and confirmation issues," says Dale Neville, Call Centre Supervisor. "Prompt response to these issues is critical to meeting industry timelines and ensuring customers' gas gets to market."

For more information on AOL instant messaging, contact our Call Centre toll-free at 1.877.920.PIPE (7473).

> [HOME](#)

> TransCanada Scores High in the NEB's 2007 Survey Results

The National Energy Board (NEB) conducted its third annual [Pipelines Services Survey](#) to provide a snapshot of shippers' satisfaction with the quality of services of major NEB-regulated pipeline companies. The survey was conducted in the first quarter of 2007.

The NEB published pipeline-specific results as well as overall industry results. Overall results indicate that shippers were generally satisfied with the services provided by the pipeline companies. The combined score of TransCanada's NEB-regulated pipelines (Mainline, B.C. and Foothills) was higher than the industry average on almost every attribute.

The following table lists each of the service attributes measured by the survey in order from highest to lowest importance (as determined by customers). The service attributes were measured on a scale of 1-5, where 5 indicates "Very Satisfied" and 1 indicates "Very Dissatisfied".

Pipeline Service Attributes	Attribute Ranking	Scores	
		Ind. Avg	TC
Physical reliability of operations	1	3.79	4.28
Timeliness and usefulness of operations info.	2	3.68	3.97
Satisfaction with transactional systems	3	3.69	3.98
Accessibility and responsiveness to issues/requests	4	3.41	3.53
Transportation tolls are competitive	5	3.16	3.65
Timeliness and usefulness of commercial information	6	3.53	3.73
Works towards fair and reasonable solutions	7	3.44	3.24
Timeliness and accuracy of invoices and statements	8	3.87	4.45
Attitude of continuous improvement and innovation	9	3.17	3.29
Suite of services	10	3.49	3.54
Collaborative processes	11	3.28	3.52
Settlement or tariff arrangements work well	12	3.26	3.44
Overall quality of service		3.60	3.83

The survey was conducted via a web-based survey tool. TransCanada customers represented approximately 25% of the total responses. The complete survey results can be found on the [NEB website](#).

> [HOME](#)

> [ConocoPhillips Partners with TransCanada on Keystone Pipeline](#)

TransCanada and ConocoPhillips have become [partners in the Keystone Pipeline project](#). ConocoPhillips has acquired a 50 per cent ownership interest in the crude oil pipeline.

This partnership is the outcome of a [Memorandum of Understanding](#) that committed ConocoPhillips to ship crude oil on the Keystone Pipeline and gave it the right to acquire up to a 50 per cent ownership interest.

Management committees comprising TransCanada and ConocoPhillips representatives will oversee the partnership. Pending regulatory approvals, TransCanada affiliates will construct and operate the pipeline. Applications for regulatory approvals are proceeding, and decisions are expected to be received during the first quarter of 2008.



Click map to enlarge.

For additional information, see the [Keystone Pipeline Project](#) on TransCanada's website.

> [HOME](#)

> TransCanada Application meets State of Alaska Requirements

The State of Alaska recently announced that TransCanada's application for a license to construct an Alaska natural gas pipeline under the Alaska Gas Inducement Act (AGIA) was the only proposal that met all the state's requirements. TransCanada submitted an application on Nov. 30, 2007.

The project proposes to move natural gas from Prudhoe Bay in northern Alaska to North American markets. The pipeline would stretch more than 2,700 km (1,700 miles), following the route of the existing trans-Alaska oil pipeline and the Alaska Highway and continuing through northern British Columbia to link with the pipeline grid in northwestern Alberta.

The proposed project will include:

- A gas treatment plant that will process approximately 5 bcf/d of residue gas from the existing Central Gas Facility at Prudhoe Bay
- A new pipeline system that will extend from the gas treatment plant in Alaska to Boundary Lake on the British Columbia-Alberta border
- New build and use of existing pipeline infrastructure in Alberta
- Fort Nelson Option, an option to move the Alberta System Receipt Point upstream of Boundary Lake, to Fort Nelson, British Columbia
- Access to natural gas liquids (NGL) extraction at existing third-party facilities in Alberta
- Liquefied Natural Gas (LNG) alternative



The current estimated capital cost of the project is US\$26 billion. Construction of the project would begin after regulatory approvals are received in 2013. The pipeline would be in service by 2017.

Next steps

The State of Alaska will evaluate TransCanada's application to determine if it maximizes the benefits to Alaskans and merits an exclusive license. As part of the evaluation, a 60-day public comment period on TransCanada's application began Jan. 5, 2008. If the state determines the application meets those requirements, it will be forwarded to the Alaska legislature for approval. If TransCanada is granted the License, then we will move forward to an Open Season in 2009.

For further information, see the [Alaska Pipeline Project](#) on TransCanada's website.

[> HOME](#)

> Keystone Project Achieves Milestone

The Keystone Pipeline project recently achieved a [key milestone](#). The United States Department of State has issued a Final Environmental Impact Statement (EIS) for the Keystone Pipeline project, stating the pipeline would result in limited adverse environmental impacts.

The Final EIS, a requirement for the Presidential Permit process, is the result of nearly two years of detailed analysis of the Keystone Pipeline project by more than a dozen U.S. federal agencies and other interested stakeholders.

For further information, see the [Keystone Pipeline Project](#) on TransCanada's website.

> [HOME](#)

> [Events Calendar 2008](#)

TransCanada Participation

FEBRUARY

27-28 [North American Pipeline Expansion](#) Calgary, AB

MARCH

5-6 [Arctic Gas Symposium](#) Calgary, AB

Industry Events

FEBRUARY

6-8 [Wind Power Finance and Investment Summit](#) San Diego, CA

25-26 [CERI 2008 Natural Gas Conference](#) Calgary, AB

26-27 [Plant Maintenance and Asset Reliability](#) Edmonton, AB

MARCH

2-5 [GPA Annual Convention](#) Grapevine, TX

10-12 [World Heavy Oil Congress](#) Edmonton, AB

APRIL

13-18 [CERI 2008 Oil Conference](#) Calgary, AB

20-23 [CAMPUT](#) Banff, AB

21-23 [LNG 2008 San Antonio](#) San Antonio, TX

24-25 [Rockies Gas & Oil](#) Denver, CO