

Portland Natural Gas Transmission System

Statement O - Description of Company Operations

Portland Natural Gas Transmission System ("PNGTS"), a Partnership formed under the laws of the State of Maine, is a natural gas pipeline company engaged in the business of transporting on its system natural gas owned by shippers.

The approximately 290 mile PNGTS system was initially placed into service on March 10, 1999. The approximately 190-mile long northern portion of the system stretches from a point of interconnection with Trans Québec & Maritimes Pipeline, Inc. ("TQM") on the Canadian / USA border near Pittsburg, New Hampshire, diagonally southeast to Westbrook, Maine, where it interconnects with Maritimes & Northeast Pipeline, L.L.C. ("Maritimes"). At that point, the approximately 100 mile long jointly owned southern portion of the system ("Joint Facilities") shifts to a south-westerly direction traversing southern Maine, the New Hampshire Seacoast region and northern Massachusetts, where it interconnects with Tennessee Gas Pipeline Company's ("Tennessee") system at Dracut, Massachusetts. PNGTS is the minority interest owner of the southern system, while Maritimes is the majority interest owner. Both the northern and southern portions of the system also include laterals owned by PNGTS in whole or in part. A series of agreements between Maritimes, an affiliate thereof, and PNGTS (the "Definitive Agreements"), which were approved by the Commission, establishes rights and obligations of the respective parties.

PNGTS provides transportation service for shippers only pursuant to written contracts, in the form of agreements contained in its Tariff, pursuant to authorization granted by the Federal Energy Regulatory Commission.

Statement O(1) – System Map (Omitted)

- As no major changes occurred since filing of PNGTS' last FERC Form 2, PNGTS is not required to include a system map.

Statement O(2) - Major Expansions / Abandonments (Omitted)

- PNGTS has not completed any major expansions or abandonments since its last general rate case.

Statement O(3) - System Design and Operation

- PNGTS is designed on the assumption that all shippers take their total firm contract demand volumes on the same day. It is also assumed that full curtailment will be in effect for all interruptible volumes. The winter design gas receipt temperature is 68 Degrees Fahrenheit.
- PNGTS is a free flow system with no compression.