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May 15, 2007

Alberta Energy and Utilities Board  
640 – 5<sup>th</sup> Avenue S.W.  
Calgary, Alberta  
T2P 3G4

Filed Electronically

**Attention: Mr. Wade Vienneau**  
**Manager, Calgary Office, Utilities Branch**

Dear Sir:

**Re: NOVA Gas Transmission Ltd. (“NGTL”)**  
**2005-2007 Revenue Requirement Settlement (“Settlement”)**  
**Application No. 1392296**  
**Report for Year December 31, 2006**

In Decision 2005-057 dated June 7, 2005, the Board approved NGTL’s Settlement as filed. Section 4.5 of the Settlement states:

On or before May 15<sup>th</sup> of each year following each of the Settlement years, NGTL will provide a report to the EUB and parties to this Settlement containing information which provides the same level of detail as the reporting package for the 2003 Alberta System Revenue Requirement Settlement. The report will also include a breakdown of TransCanada’s corporate allocated costs to NGTL, the TransCanada Mainline, TransCanada’s B.C. System, Foothills and Other.

In compliance with this requirement, NGTL files the 2005-2007 Revenue Requirement Settlement Report for the year ended December 31, 2006.

Please direct all notices and communications regarding this matter by e-mail at norm\_bowman@transcanada.com and alberta\_system@transcanada.com or by phone at (403) 920-7186.

Yours truly,

**NOVA Gas Transmission Ltd.**  
A wholly owned subsidiary of TransCanada PipeLines Limited

***Original Signed By***

Norm Bowman  
Director, Regulatory Services

Encls.

cc: Signatories, NGTL 2005-2007 Revenue Requirement Settlement

**NOVA GAS TRANSMISSION LTD.  
2005-2007 REVENUE REQUIREMENT SETTLEMENT  
REPORTING IN COMPLIANCE WITH SECTION 4.5**

**FOR THE YEAR ENDED  
DECEMBER 31, 2006**

**NOVA GAS TRANSMISSION LTD.  
2005-2007 REVENUE REQUIREMENT SETTLEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2006**

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**NOVA GAS TRANSMISSION LTD.  
2005-2007 REVENUE REQUIREMENT SETTLEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2006**

**TABLE 1**

**EXECUTIVE SUMMARY**

During 2006 NOVA Gas Transmission Ltd. (NGTL) operated under the 2005-2007 Revenue Requirement Settlement (Settlement) whereby OM&A and certain other costs were fixed at \$201 million and \$3 million, respectively. All other costs elements of the 2006 revenue requirement are treated on a flow through basis.

The 2006 return on equity has been calculated using a rate of return on common equity (ROE) of 8.93 per cent as determined by the Alberta Energy and Utilities Board's (EUB) ROE formula on common equity of 35 per cent. In addition, depreciation expense is determined using the depreciation rates approved by the EUB Decision 2004-069.

The regulatory hearing cost reserve account approved in Decision 2004-069 was continued under the Settlement. Additionally, the mechanism established in the 2001-2002 Alberta System Rate Settlement for amortizing foreign exchange gains and losses related to long-term debt continues through the term of the Settlement.

NGTL's deferral and reserve account balances at the end of 2006 total approximately \$18 million debit balance. These balances have been calculated in accordance with the terms of the Settlement and include carrying charges incurred in 2006. Some highlights of the deferral and reserve account balances at the end of 2006 are:

- Volumes shipped on NGTL's Alberta System during 2006 were higher than forecasted. As a result, actual revenue collected in 2006 was higher than the Settlement revenue requirement by approximately \$19 million. This variance, plus carrying charges, has been included in the 2007 revenue requirement.
- At the end of 2006 the Foreign Exchange Reserve account had a balance of approximately \$33 million due to NGTL as a result of realized foreign exchange losses on debt principal maturities.
- At the end of 2006 the Income Tax account had a credit balance of approximately \$8 million mainly due to a lower tax rate from 33.62% to 32.49% as well as elimination of Large Corporation Taxes.
- At the end of 2006 the Pipeline Integrity account had a balance of approximately \$7 million. After completing planned digs it was determined that additional inspections were needed on areas of the system where stress corrosion cracking (SCC) is typically an issue.

**NOVA GAS TRANSMISSION LTD.  
2005-2007 REVENUE REQUIREMENT SETTLEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2006**

**TABLE 2**

**TOTAL 2006 DEFERRALS AND RESERVE ACCOUNTS <sup>(1)</sup>  
(\$ thousands)**

Line

**Deferrals**

|     |                                    |                 |
|-----|------------------------------------|-----------------|
| 1.  | Revenue                            | (20,669)        |
| 2.  | Pipeline Integrity                 | 6,816           |
| 3.  | Income Tax                         | (8,331)         |
| 4.  | CO <sub>2</sub> Management Service | 1,995           |
| 5.  | Transportation by Others           | 3,438           |
| 6.  | Return on Equity                   | 212             |
| 7.  | Interest Cost                      | 670             |
| 8.  | Depreciation                       | 758             |
| 9.  | Property Tax                       | 853             |
| 10. | Total Deferrals                    | <u>(14,258)</u> |

**Reserve Accounts**

|     |                                    |               |
|-----|------------------------------------|---------------|
| 11. | Foreign Exchange on Debt Principal | 32,664        |
| 12. | Regulatory Hearing Costs           | <u>(670)</u>  |
| 13. | Total Reserve Accounts             | <u>31,994</u> |

**Total Deferrals and Reserve Accounts**

**17,736**

<sup>(1)</sup> Includes carrying charges for 2006.

**NOVA GAS TRANSMISSION LTD.**  
**2005-2007 REVENUE REQUIREMENT SETTLEMENT**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

**TABLE 3**

**ACTUAL COSTS SUMMARY**  
**(\$ thousands)**

| Line |  | <u>2005</u>      | <u>2006</u>      |
|------|--|------------------|------------------|
| 1.   | Equity Return                                  | 147,361          | 132,291          |
| 2.   | Debt Expense                                   | 225,092          | 215,608          |
| 3.   | O&M  | 189,256          | 196,518          |
| 4.   | Depreciation and Amortization                  | 302,668          | 284,779          |
| 5.   | Income and Large Corporation Taxes             | 140,708          | 115,926          |
| 6.   | Property Taxes                                 | 73,923           | 79,262           |
| 7.   | Transportation by Others                       | 80,774           | 98,114           |
| 8.   | Foreign Exchange on Interest Payments          | (586)            | (562)            |
| 9.   | Regulatory Hearing Costs                       | 1,004            | 1,626            |
| 10.  | Uninsured Losses                               | (810)            | (539)            |
| 11.  | Pipeline Integrity Expense                     | 20,275           | 29,071           |
| 12.  | CO <sub>2</sub> Management Service Costs       | 2,251            | 1,708            |
| 13.  | Amortization of Severance Costs <sup>(1)</sup> | 3,002            | -                |
| 14.  | Annual Foreign Exchange Amortization Amount    | 1,620            | (1,497)          |
| 15.  | Deferrals                                      | <u>(40,088)</u>  | <u>(75,448)</u>  |
| 16.  | Total Revenue Requirement                      | <u>1,146,449</u> | <u>1,076,858</u> |

**NOVA GAS TRANSMISSION LTD.  
2005-2007 REVENUE REQUIREMENT SETTLEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2006**

**TABLE 3-1**

**DEBT EXPENSE  
(\$ thousands)**

| Line |                            | <u>2005</u>    | <u>2006</u>    |
|------|----------------------------|----------------|----------------|
| 1.   | Debt expense:              |                |                |
| 2.   | Long-term debt (Table 3-2) | 218,229        | 206,809        |
| 3.   | Short-term debt            | <u>6,863</u>   | <u>8,799</u>   |
| 4.   | Total debt expense         | <u>225,092</u> | <u>215,608</u> |

NOVA GAS TRANSMISSION LTD.  
2005-2007 REVENUE REQUIREMENT SETTLEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2006

TABLE 3-2

LONG TERM DEBT CONTINUITY SCHEDULE  
(\$ thousands)

| Line                            |   | Int. Rate<br>(%) | Maturity<br>Date | Principal<br>Jan 1, 2006 | # of Days<br>Outstanding | Sinking Fund<br>Payment Date | Interest<br>Amount    | Principal<br>Dec 31,<br>2006                               | # of Days<br>Outstanding | Interest<br>Amount   | 2005 Reported<br>Interest |
|---------------------------------|---|------------------|------------------|--------------------------|--------------------------|------------------------------|-----------------------|--|--------------------------|----------------------|---------------------------|
| 1.                              | 11.95% Series 13 (sinking fund)         | 11.9500          | 2007             | 50,618                   | 273                      | Oct 1                        | 4,524                 | 45,305   | 92                       | 1,365                | 5,889                     |
| 2.                              | 11.70% Series 15 (sinking fund)         | 11.7000          | 2008             | 65,500                   | 288                      | Oct 14                       | 6,047                 | 59,000   | 77                       | 1,456                | 7,503                     |
| 3.                              | 11.20% Series 18 (sinking fund)         | 11.2000          | 2014             | 91,500                   | 151                      | Jun 1                        | 4,240                 | 86,625   | 214                      | 5,688                | 9,928                     |
| 4.                              | 12.625% Series 19 (sinking fund)        | 12.6250          | 2010             | 52,337                   | 105                      | Apr 15                       | 1,901                 | 48,004   | 260                      | 4,317                | 6,218                     |
| 5.                              | 12.20% Series 20                        | 12.2000          | 2016             | 100,000                  | 365                      |                              | 12,200                | 100,000  | -                        | -                    | 12,200                    |
| 6.                              | 12.20% Series 21                        | 12.2000          | 2016             | 125,000                  | 365                      |                              | 15,250                | 125,000  | -                        | -                    | 15,250                    |
| 7.                              | 9.9% Series 23                          | 9.9000           | 2024             | 100,000                  | 365                      |                              | 9,900                 | 100,000  | -                        | -                    | 9,900                     |
| 8.                              | 8.50% U.S. \$175 mm (Swap - 8.5% Fixed) | 8.5000           | 2012             | 223,046                  | 365                      |                              | 18,959                | 223,046  | -                        | -                    | 18,959                    |
| 9.                              | 7.875% U.S. \$200 mm                    | 7.8750           | 2023             | 248,544                  | 360                      |                              | 19,573                | 248,544  | -                        | -                    | 19,573                    |
| 10.                             | 7.70% U.S. \$150 mm                     | 7.7000           | 2029             | 184,122                  | 360                      |                              | 14,177                | 184,122  | -                        | -                    | 14,177                    |
| 11.                             | 7.70% U.S. \$50 mm                      | 7.7000           | 2029             | 73,085                   | 360                      |                              | 5,628                 | 73,085   | -                        | -                    | 5,628                     |
| <b>Medium Term Notes - Cdn</b>  |   |                  |                  |                          |                          |                              |                       |  |                          |                      |                           |
| 12.                             | CAD Medium Term Notes (1995)            | 8.6489           | 2006-2026        | 232,000                  | 365                      |                              | 16,299                | 177,000  | -                        | -                    | 16,299                    |
| 13.                             | 7.00% MTN #17                           | 7.0000           | 2028             | 100,000                  | 365                      |                              | 7,000                 | 100,000  | -                        | -                    | 7,000                     |
| 14.                             | 6.05% MTN #18                           | 6.0500           | 2007             | 50,000                   | 365                      |                              | 3,025                 | 50,000   | -                        | -                    | 3,025                     |
| 15.                             | 6.00% MTN #19                           | 6.0000           | 2008             | 22,000                   | 365                      |                              | 1,320                 | 22,000   | -                        | -                    | 1,320                     |
| 16.                             | 6.59% MTN #20                           | 6.5900           | 2027             | 20,000                   | 365                      |                              | 1,318                 | 20,000   | -                        | -                    | 1,318                     |
| 17.                             | 6.59% MTN #21                           | 6.5900           | 2027             | 2,500                    | 365                      |                              | 165                   | 2,500  | -                        | -                    | 165                       |
| 18.                             | 6.59% MTN #22                           | 6.5900           | 2027             | 10,000                   | 365                      |                              | 659                   | 10,000   | -                        | -                    | 659                       |
| 19.                             | 6.59% MTN #23                           | 6.5900           | 2027             | 20,000                   | 365                      |                              | 1,318                 | 20,000   | -                        | -                    | 1,318                     |
| 20.                             | 6.00% MTN #24                           | 6.0000           | 2008             | 5,000                    | 365                      |                              | 300                   | 5,000  | -                        | -                    | 300                       |
| 21.                             | 6.00% MTN #25                           | 6.0000           | 2008             | 53,000                   | 365                      |                              | 3,180                 | 53,000   | -                        | -                    | 3,180                     |
| 22.                             | 6.59% MTN #29                           | 6.5900           | 2027             | 25,000                   | 365                      |                              | 1,648                 | 25,000   | -                        | -                    | 1,648                     |
| 23.                             | 6.00% MTN #30                           | 6.0000           | 2008             | 25,000                   | 365                      |                              | 1,500                 | 25,000   | -                        | -                    | 1,500                     |
| 24.                             | 6.30% MTN #31                           | 6.3000           | 2030             | 100,000                  | 365                      |                              | 6,300                 | 100,000  | -                        | -                    | 6,300                     |
| 25.                             | 7.52% Intercompany Loan                 | 7.5200           | 2010             | 300,000                  | 365                      |                              | 22,560                | 300,000  | -                        | -                    | 22,560                    |
| 26.                             | 5.10% Intercompany Loan                 | 5.1000           | 2017             | 300,000                  | 354                      |                              | 15,300                | 300,000  | -                        | -                    | 15,300                    |
| <b>Medium Term Notes - U.S.</b> |   |                  |                  |                          |                          |                              |                       |  |                          |                      |                           |
| 27.                             | 7.50% MTN #5                            | 7.5000           | 2026             | 38,402                   | 365                      |                              | 2,880                 | 38,402   | -                        | -                    | 2,880                     |
| 28.                             | <b>Total</b>                            |                  |                  | <b><u>2,616,654</u></b>  |                          |                              | <b><u>197,170</u></b> | <b><u>2,540,633</u></b>                                    |                          | <b><u>12,826</u></b> | <b><u>209,996</u></b>     |
| 29.                             | <b>Weighted Average</b>                 |                  |                  |                          |                          |                              |                       | <b><u>2,565,995</u></b>                                    |                          |                      |                           |
| 30.                             |   |                  |                  |                          |                          |                              |                       | <b>Amortization of Debt Issue Costs (Table 3-3)</b>        |                          |                      | <b>1,668</b>              |
| 31.                             |   |                  |                  |                          |                          |                              |                       | <b>Disallowed Interest per E92086</b>                      |                          |                      | <b>(2,197)</b>            |
| 32.                             |   |                  |                  |                          |                          |                              |                       | <b>Total Long-term Debt Expense</b>                        |                          |                      | <b>209,467</b>            |
| 33.                             |   |                  |                  |                          |                          |                              |                       | <b>Portion of Long-term Debt Expense allocated to GPUC</b> |                          |                      | <b>(2,658)</b>            |
| 34.                             |   |                  |                  |                          |                          |                              |                       | <b>Total Base Long-term Debt Expense</b>                   |                          |                      | <b><u>206,809</u></b>     |



NOVA GAS TRANSMISSION LTD.  
REVENUE REQUIREMENT SETTLEMENT REPORTING  
FOR THE YEAR ENDED DECEMBER 31, 2006

TABLE 3-3

AMORTIZATION OF LONG TERM DEBT ISSUE COSTS  
(\$ thousands)

| Line |   | Total<br>Financing | Unamortized<br>Balance<br>Dec. 31,2005 | Plus<br>Additions | Less<br>Amortization | Unamortized<br>Balance<br>Dec. 31,2006 |
|------|---|--------------------|--|-------------------|----------------------|--|
|      | <b>Debentures</b>                         |                    |  |                   |                      |  |
| 1.   | 11.95% Series 13                          | 2,645              | 233                                    |                   | 132                  | 101                                    |
| 2.   | 11.70% Series 15                          | 1,804              | 251                                    |                   | 90                   | 160                                    |
| 3.   | 11.20% Series 18                          | 1,527              | 515                                    |                   | 61                   | 454                                    |
| 4.   | 12.625% Series 19                         | 1,243              | 266                                    |                   | 62                   | 204                                    |
| 5.   | 12.20% Series 21                          | 2,889              | 1,173                                  |                   | 115                  | 1,057                                  |
| 6.   | 8.30% Series 22                           | 1,681              | -                                      |                   | -                    | -                                      |
| 7.   | 9.90% Series 23                           | 1,434              | 905                                    |                   | 48                   | 858                                    |
| 8.   | 8.50% US\$175MM                           | 3,685              | 1,285                                  |                   | 185                  | 1,101                                  |
| 9.   | 7.875% US\$200MM                          | 4,013              | 2,307                                  |                   | 134                  | 2,174                                  |
| 10.  | 8.50% US\$125MM                           | 993                | -                                      |                   | -                    | -                                      |
| 11.  | 7.70% US\$200MM                           | 2,749              | 2,150                                  |                   | 92                   | 2,058                                  |
|      | <b>Medium Term Notes - Cdn</b>            |                    |  |                   |                      |  |
| 12.  | CDN Medium Term Notes (1995)              | 2,864              | 1,292                                  |                   | 66                   | 1,226                                  |
| 13.  | 7.00% \$100MM MTN #17                     | 384                | 282                                    |                   | 12                   | 269                                    |
| 14.  | 6.05% \$50MM MTN #18                      | 500                | 81                                     |                   | 49                   | 31                                     |
| 15.  | 6.00% \$22MM MTN #19                      | 577                | 117                                    |                   | 56                   | 61                                     |
| 16.  | 6.59% \$20MM MTN #20                      | 333                | 244                                    |                   | 11                   | 233                                    |
| 17.  | 6.59% \$2.5MM MTN #21                     | 42                 | 31                                     |                   | 1                    | 29                                     |
| 18.  | 6.59% \$10MM MTN #22                      | 158                | 115                                    |                   | 5                    | 110                                    |
| 19.  | 6.59% \$20MM MTN #23                      | 312                | 229                                    |                   | 10                   | 218                                    |
| 20.  | 6.00% \$5MM MTN #24                       | 115                | 24                                     |                   | 11                   | 12                                     |
| 21.  | 6.00% \$53MM MTN #25                      | 1,203              | 249                                    |                   | 119                  | 130                                    |
| 22.  | 6.59% \$25MM MTN #29                      | 491                | 360                                    |                   | 16                   | 343                                    |
| 23.  | 6.00% \$25MM MTN #30                      | 643                | 133                                    |                   | 64                   | 69                                     |
| 24.  | 6.30% \$100MM MTN#31                      | 692                | 528                                    |                   | 22                   | 506                                    |
| 25.  | 7.52% \$300MM Note Payable to TransCanada | 1,200              | 491                                    |                   | 120                  | 371                                    |
| 26.  | 5.10% \$300MM Note Payable to TransCanada | 1,868              | 1,712                                  |                   | 156                  | 1,556                                  |
|      | <b>Medium Term Notes - US</b>             |                    |  |                   |                      |  |
| 26.  | 7.50% US\$32.5 MM                         | 883                | 609                                    |                   | 29                   | 579                                    |
| 28.  | <b>TOTAL</b>                              | 36,928             | 15,580                                 | -                 | 1,668                | 13,912                                 |

**NOVA GAS TRANSMISSION LTD.  
2005-2007 REVENUE REQUIREMENT SETTLEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2006**

**TABLE 3-4**

**O&M**

| Line   | Amount<br>(\$ thousands) | Average # of<br>FTEs <sup>(1)</sup> |
|--|--------------------------|-------------------------------------|
| 1. Field Operations                          | 18,040                   | 234                                 |
| 2. Engineering                               | 5,704                    | 65                                  |
| 3. Operations & Engineering Support Services | 6,709                    | 85                                  |
| 4. Commercial & Regulatory                   | 11,307                   | 121                                 |
| 5. Business Services                         | 6,967                    | 66                                  |
| 6. Information Systems                       | 6,249                    | 76                                  |
| 7. Total Salaries & Wages                    | 54,976                   | 647                                 |
| 8. Fuel & Power                              | 4,049                    |                                     |
| 9. Contractor Costs                          | 5,303                    |                                     |
| 10. Other Operating & Maintenance            | 132,190                  |                                     |
| 11. Total O&M                                | 196,518                  |                                     |

<sup>(1)</sup> Average number of full-time equivalents allocated to the Alberta System.

**NOVA GAS TRANSMISSION LTD.  
2005-2007 REVENUE REQUIREMENT SETTLEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2006**

**TABLE 3-5**

**O&M - Total Company  
(\$ thousands)**

| Line No. | Particulars                               | Alberta System | Mainline | BC System | Foothills | Other   | Total Company |
|----------|---|----------------|----------|-----------|-----------|---------|---------------|
| 1        | Field Operations                          | 36,230         | 29,209   | 2,848     | 4,949     | 2,209   | 75,445        |
| 2        | Engineering                               | 5,834          | 6,277    | 377       | 410       | 5,073   | 17,971        |
| 3        | Operations & Engineering Support Services | 20,100         | 17,286   | 813       | 607       | 5,694   | 44,501        |
| 4        | Operations & Engineering Programs         | 24,054         | 52,554   | 3,744     | 7,387     | -       | 87,739        |
| 5        | Commercial & Regulatory                   | 16,811         | 15,233   | 1,214     | 1,272     | 3,327   | 37,856        |
| 6        | Business Services                         | 15,802         | 17,090   | 1,212     | 1,461     | 36,134  | 71,699        |
| 7        | Information Systems                       | 19,361         | 17,956   | 1,102     | 1,142     | 20,374  | 59,935        |
| 8        | General Expenses                          | 58,328         | 65,089   | 3,606     | 4,292     | 69,230  | 200,545       |
| 9        | TOTAL OPERATING COSTS                     | 196,518        | 220,694  | 14,916    | 21,521    | 142,042 | 595,690       |
| 10       | Percent of Total                          | 33.0%          | 37.0%    | 2.5%      | 3.6%      | 23.8%   |               |

**NOVA GAS TRANSMISSION LTD.  
2005-2007 REVENUE REQUIREMENT SETTLEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2006**

**TABLE 3-6**

**ACTUAL INCOME AND CAPITAL TAXES**

(\$ thousands)

Line

|     |                                     |                       |
|-----|-------------------------------------|-----------------------|
| 1.  | Equity Return                       | 132,291               |
| 2.  | Add:                                |                       |
| 3.  | Depreciation and Amortization       | 284,779               |
| 4.  | Amortization of debt issue costs    | 1,668                 |
| 5.  | Non-allowable expenses              | 260                   |
| 6.  | Deduct:                             |                       |
| 7.  | Capital cost allowance              | 173,563               |
| 8.  | Cumulative eligible capital         | 887                   |
| 9.  | AFUDC interest expense              | 2,258                 |
| 10. | Debt issue costs                    | 283                   |
| 11. | Other                               | 1,128                 |
| 12. |                                     | <u>240,879</u>        |
| 13. | Income tax rate (32.49% / 1-32.49%) | <u>48.13%</u>         |
| 14. | Income tax expense                  | <u><u>115,926</u></u> |

NOVA GAS TRANSMISSION LTD.  
2005-2007 REVENUE REQUIREMENT SETTLEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2006

TABLE 3-7

CAPITAL COST ALLOWANCE  
(\$ thousands)

| LINE | CCA CLASS            | UCC<br>OPENING<br>BALANCE | ADJUSTMENTS<br>TO OPENING<br>BALANCE | COST<br>OF<br>ADDITIONS | NET<br>SALVAGE | UCC BEFORE<br>DEFERRED<br>CAPITAL COST | EXCESS  | CAPITAL<br>COST<br>DEFERRED | UCC<br>BEFORE<br>CCA | MAX<br>RATE | CAPITAL<br>COST<br>ALLOWANCE | UCC<br>ENDING<br>BALANCE |
|------|----------------------|---------------------------|--------------------------------------|-------------------------|----------------|--|---------|-----------------------------|----------------------|-------------|------------------------------|--------------------------|
| 1.   | 01                   | 2,478,531                 | (17,904)                             | 1,925                   | (1,418)        | 2,461,133                              | 507     | 254                         | 2,460,880            | 4%          | 98,435                       | 2,362,698                |
| 2.   | 02                   | 217,062                   | -                                    | -                       | -              | 217,062                                | -       | -                           | 217,062              | 6%          | 13,024                       | 204,039                  |
| 3.   | 03                   | 33,960                    | -                                    | -                       | -              | 33,960                                 | -       | -                           | 33,960               | 5%          | 1,698                        | 32,262                   |
| 4.   | 06                   | 2,783                     | -                                    | -                       | -              | 2,783                                  | -       | -                           | 2,783                | 10%         | 278                          | 2,504                    |
| 5.   | 07                   | -                         | 1,881                                | 17,639                  | -              | 19,521                                 | 17,639  | 8,820                       | 10,701               | 15%         | 1,605                        | 17,916                   |
| 6.   | 08                   | 191,089                   | (9,193)                              | 381                     | -              | 182,276                                | 381     | 190                         | 182,086              | 20%         | 36,417                       | 145,859                  |
| 7.   | 09                   | -                         | -                                    | -                       | -              | -                                      | -       | -                           | -                    | 25%         | -                            | -                        |
| 8.   | 10                   | 16,504                    | -                                    | 959                     | (499)          | 16,964                                 | 460     | 230                         | 16,734               | 30%         | 5,020                        | 11,944                   |
| 9.   | 10a                  | 4,437                     | -                                    | 6,543                   | -              | 10,980                                 | 6,543   | 3,272                       | 7,709                | 45%         | 3,469                        | 7,511                    |
| 10.  | 12                   | 1,758                     | -                                    | 4,354                   | -              | 6,112                                  | 4,354   | 2,177                       | 3,935                | 100%        | 3,935                        | 2,177                    |
| 11.  | 13                   | 8,299                     | -                                    | 222                     | -              | 8,520                                  | 222     | 111                         | 8,410                | S/L         | 494                          | 8,027                    |
| 12.  | 17                   | 29,522                    | -                                    | -                       | -              | 29,522                                 | -       | -                           | 29,522               | 8%          | 2,362                        | 27,160                   |
| 13.  | 49                   | -                         | 25,393                               | 119,852                 | -              | 145,245                                | 119,852 | 59,926                      | 85,319               | 8%          | 6,826                        | 138,419                  |
| 14.  |                      | 2,983,945                 | 176                                  | 151,876                 | (1,917)        | 3,134,079                              | 149,958 | 74,979                      | 3,059,100            |             | 173,563                      | 2,960,517                |
| 15.  | In Service Additions |                           | Total                                | 153,890                 |                |  |         |                             |                      |             |                              |                          |
| 16.  |                      |                           | AFUDC                                | (1,948)                 |                |  |         |                             |                      |             |                              |                          |
| 17.  |                      |                           | CEC                                  | -                       |                |  |         |                             |                      |             |                              |                          |
| 18.  |                      |                           | Land                                 | -                       |                |  |         |                             |                      |             |                              |                          |
| 19.  |                      |                           | Removal                              | (66)                    |                |  |         |                             |                      |             |                              |                          |
|      |                      |                           |                                      | 151,876                 |                |  |         |                             |                      |             |                              |                          |

CUMULATIVE ELIGIBLE CAPITAL

| CEC | OPENING<br>BALANCE | ADJUSTMENTS<br>TO OPENING<br>BALANCE | COST<br>OF<br>ADDITIONS | EXCLUDE<br>25 % OF<br>ADDITIONS | ELIGIBLE<br>BALANCE | Rate | CEC<br>DEDUCTION | CLOSING<br>BALANCE |
|-----|--------------------|--------------------------------------|-------------------------|---------------------------------|---------------------|------|------------------|--------------------|
| 20. | 12,696             | (30)                                 | -                       | -                               | 12,666              | 7%   | 887              | 11,779             |

**NOVA GAS TRANSMISSION LTD.  
2005-2007 REVENUE REQUIREMENT SETTLEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2006**

**TABLE 3-8**

**TRANSPORTATION BY OTHERS  
(\$ thousands)**

| <b>Line</b>                       | <b>2005</b>   | <b>2006</b>   |
|-----------------------------------|---------------|---------------|
| 1. Foothills Pipe Lines           | 69,432        | 83,677        |
| 2. TransCanada Pipeline Ventures  | 8,801         | 8,323         |
| 3. Husky Kearn Lake               | 1,416         | 1,416         |
| 4. ATCO East Edmonton             | 1,125         | 4,500         |
| 5. ATCO Grande Cache              | -             | 198           |
| 6. Total Transportation By Others | <u>80,774</u> | <u>98,114</u> |

**NOVA GAS TRANSMISSION LTD.  
2005-2007 REVENUE REQUIREMENT SETTLEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2006**

**TABLE 3-9**

**FOREIGN EXCHANGE ON INTEREST PAYMENTS  
ON LONG-TERM DEBT  
(\$ thousands)**

| Line |  | Debt Issue<br>US\$ | Interest<br>Rate<br>(%) | Interest<br>Payments<br>(US\$) | Date of<br>Interest<br>Payment | Issue<br>Exchange<br>Rate | Actual<br>Exchange<br>Rate | Foreign<br>Exchange<br>Loss/(Gain) |
|------|--|--------------------|-------------------------|--------------------------------|--------------------------------|---------------------------|----------------------------|------------------------------------|
| 1.   | 7.50% MTN #5   | 32,500             | 7.5000%                 | 1,219                          | Feb 20                         | 1.18161                   | 1.25000                    | 83                                 |
| 2.   | 7.875% U.S. \$200 mm                                   | 200,000            | 7.8750%                 | 7,875                          | Apr 1                          | 1.24272                   | 1.25000                    | 57                                 |
| 3.   | 7.70% U.S. \$50 mm                                     | 50,000             | 7.7000%                 | 1,925                          | Jun 15                         | 1.46170                   | 1.25000                    | (408)                              |
| 4.   | 7.70% U.S. \$150 mm                                    | 150,000            | 7.7000%                 | 5,775                          | Jun 15                         | 1.22748                   | 1.25000                    | 130                                |
| 5.   | 8.50% U.S. \$175 mm (Swap - 8.5% Fixed) <sup>(1)</sup> | 138,000            | 8.5000%                 | 5,865                          | Jun 15                         | 1.27455                   | 1.25000                    | (144)                              |
| 6.   | 7.50% MTN #5   | 32,500             | 7.5000%                 | 1,219                          | Aug 20                         | 1.18161                   | 1.25000                    | 83                                 |
| 7.   | 7.875% U.S. \$200 mm                                   | 200,000            | 7.8750%                 | 7,875                          | Oct 1                          | 1.24272                   | 1.25000                    | 57                                 |
| 8.   | 7.70% U.S. \$50 mm                                     | 50,000             | 7.7000%                 | 1,925                          | Dec 15                         | 1.46170                   | 1.25000                    | (408)                              |
| 9.   | 7.70% U.S. \$150 mm                                    | 150,000            | 7.7000%                 | 5,775                          | Dec 15                         | 1.22748                   | 1.25000                    | 130                                |
| 10.  | 8.50% U.S. \$175 mm (Swap - 8.5% Fixed) <sup>(1)</sup> | 138,000            | 8.5000%                 | 5,865                          | Dec 15                         | 1.27455                   | 1.25000                    | (144)                              |
| 11.  | Total Foreign Exchange Loss on Interest Payments       |                    |                         |                                |                                |                           |                            | <u>(562)</u>                       |

<sup>(1)</sup> US \$175 Million partially swapped to Cdn.

**NOVA GAS TRANSMISSION LTD.  
2005-2007 REVENUE REQUIREMENT SETTLEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2006**

**TABLE 3-10**

**UNINSURED LOSSES**

(\$ thousands)

| <b>Line</b>                                | <b>2006</b>  |
|--|--------------|
| 1. Incident Carry Forward Accrual Reversal | (1,695)      |
| 2. Carry Forward Incident Settlements      | 267          |
| 3. Current Year Incident Settlements       | 789          |
| 4. Incident Carry Forward Accrual          | 100          |
| 5. Total Uninsured Losses                  | <u>(539)</u> |



**NOVA GAS TRANSMISSION LTD.  
2005-2007 REVENUE REQUIREMENT SETTLEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2005**

**TABLE 3-11**

**SEVERANCE COSTS**

Amortization of Severance Costs was completed by the end of the year 2005 and the table is no longer required.

**NOVA GAS TRANSMISSION LTD.**  
**2005-2007 REVENUE REQUIREMENT SETTLEMENT**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

**TABLE 3-12**

**ANNUAL FOREIGN EXCHANGE AMORTIZATION AMOUNT**  
**(\$Thousands)**

| LINE NO. | DESCRIPTION  | MATURITY<br>DATE | AMOUNT<br>(US\$) | HISTORICAL<br>EXCHANGE<br>RATE | DEC 31, 2005<br>EXCHANGE<br>RATE | CURRENT<br>YEAR<br>LOSS/(GAIN) |
|----------|--|------------------|------------------|--------------------------------|----------------------------------|--------------------------------|
|          | (a)  | (b)              | (c)              | (d)                            | (e)                              | (f)                            |
| 1        | 8.50% US\$175MM <sup>(1)</sup>   | 2012             | 138,000          | 1.27455                        | 1.1659                           | (14,994)                       |
| 2        | 7.875% US\$200MM   | 2023             | 200,000          | 1.24272                        | 1.1659                           | (15,364)                       |
| 3        | 7.70% US\$150MM Note Payable to TCPL   | 2029             | 150,000          | 1.22748                        | 1.1659                           | (9,237)                        |
| 4        | 7.70% US\$50MM Note Payable to TCPL  | 2029             | 50,000           | 1.46170                        | 1.1659                           | (14,790)                       |
| 5        | 7.50% Medium Term Note - US\$32.5MM  | 2026             | <u>32,500</u>    | 1.18160                        | 1.1659                           | <u>(510)</u>                   |
|          |  |                  |                  |                                |                                  | (54,895)                       |
| 6        | Prefunded / (Unfunded) Foreign Exchange on Long Term Debt Balance at January 1, 2006 |                  |                  |                                |                                  | 31,654                         |
| 7        | <b>Total</b>   |                  | <u>570,500</u>   |                                |                                  | <u>(23,241)</u>                |
| 8        |  |                  |                  |                                |                                  | (1,010)                        |
| 9        |  |                  |                  |                                |                                  | <u>(486)</u>                   |
| 10       |  |                  |                  |                                |                                  | <u>(1,497)</u>                 |

This table does not include USD debt issues that have been completely swapped to Canadian dollars.

<sup>(1)</sup> US\$ 37 million of the 8.5% US\$175 million debt instrument has been swapped to Canadian dollars.

**NOVA GAS TRANSMISSION LTD.**  
**2005-2007 REVENUE REQUIREMENT SETTLEMENT**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

**TABLE 4**

**WEIGHTED AVERAGE RATE BASE <sup>(1) (2)</sup>**

(\$ thousands)

| Line  | 2005             | 2006             |
|---|------------------|------------------|
| 1. Opening gas plant in service                               | 7,308,944        | 7,285,985        |
| 2. GPIS transfers   | 68,384           | 153,890          |
| 3. Retirements  | (91,343)         | (29,812)         |
| 4. Gas plant in service                                       | <u>7,285,985</u> | <u>7,410,063</u> |
| 5. Opening accumulated depreciation                           | 2,915,841        | 3,126,280        |
| 6. Depreciation expense                                       | 302,668          | 284,779          |
| 7. Retirements  | (92,229)         | (28,865)         |
| 8. Accumulated depreciation                                   | <u>3,126,280</u> | <u>3,382,193</u> |
| 9. Net gas plant in service                                   | 4,159,705        | 4,027,869        |
| 10. Other components including working capital <sup>(3)</sup> | 145,977          | 150,835          |
| 11. Rate Base   | <u>4,305,681</u> | <u>4,178,704</u> |
| 12. Weighted Average Rate Base                                | <u>4,431,898</u> | <u>4,232,621</u> |

<sup>(1)</sup> The weighted average rate base in a year is the thirteen month average of the month-end balances as calculated above.

<sup>(2)</sup> Includes capital pipeline integrity and capacity CO<sub>2</sub> management.

<sup>(3)</sup> Includes linepack, unamortized capital assets, materials and supplies inventory, cash working capital, FX on LTD principal, and Pension and OPEBS.

NOVA GAS TRANSMISSION LTD.  
2005-2007 REVENUE REQUIREMENT SETTLEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2006

TABLE 4-1

RATE BASE  
(\$ thousands)

| Line | Particulars                      | Jan 1            | Jan 31           | Feb 28           | Mar 31           | Apr 30           | May 31           | June 30          | July 31          | Aug 31           | Sep 30           | Oct 31           | Nov 30           | Dec 31           | 13 Month<br>Weighted<br>Average | Totals   |
|------|----------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|---------------------------------|----------|
| 1.   | Opening Gas Plant in Service     |                  | 7,285,985        | 7,286,786        | 7,291,799        | 7,315,662        | 7,340,521        | 7,346,317        | 7,351,598        | 7,357,003        | 7,360,209        | 7,361,983        | 7,411,317        | 7,418,024        |                                 |          |
| 2.   | Additions                        |                  | 801              | 5,014            | 24,049           | 27,625           | 6,085            | 5,389            | 5,415            | 3,215            | 1,777            | 49,792           | 6,853            | 17,874           |                                 | 153,890  |
| 3.   | Retirements                      |                  | -                | -                | (187)            | (2,766)          | (289)            | (109)            | (9)              | (9)              | (3)              | (458)            | (146)            | (25,835)         |                                 | (29,812) |
| 4.   | Gas Plant in Service             | <u>7,285,985</u> | <u>7,286,786</u> | <u>7,291,799</u> | <u>7,315,662</u> | <u>7,340,521</u> | <u>7,346,317</u> | <u>7,351,598</u> | <u>7,357,003</u> | <u>7,360,209</u> | <u>7,361,983</u> | <u>7,411,317</u> | <u>7,418,024</u> | <u>7,410,063</u> | <u>7,349,020</u>                |          |
| 5.   | Opening Accumulated Depreciation |                  | 3,126,280        | 3,149,760        | 3,173,257        | 3,196,592        | 3,218,837        | 3,242,328        | 3,266,231        | 3,289,986        | 3,313,963        | 3,337,792        | 3,361,252        | 3,385,105        |                                 |          |
| 6.   | Depreciation Expense             |                  | 23,480           | 23,496           | 23,522           | 23,599           | 23,689           | 23,727           | 23,764           | 23,795           | 23,819           | 23,846           | 23,999           | 24,042           |                                 | 284,779  |
| 7.   | Retirements                      |                  | -                | (0)              | (187)            | (1,355)          | (197)            | 177              | (9)              | 183              | 9                | (387)            | (146)            | (26,953)         |                                 | (28,865) |
| 8.   | Accumulated Depreciation         | <u>3,126,280</u> | <u>3,149,760</u> | <u>3,173,257</u> | <u>3,196,592</u> | <u>3,218,837</u> | <u>3,242,328</u> | <u>3,266,231</u> | <u>3,289,986</u> | <u>3,313,963</u> | <u>3,337,792</u> | <u>3,361,252</u> | <u>3,385,105</u> | <u>3,382,193</u> | <u>3,264,890</u>                |          |
| 9.   | Net Gas Plant in Service         | 4,159,705        | 4,137,025        | 4,118,543        | 4,119,070        | 4,121,684        | 4,103,989        | 4,085,366        | 4,067,017        | 4,046,245        | 4,024,191        | 4,050,065        | 4,032,919        | 4,027,869        | 4,084,130                       |          |
| 10.  | Cash Working Capital             | 17,217           | 19,102           | 19,102           | 19,102           | 19,102           | 19,102           | 19,102           | 19,102           | 19,102           | 19,102           | 19,102           | 19,102           | 19,102           | 18,957                          |          |
| 11.  | Materials & Supplies Inventory   | 23,970           | 23,794           | 23,590           | 23,429           | 23,303           | 23,276           | 23,364           | 23,498           | 23,524           | 23,525           | 23,544           | 23,523           | 23,473           | 23,524                          |          |
| 12.  | Linepack Gas                     | 23,870           | 23,870           | 23,870           | 23,870           | 23,870           | 23,870           | 23,870           | 23,870           | 23,870           | 23,870           | 23,870           | 23,870           | 23,870           | 23,870                          |          |
| 13.  | Unamortized Capital Assets       | 17,720           | 17,517           | 17,393           | 17,066           | 18,340           | 18,223           | 18,095           | 18,051           | 17,966           | 17,865           | 17,770           | 17,292           | 15,520           | 17,601                          |          |
| 14.  | FX on LTD Principle Reserve      | 31,654           | 31,738           | 31,822           | 31,907           | 31,991           | 32,075           | 32,159           | 32,243           | 32,328           | 32,412           | 32,496           | 32,580           | 32,664           | 32,159                          |          |
| 15.  | Pension and OPEBS                | 31,546           | 30,314           | 29,081           | 32,711           | 31,479           | 30,246           | 33,876           | 32,643           | 31,411           | 35,041           | 33,808           | 32,576           | 36,206           | 32,380                          |          |
| 16.  | Rate Base                        | <u>4,305,681</u> | <u>4,283,360</u> | <u>4,263,401</u> | <u>4,267,153</u> | <u>4,269,768</u> | <u>4,250,782</u> | <u>4,235,832</u> | <u>4,216,426</u> | <u>4,194,446</u> | <u>4,176,005</u> | <u>4,200,655</u> | <u>4,181,862</u> | <u>4,178,704</u> | <u>4,232,621</u>                |          |

NOVA GAS TRANSMISSION LTD.  
2005-2007 REVENUE REQUIREMENT SETTLEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2006

TABLE 4-2

MATERIALS & SUPPLIES  
(\$ thousands)

| Line | Particulars                | JAN 1   | JAN 31  | FEB 28  | MAR 31  | APR 30  | MAY 31  | JUN 30  | JUL 31  | AUG 31  | SEP 30  | OCT 31  | NOV 30  | DEC 31  | 13 MONTH<br>AVERAGE |
|------|----------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------------------|
|      | Actual Inventory Accounts: |         |         |         |         |         |         |         |         |         |         |         |         |         |                     |
| 1.   | January                    | 25,002  |         |         |         |         |         |         |         |         |         |         |         |         |                     |
| 2.   | February                   | 24,665  | 24,665  |         |         |         |         |         |         |         |         |         |         |         |                     |
| 3.   | March                      | 24,377  | 24,377  | 24,377  |         |         |         |         |         |         |         |         |         |         |                     |
| 4.   | April                      | 24,137  | 24,137  | 24,137  | 24,137  |         |         |         |         |         |         |         |         |         |                     |
| 5.   | May                        | 24,045  | 24,045  | 24,045  | 24,045  | 24,045  |         |         |         |         |         |         |         |         |                     |
| 6.   | June                       | 23,923  | 23,923  | 23,923  | 23,923  | 23,923  | 23,923  |         |         |         |         |         |         |         |                     |
| 7.   | July                       | 23,975  | 23,975  | 23,975  | 23,975  | 23,975  | 23,975  | 23,975  |         |         |         |         |         |         |                     |
| 8.   | August                     | 23,913  | 23,913  | 23,913  | 23,913  | 23,913  | 23,913  | 23,913  | 23,913  |         |         |         |         |         |                     |
| 9.   | September                  | 23,955  | 23,955  | 23,955  | 23,955  | 23,955  | 23,955  | 23,955  | 23,955  | 23,955  |         |         |         |         |                     |
| 10.  | October                    | 23,497  | 23,497  | 23,497  | 23,497  | 23,497  | 23,497  | 23,497  | 23,497  | 23,497  | 23,497  |         |         |         |                     |
| 11.  | November                   | 23,799  | 23,799  | 23,799  | 23,799  | 23,799  | 23,799  | 23,799  | 23,799  | 23,799  | 23,799  | 23,799  |         |         |                     |
| 12.  | December                   | 22,354  | 22,354  | 22,354  | 22,354  | 22,354  | 22,354  | 22,354  | 22,354  | 22,354  | 22,354  | 22,354  | 22,354  |         |                     |
| 13.  | January                    |         | 22,887  | 22,887  | 22,887  | 22,887  | 22,887  | 22,887  | 22,887  | 22,887  | 22,887  | 22,887  | 22,887  | 22,887  |                     |
| 14.  | February                   |         |         | 22,223  | 22,223  | 22,223  | 22,223  | 22,223  | 22,223  | 22,223  | 22,223  | 22,223  | 22,223  | 22,223  |                     |
| 15.  | March                      |         |         |         | 22,435  | 22,435  | 22,435  | 22,435  | 22,435  | 22,435  | 22,435  | 22,435  | 22,435  | 22,435  |                     |
| 16.  | April                      |         |         |         |         | 22,633  | 22,633  | 22,633  | 22,633  | 22,633  | 22,633  | 22,633  | 22,633  | 22,633  |                     |
| 17.  | May                        |         |         |         |         |         | 23,723  | 23,723  | 23,723  | 23,723  | 23,723  | 23,723  | 23,723  | 23,723  |                     |
| 18.  | June                       |         |         |         |         |         |         | 24,972  | 24,972  | 24,972  | 24,972  | 24,972  | 24,972  | 24,972  |                     |
| 19.  | July                       |         |         |         |         |         |         |         | 25,590  | 25,590  | 25,590  | 25,590  | 25,590  | 25,590  |                     |
| 20.  | August                     |         |         |         |         |         |         |         |         | 24,225  | 24,225  | 24,225  | 24,225  | 24,225  |                     |
| 21.  | September                  |         |         |         |         |         |         |         |         |         | 23,956  | 23,956  | 23,956  | 23,956  |                     |
| 22.  | October                    |         |         |         |         |         |         |         |         |         |         | 23,725  | 23,725  | 23,725  |                     |
| 23.  | November                   |         |         |         |         |         |         |         |         |         |         |         | 23,548  | 23,548  |                     |
| 24.  | December                   |         |         |         |         |         |         |         |         |         |         |         |         | 21,763  |                     |
| 25.  | Total of Prior 12 Months   | 287,642 | 285,527 | 283,085 | 281,143 | 279,639 | 279,317 | 280,366 | 281,981 | 282,293 | 282,294 | 282,522 | 282,271 | 281,680 |                     |
| 26.  | One-twelfth of total       | 23,970  | 23,794  | 23,590  | 23,429  | 23,303  | 23,276  | 23,364  | 23,498  | 23,524  | 23,525  | 23,544  | 23,523  | 23,473  | 23,524              |

**NOVA GAS TRANSMISSION LTD.  
REVENUE REQUIREMENT SETTLEMENT REPORTING  
FOR THE YEAR ENDED DECEMBER 31, 2006**

**TABLE 4-3**

**LINEPACK  
(\$ thousands)**

| LINE<br>NO. |                  | LINEPACK<br>(GJ) | PURCHASE/ FIELD GATE<br>(SALE)<br>(GJ) | PRICE<br>(\$/GJ) | ADJUSTMENT<br>(\$'000) | LINEPACK<br>(\$'000) |
|-------------|------------------|------------------|--|------------------|------------------------|----------------------|
| 1           | Opening          | 14,030,239       |  |                  |                        | 23,870               |
| 2           | January 31       | 14,030,239       |  |                  |                        | 23,870               |
| 3           | February 28      | 14,030,239       |  |                  |                        | 23,870               |
| 4           | March 31         | 14,030,239       |  |                  |                        | 23,870               |
| 5           | April 30         | 14,030,239       |  |                  |                        | 23,870               |
| 6           | May 31           | 14,030,239       |  |                  |                        | 23,870               |
| 7           | June 30          | 14,030,239       |  |                  |                        | 23,870               |
| 8           | July 31          | 14,030,239       |  |                  |                        | 23,870               |
| 9           | August 31        | 14,030,239       |  |                  |                        | 23,870               |
| 10          | September 30     | 14,030,239       |  |                  |                        | 23,870               |
| 11          | October 31       | 14,030,239       |  |                  |                        | 23,870               |
| 12          | November 30      | 14,030,239       |  |                  |                        | 23,870               |
| 13          | December 31      | 14,030,239       |  |                  |                        | 23,870               |
| 14          | 13 Month Average |                  |  |                  |                        | 23,870               |

NOVA GAS TRANSMISSION LTD.  
REVENUE REQUIREMENT SETTLEMENT REPORTING  
FOR THE YEAR ENDED DECEMBER 31, 2006

TABLE 4-4

UNAMORTIZED CAPITAL ASSETS  
(\$ thousands)

| Line                                | Jan 1         | Jan 31        | Feb           | Mar           | Apr           | May           | Jun           | Jul           | Aug           | Sep           | Oct           | Nov           | Dec           | 13 Month<br>Average |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------------|
| 1. Unamortized debt issue costs     | 15,580        | 15,441        | 15,302        | 15,163        | 15,024        | 14,885        | 14,746        | 14,607        | 14,468        | 14,329        | 14,190        | 14,051        | 13,912        |                     |
| 2. Retirements in progress          | 2,140         | 2,076         | 2,091         | 1,903         | 3,316         | 3,338         | 3,349         | 3,444         | 3,498         | 3,536         | 3,580         | 3,241         | 1,608         |                     |
| 3. Total Unamortized Capital Assets | <u>17,720</u> | <u>17,517</u> | <u>17,393</u> | <u>17,066</u> | <u>18,340</u> | <u>18,223</u> | <u>18,095</u> | <u>18,051</u> | <u>17,966</u> | <u>17,865</u> | <u>17,770</u> | <u>17,292</u> | <u>15,520</u> | <u>17,601</u>       |

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TABLE 4-5

PREFUNDED/(UNFUNDED) PENSION AND OTHER POST EMPLOYMENT BENEFITS LIABILITY  
(\$ thousands)

| LINE NO.  | DESCRIPTION  | 13 MONTH |         |         |         |         |         |         |         |         |         |         |         | 12 MONTH       |         |          |
|---|--|----------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|----------------|---------|----------|
|   |  | Jan 1    | Jan 31  | Feb 28  | Mar 31  | Apr 30  | May 31  | June 30 | July 31 | Aug 31  | Sep 30  | Oct 31  | Nov 30  | Dec 31 AVERAGE | TOTAL   |          |
|   | (a)  | (b)      | (c)     | (d)     | (e)     | (f)     | (g)     | (h)     | (i)     | (j)     | (k)     | (l)     | (m)     | (n)            | (o)     | (p)      |
| Prefunded/(Unfunded) Pension Liability                        |  |          |         |         |         |         |         |         |         |         |         |         |         |                |         |          |
| 1   | Opening Balance  | 39,766   | 39,766  | 38,695  | 37,624  | 41,415  | 40,344  | 39,274  | 43,065  | 41,994  | 40,923  | 44,714  | 43,643  | 42,572         |         |          |
| 2   | Expense  |          | (1,586) | (1,586) | (1,586) | (1,586) | (1,586) | (1,586) | (1,586) | (1,586) | (1,586) | (1,586) | (1,586) | (1,586)        |         | (19,035) |
| 3   | Actual Funding   |          | -       | -       | 7,202   | -       | -       | 7,202   | -       | -       | 7,202   | -       | -       | 7,202          |         | 28,807   |
| 3   | Income Taxes   | -        | 515     | 515     | (1,824) | 515     | 515     | (1,824) | 515     | 515     | (1,824) | 515     | 515     | (1,824)        |         | (3,175)  |
| 4   | Closing Balance  | 39,766   | 38,695  | 37,624  | 41,415  | 40,344  | 39,274  | 43,065  | 41,994  | 40,923  | 44,714  | 43,643  | 42,572  | 46,363         | 41,569  |          |
|   |  |          |         |         |         |         |         |         |         |         |         |         |         |                |         |          |
| Prefunded/(Unfunded) Other Post Employment Benefits Liability |  |          |         |         |         |         |         |         |         |         |         |         |         |                |         |          |
| 5   | Opening Balance  | (8,220)  | (8,220) | (8,381) | (8,543) | (8,704) | (8,866) | (9,027) | (9,189) | (9,350) | (9,512) | (9,673) | (9,835) | (9,996)        |         |          |
| 6   | Expense  |          | (359)   | (359)   | (359)   | (359)   | (359)   | (359)   | (359)   | (359)   | (359)   | (359)   | (359)   | (359)          |         | (4,310)  |
| 7   | Actual Funding   |          | 120     | 120     | 120     | 120     | 120     | 120     | 120     | 120     | 120     | 120     | 120     | 120            |         | 1,440    |
| 8   | Income Taxes   | -        | 78      | 78      | 78      | 78      | 78      | 78      | 78      | 78      | 78      | 78      | 78      | 78             |         | 932      |
| 9   | Closing Balance  | (8,220)  | (8,381) | (8,543) | (8,704) | (8,866) | (9,027) | (9,189) | (9,350) | (9,512) | (9,673) | (9,835) | (9,996) | (10,158)       | (9,189) |          |
|   |  |          |         |         |         |         |         |         |         |         |         |         |         |                |         |          |
| 10  | Total Prefunded/(Unfunded) Pension & Other Post Employment | 31,546   | 30,314  | 29,081  | 32,711  | 31,479  | 30,246  | 33,876  | 32,643  | 31,411  | 35,041  | 33,808  | 32,576  | 36,206         | 32,380  |          |



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TABLE 4-6

GAS PLANT UNDER CONSTRUCTION  
(\$ thousands)

| Line | Particulars          | Jan 1  | Jan 31 | Feb 28  | Mar 31   | Apr 30   | May 31  | June 30 | July 31 | Aug 31  | Sep 30  | Oct 31   | Nov 30  | Dec 31   | 12 Month<br>Totals | 13 Month<br>Average |
|------|----------------------|--------|--------|---------|----------|----------|---------|---------|---------|---------|---------|----------|---------|----------|--------------------|---------------------|
| 1.   | Opening GPUC         |        | 25,300 | 34,820  | 48,457   | 47,074   | 25,627  | 31,276  | 46,126  | 58,310  | 68,304  | 77,421   | 64,899  | 81,627   |                    |                     |
| 2.   | Capital Expenditures |        | 10,130 | 18,406  | 22,383   | 5,923    | 11,559  | 20,019  | 17,279  | 12,805  | 10,409  | 37,155   | 23,131  | 33,808   | 223,006            |                     |
| 3.   | AFUDC                |        | 191    | 244     | 284      | 255      | 176     | 220     | 320     | 404     | 485     | 115      | 450     | 499      | 3,643              |                     |
| 4.   | Transfers to GPIS    |        | (801)  | (5,014) | (24,049) | (27,625) | (6,085) | (5,389) | (5,415) | (3,215) | (1,777) | (49,792) | (6,853) | (17,874) | (153,890)          |                     |
| 5.   | Closing GPUC         | 25,300 | 34,820 | 48,457  | 47,074   | 25,627   | 31,276  | 46,126  | 58,310  | 68,304  | 77,421  | 64,899   | 81,627  | 98,059   |                    | 54,408              |

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TABLE 5

FOREIGN EXCHANGE RESERVE ACCOUNT  
(\$ thousands)

| Line                      | Jan 31 | Feb 28 | Mar 31 | Apr 30 | May 31 | June 30 | July 31 | Aug 31 | Sep 30 | Oct 31 | Nov 30 | Dec 31 | 12 Month<br>Totals |
|---------------------------|--------|--------|--------|--------|--------|---------|---------|--------|--------|--------|--------|--------|--------------------|
| (a)                       | (b)    | (c)    | (d)    | (e)    | (f)    | (g)     | (h)     | (i)    | (j)    | (k)    | (l)    | (m)    | (n)                |
| 1 Opening balance         | 31,654 | 31,738 | 31,822 | 31,907 | 31,991 | 32,075  | 32,159  | 32,243 | 32,328 | 32,412 | 32,496 | 32,580 |                    |
| 2 Amortization Amount     | 84     | 84     | 84     | 84     | 84     | 84      | 84      | 84     | 84     | 84     | 84     | 84     | 1,010              |
| 3 Realized (Gains)/Losses | -      | -      | -      | -      | -      | -       | -       | -      | -      | -      | -      | -      |                    |
| 4 Closing balance         | 31,738 | 31,822 | 31,907 | 31,991 | 32,075 | 32,159  | 32,243  | 32,328 | 32,412 | 32,496 | 32,580 | 32,664 |                    |

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TABLE 6

REGULATORY HEARING COST RESERVE ACCOUNT  
(\$ thousands)

| Line                    | Jan 31  | Feb 28  | Mar 31  | Apr 30  | May 31  | June 30 | July 31 | Aug 31  | Sep 30  | Oct 31  | Nov 30 | Dec 31 | 12 Month<br>Totals |
|-------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|--------|--------|--------------------|
| (a)                     | (b)     | (c)     | (d)     | (e)     | (f)     | (g)     | (h)     | (i)     | (j)     | (k)     | (l)    | (m)    | (n)                |
| 1 Opening balance       | (4,011) | (3,798) | (3,655) | (3,512) | (3,368) | (3,225) | (2,592) | (1,385) | (1,242) | (1,099) | (956)  | (813)  |                    |
| 2 Amortization Amount   | 143     | 143     | 143     | 143     | 143     | 143     | 143     | 143     | 143     | 143     | 143    | 143    | 1,715              |
| 3 Actual Costs Incurred | 70      | -       | -       | 1       |         | 490     | 1,064   | -       | -       |         | -      |        | 1,626              |
| 4 Closing balance       | (3,798) | (3,655) | (3,512) | (3,368) | (3,225) | (2,592) | (1,385) | (1,242) | (1,099) | (956)   | (813)  | (670)  |                    |