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November 23, 2004

Alberta Energy and Utilities Board
640 - 5th Avenue S.W.
Calgary, Alberta
T2P 3G4

By Electronic Filing

Attention: Ms. Lisa Kelly
Applications Officer, Utilities Branch

**Re: NOVA Gas Transmission Ltd. (NGTL)
2004 General Rate Application – Phase 2
Decision 2004-097 - Compliance Filing
Application No 1320419**

Pursuant to Alberta Energy and Utilities Board (Board) Decision 2004-097 in respect of NGTL's 2004 General Rate Application – Phase 2 (GRA – Phase 2), NGTL submits the following regarding final rates, tolls and charges for 2004 (2004 Final Rates).

NGTL is currently operating under 2004 interim rates, tolls and charges (2004 Interim Rates) approved by the Board in Decision 2003-105. The 2004 Interim Rates were based on an interim revenue requirement of \$1,315.5 million. NGTL estimates that it will collect approximately \$1,270.2 million of revenue for the period of January 1, 2004 through December 31, 2004 under the 2004 Interim Rates, which is approximately \$45.3 million less than the approved 2004 interim revenue requirement. This reduction results from differences between the contract demand and throughput forecast which the 2004 Interim Rates were based on and actual volumes transported on the Alberta System.

The Board in Decision 2004-102 issued November 17, 2004 in respect of NGTL's GRA – Phase 1 Refiling approved a 2004 revenue requirement of \$1,244.8 million, which is approximately \$25.4 million less than the estimated revenue to be collected under the 2004 Interim Rates for 2004.

If NGTL were to adjust its rates for December 2004 to account for the variance between the revenue requirement collected under the 2004 Interim Rates and the approved 2004 revenue requirement, the average firm transportation demand rates for delivery and receipt service would decrease approximately 5 ¢/mcf/d from the current level of 17.4 ¢/mcf/d to 12.5 ¢/mcf/d for the month of December.

NGTL believes that deferring the refund of the 2004 revenue variance of \$25.4 million to 2005 rather than reducing the rates in December would result in greater rate stability. As a result, NGTL requests that the Board approve the deferral of the refund, including appropriate carrying charges (2004 Forecast Revenue Deferral) to 2005 and approve the 2004 Interim Rates as final for 2004 as described below.

Proposal for 2004 Final Rates

2004 Approved Revenue Requirement	\$1,244.8 million
2004 Forecast Revenue Collection	<u>(\$1,270.2 million)</u>
2004 Forecast Revenue Deferral to 2005	(\$ 25.4 million)

FT-R (Avg.) & FT-D rates for December 17.4 ¢/mcf/d

Proposal for 2005 Interim Rates

Concurrent with the filing of this application, NGTL has also filed an application for approval of interim rates, tolls and charges for 2005 (2005 Interim Rates). The proposed 2005 Interim Rates are based the approved 2004 revenue requirement of \$1244.8 adjusted as follows.

2004 Approved Revenue Requirement \$1,244.8 million

Less 2003 Non-routine adjustments collected in 2004: (\$32.4 million)
Less Forecast 2004 Revenue Deferral: (\$25.4 million)
(\$57.8 million)

2005 Interim Revenue Requirement \$1,187.0 million

NGTL will notify its shippers, the members of the Tolls, Tariff and Procedures Committee and interested parties to NGTL's 2004 GRA Phases 1 and 2 of the availability of this application on TransCanada's Alberta System Website at the address below.

http://www.transcanada.com/Alberta/regulatory_info/active_rates_services_filings.htm.

All notices and communications regarding this matter should be directed to Carolyn Shaw by e-mail at carolyn_shaw@transcanada.com and alberta_system@transcanada.com, or by phone at 920-7172.

Yours truly,

NOVA Gas Transmission Ltd.

a wholly owned subsidiary of TransCanada PipeLines Limited



Céline Bélanger
Vice President, Regulatory Services

cc: Tolls, Tariff, Facilities and Procedures Committee, via e-mail
Alberta System Shippers
Interested Parties Application No. 1324019