

Via E-Mail

October 16, 2003

TransCanada PipeLines Limited
450 - 1st Street S.W.
Calgary, AB T2P 5H1

Attention: Céline Bélanger

Dear Ms. Bélanger:

**RE: NOVA Gas Transmission Ltd. (NGTL)
Request to Commence Negotiated Settlement Discussions
Application No. 1314526**

The Alberta Energy and Utilities Board (Board) received a letter dated October 8, 2003 from NOVA Gas Transmission Ltd. (NGTL), pursuant to section 4.1 of the Board's Negotiated Settlement Guidelines, Informational Letter 98-04 Revised, requesting approval to commence negotiations on two issues adopted by the Tolls, Tariff and Procedures Committee (TTP).

According to NGTL, the TTP adopted Issue T2003-10 for the purpose of reviewing an attribute of firm transportation service. The review could result in changes to the firm transportation service. The TTP also adopted Issue T2003-11 for the purpose of discussing a potential new operating agreement that will have revenue requirement implications.

The TTP is a forum for industry, stakeholders and NGTL to address and attempt to resolve issues through a collaborative effort in order to streamline NGTL's formal regulatory process.

The provisions of the TTP's Procedures, Without Prejudice Section, stipulates that any document and any communications, written or oral, created as part of the TTP process are confidential. Information is treated as confidential to facilitate the free and open communication and participation in the discussion and settlement of issues adopted by the TTP.

The Board considers it appropriate that NGTL bring forward to the Board requests to commence negotiation on issues adopted by the TTP for discussion. As indicated in the Board's August 28, 2003 letter to TransCanada PipeLines Limited (the parent company of NGTL), the Board believes that it is important that it have information on the issues

adopted by the TTP, the settlement process itself, and the settlements reached in order for it to properly discharge its public interest mandate.

The Board has decided to approve NGTL's request to commence negotiations on Issues T2003-10 and T2003-11. The Board is committed to the negotiated settlement process as part of its objective of achieving greater regulatory efficiency and effectiveness. As indicated, the TTP is designed to facilitate discussion and settlement of issues. The Board considers that negotiation on these issues may result in greater efficiencies and enhanced participation by stakeholders.

The Board notes that in Decision 2003-051, NGTL was directed to file a comprehensive general rate application for 2004. The Board has approved NGTL's request to commence negotiations on Issues T2003-10 and T2003-11 on the assumption that any settlement reached will not significantly impact the GRA for 2004.

Yours truly,

<*Original Signed By*>

Renée Marx
Board Counsel

RSM/caa