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April 14, 2008

Alberta Utilities Commission
Fifth Avenue Place
#400, 425 – 1st Street S.W.
Calgary, Alberta
T2P 3L8

By Courier and E-Mail

Attention: **David Mitchell**
Proceeding Coordinator

Dear Mr. Mitchell:

Re: Application No. 1566927
Proceeding ID. 23
NOVA Gas Transmission Ltd. (“NGTL”)
2008-2009 Revenue Requirement Settlement Application (“Settlement
Application”)
Response to Mr. Duncan’s Questions

On March 31, 2008, NGTL submitted the Settlement Application to the Alberta Utilities Commission (“AUC”) for approval. On April 3, 2008, the AUC posted a Notice of the Application, and on April 11, 2008, Mr. Russ Duncan filed a letter with the AUC requesting confirmation from NGTL of the certain issues relating to the treatment of Transportation by Others (“TBO”) in NGTL’s settlement, namely:

- 1) That, should the AUC approve an Alberta TBO, currently included as part of Application 1466609, the costs associated with the Alberta TBO can be included with the costs in NGTL’s TBO flow through components without additional hearings or proceedings, and
- 2) The Office of the Utilities Consumer Advocate, consistent with its position taken in its letter October 12, 2007, did not support an Alberta TBO, and

April 14, 2008
Page 2
Mr. D. Mitchell

- 3) The TBO's approved in the Settlement Agreement are the 5 TBO's listed on Table 9 of the August 23, 2007 Application 1518248.

NGTL's response to Mr. Duncan's questions is as follows:

With respect to Item (1), NGTL, pursuant to Section 1(B)(vi) and 2(B)(iii) of the 2008-2009 Revenue Requirement Settlement, would add additional TBO costs for any new TBO arrangements to NGTL's TBO costs for 2008 and 2009 respectively, subject to the approval of the AUC of the Settlement Application and AUC approval of the respective TBO costs.

With respect to Item (2), NGTL suggests that the Office of the Utilities Consumer Advocate would be better able to respond concerning its position.

With respect to Item (3), NGTL confirms that the TBO arrangements included in the Settlement Application are those listed in Table 9 of the August 23, 2007 Application 1518248. However, as per Appendix E of the Settlement Application, TBO costs for 2008 are now forecast to be \$89.1 million.

Should the AUC or Mr. Duncan have any questions about NGTL's responses, please contact me at the number and email address listed above, or Ben Leung, by e-mail at ben_leung@transcanada.com and alberta_system@transcanada.com, or by phone at 920-2275.

Yours truly,

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

Original Signed by

Jennifer Scott
Senior Legal Counsel
Law and Regulatory Research

cc: Tolls, Tariff and Procedures Committee
Alberta System Shippers