



Customer Operations, BC Pipeline and Field Services

Service Invoicing

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1 Invoicing

1.1 Overview

In general, the Service Invoicing process has changed as a result of the implementation of the new nomination process and as a result of the business practice changes as per the Multi-Year Incentive Toll Settlement Agreement.

Currently the scope of this document is limited to the following billable service agreements:

- Raw Gas Transmission (RGT)
- Treatment
- Liquids Recovery

1.2 Timing of Invoices

Until otherwise notified, invoicing for a particular month (Month 1) is sent to the shipper by the 20th day of the following month (Month 2). The first invoice is referred to as an "Estimate Invoice", as the actual allocation used in the calculation of the service invoices is not yet available. Billing Month 1 with actual information, referred to as an "Actual Invoice", is sent by the 20th day of the month in which the actual information is received, when the information is received prior to the 15th day of that month.

1.3 Service Charges and Tolls

Each shipper on the Westcoast System must hold a service agreement with Spectra Energy Transmission - West (SET-West) for the period during which they use service. The service agreement indicates the maximum daily volume that a shipper may move over an indicated service segment. For invoicing, these contracts are summarized by shipper, service type, service segment, and production group. Charges are applied by the application of a service toll to a volume of service. Tolls for services are outlined in SET-West's Toll Schedules.

There are three basic types of charges that can be applied within each billable service segment:

1. Firm service tolls are applied to a shipper's firm contract demand volume. Each firm service contract indicates the exact service and the exact "from/to" locations over which the service is contracted. Firm service is always contracted over single "from/to" locations. The demand charge for each summarized contract is calculated by applying the firm toll for the specified service and the service segment against the contract volume. Each billing month, the shipper pays the firm toll for their entire contract demand whether they use all, some, or none of the contracted service.
2. Interruptible service tolls are applied to volumes on which service was given at an interruptible priority. Service volumes are generally considered to be interruptible when no firm contract demand exists for the specific type and service segment or when volume exceeds the firm contracted amount. Interruptible service is billed based on actual authorized or allocated volume, rather than on the contracted volume.
3. Motor Fuel Tax (MFT) tolls are applied to authorized volumes over each service segment, regardless of any existing contract demand. The MFT is a tax collected by SET-West based on the actual fuel used for a month and remitted to the British Columbia Government. The MFT toll for each service will be different from month to month because the fuel usage and authorized volumes will change each month.

1.4 Invoice Reports

Shippers receive four main reports each time an invoicing bill is produced:

1. Invoice Cover Sheet

The Invoice Cover Sheet shows the invoice charges or incremental changes of charges within a billing month for services used by a given shipper.

2. Detailed Shipper Service Calculation

The Detailed Shipper Service Calculation report shows the detailed service charges for an invoice month for a given shipper. Charges are itemized by service type and service class for each billable service segment.

3. Determination of Credit

The Determination of Credit report shows the detailed calculation of credits used in the calculation of invoicing charges for a given shipper. The report shows the contract versus actual transaction volumes, the underutilized charges, and any dollar credits available for each billable service segment.

4. Monthly Shipper Transaction Summary

The Monthly Shipper Transaction Summary report shows the invoiced transactions on the SET-West system from receipt location to delivery location for a given shipper. The report also shows, if applicable, a shipper's allocated production used in the calculation of RGT, Treatment, and liquids recovery service, as well as a shipper's weighted average heat content factors for a given pool.

1.5 General

1.5.1 Transactions

Transactions are derived from allocated production and Authorized Nominations. Summarized transactions are shown on the Monthly Shipper Transaction Summary report.

1.5.2 Weighted Average Heat Content Factor (WAHCF)

A heat content factor is a numerical value that specifies a ratio between the energy measurement of natural gas (measured in GJs) and the volume measurement of the gas (measured in 10^3m^3). Invoicing charges are based on volume energy equivalents, and thus all transactions are converted into volume as shown on the Monthly Shipper Transaction Summary report. As well, with the introduction of the new nomination process and its concepts of pools and packages, this report now shows the weighted average heat content factors for a shipper's date-location-shipper-package pool, which is based on the heat content factors of the various inputs to a pool.

1.5.3 Match Transactions to Contracts

Summarized transactions are matched with summarized firm contracts for the same shipper, service, service segment, production group, and date. Matching determines whether the service should be billed as firm under existing contract demand entitlements, or, when no firm contract for a transaction exists, as interruptible.

1.5.4 Underutilized Demand Charge Credits (UDCC's)

When a contract demand volume is underutilized, these underutilized demand charges (UDCs) may be used within the billing process as credits which, if applicable, can reduce the shipper's interruptible service charges.

1.5.5 Demand Toll Adjustment

The demand toll adjustment is an adjustment to the demand toll payable in a given month whereby the price index for such month exceeds \$1.35 US per MMBtu. The adjustment is converted to Canadian dollars per 10^3m^3 per month and allocated to Raw Gas Transmission and Treatment Service when negotiated. For more information on the demand toll adjustment calculation, refer to Appendix H of the Multi-Year Incentive Toll Settlement Agreement.

1.6 Billable Service Segments

In general, if a shipper holds service within each service segment, each segment will incorporate a firm and/or interruptible charge, and a motor fuel tax charge. However, there are slight variances to the invoicing billing logic for each segment as outlined below.

1.7 Raw Gas Transmission (RGT)

Transactions for RGT service are created based on the shippers allocated raw volume at each plant outlet. The Estimate Invoice uses the Final Intra-day Allocation. The Actual Invoice uses the most recent published Actual or Correction Cycle Allocation.

1.8 Treatment

Transactions for Treatment service are created on the shipper's allocated residue volume and Acid Factor at each plant outlet.

Gas billing factors for each plant includes an acid factor. The acid factor determines the toll applied to the Treatment service and, if applicable, is used in the calculation of any acid gas adjustment. An acid gas adjustment is calculated to charge or credit shippers whose contracted treatment service acid stream does not match the actual acid stream of the delivered gas. A shipper, whose contracted service is for a lower acid percentage than the actual acid component of the gas, is charged an acid gas adjustment. A shipper, whose contracted service is for a higher acid percentage than the actual acid component of the gas, receives a credit adjustment which can be used to offset interruptible charges.

As with RGT, inter-plant crediting of UDCs was discontinued February 1st, 1998 as per Schedule D and crediting for intraday UDCs within a day and inter-day UDCs within a month still applies.

1.9 Liquids Recovery

Liquids Recovery service transactions are created only if service is offered over the service segment specified by the treatment transaction.

Same-location volume crediting of interruptible business against underutilized firm demand is applied within a day and within a month.

The Estimate invoice uses the liquids ratio from the most current actual allocation and the residue volumes from the intraday allocation to derive the liquids volumes. The Actual invoice uses the most recent published Actual or Correction Cycle Allocation.