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May 15, 2008

Alberta Utilities Commission
4th Floor, 425-1st Street S.W.
Calgary, Alberta
T2P 3L8

Filed Electronically

Attention: Mr. Wade Vienneau, Executive Director - Utilities

Dear Sir:

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

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 15th 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, 2007.

Please direct all notices and communications regarding this matter by e-mail at greg_szuch@transcanada.com and alberta_system@transcanada.com or by phone at (403) 920-5321.

Yours truly,

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

Original Signed by

Murray Sondergard
Director, Regulatory Services

Encls.

cc: Signatories, NGTL 2005-2007 Revenue Requirement Settlement
Tolls, Tariff, Facilities and Procedures Committee

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

**FOR THE YEAR ENDED
DECEMBER 31, 2007**

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

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

TABLE 1

During 2007 NOVA Gas Transmission Ltd. (NGTL) operated under the 2005-2007 Revenue Requirement Settlement (Settlement) whereby OM&A and certain other costs were fixed at \$207 million and \$5 million, respectively. All other costs elements of the 2007 revenue requirement are treated on a flow through basis.

The 2007 return on equity has been calculated using a rate of return on common equity (ROE) of 8.51 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 2007 total approximately \$61 million debit balance. These balances have been calculated in accordance with the terms of the Settlement and include carrying charges incurred in 2007. Some highlights of the deferral and reserve account balances at the end of 2007 are:

- Volumes shipped on the Alberta System during 2007 were lower than forecasted. As a result, actual revenue collected in 2007 was lower than the Settlement revenue requirement by approximately \$12 million. This variance, plus carrying charges, has been included in the 2008 revenue requirement.
- At the end of 2007 the Foreign Exchange Reserve account had a balance of approximately \$34 million due to NGTL as a result of realized foreign exchange losses on debt principal maturities.
- At the end of 2007 the CO₂ Management Service account had a debit balance of approximately \$6 million. This is due to lower revenue collected on CO₂ Management services partially offset by lower CO₂ Management services expenditures.
- At the end of 2007 the Transportation by Others account had a debit balance of approximately \$5 million due to higher actual charges from Foothills.
- At the end of 2007 the Emissions Compliance Cost account had a debit balance of approximately \$4 million. These are new environmental compliance costs associated with legislation enacted in 2007 that were not included in the forecast flow through costs.
- At the end of 2007 the Property Tax account had a debit balance of approximately \$2 million due to the assessed value of pipelines increasing by 10 per cent.
- In accordance with Section 3.1(a) of the Settlement, \$0.766 million of 2007 severance costs were deferred to 2008.

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

TABLE 2

**TOTAL 2007 DEFERRALS AND RESERVE ACCOUNTS ⁽¹⁾
(\$ thousands)**

Line

Deferrals		
1.	Revenue	12,420
2.	Pipeline Integrity	(618)
3.	Income Tax	(282)
4.	CO ₂ Management Service	5,500
5.	Transportation by Others	5,164
6.	Return on Equity	(656)
7.	Interest Cost	383
8.	Depreciation	(157)
9.	Property Tax	1,767
9.	Emissions Compliance Costs	3,931
10.	Deferred Severance Costs - 50% of 2007 severance costs	<u>766</u>
11.	Total Deferrals	<u>28,219</u>
 Reserve Accounts		
12.	Foreign Exchange on Debt Principal	33,690
13.	Regulatory Hearing Costs	<u>(421)</u>
14.	Total Reserve Accounts	<u>33,269</u>
 Total Deferrals and Reserve Accounts		 <u>61,488</u>

⁽¹⁾ Includes carrying charges for 2007.

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

TABLE 3

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

Line	<u>2006</u>	<u>2007</u>
1. Equity Return	132,291	123,481
2. Debt Expense	215,608	211,152
3. O&M ⁽¹⁾	196,518	190,443
4. Depreciation and Amortization	284,779	289,011
5. Income and Large Corporation Taxes	115,926	109,260
6. Property Taxes	79,262	87,310
7. Transportation by Others	98,114	83,509
8. Foreign Exchange on Interest Payments	(562)	891
9. Regulatory Hearing Costs ⁽²⁾	1,626	1,306
10. Uninsured Losses	(539)	235
11. Pipeline Integrity Expense	29,071	30,362
12. CO ₂ Management Service Costs	1,708	1,573
13. Emissions Compliance Costs	-	3,863
14. Annual Foreign Exchange Amortization Amount	(1,497)	(1,512)
15. Deferrals ⁽¹⁾	<u>(75,448)</u>	<u>(14,649)</u>
16. Total Revenue Requirement	<u><u>1,076,858</u></u>	<u><u>1,116,235</u></u>

⁽¹⁾ In accordance with Section 3.1(a) of the NGTL 2005-2007 Revenue Requirement Settlement, 2007 O&M costs do not include 50% of the 2007 severance costs as these are deferred for recovery in 2008.

⁽²⁾ Regulatory hearing costs reported above reflect the actual regulatory hearing costs incurred during the year.

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

TABLE 3-1

DEBT EXPENSE

(\$ thousands)

Line	<u>2006</u>	<u>2007</u>
1. Debt expense:		
2. Long-term debt (Table 3-2)	206,809	201,399
3. Short-term debt	<u>8,799</u>	<u>9,753</u>
4. Total debt expense	<u><u>215,608</u></u>	<u><u>211,152</u></u>

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

TABLE 3-2

LONG TERM DEBT CONTINUITY SCHEDULE
(\$ thousands)

Line		Int. Rate (%)	Maturity Date	Principal Jan 1, 2007	# of Days Outstanding	Sinking Fund Payment Date	Interest Amount	Principal Dec 31, 2007	# of Days Outstanding	Interest Amount	2007 Reported Interest
1.	11.95% Series 13 (sinking fund)	11.9500	2007	45,305	273	Oct 1	4,049	-	-	-	4,049
2.	11.70% Series 15 (sinking fund)	11.7000	2008	59,000	288	Oct 14	5,447	52,500	77	1,296	6,743
3.	11.20% Series 18 (sinking fund)	11.2000	2014	86,625	151	Jun 1	4,014	81,750	214	5,368	9,382
4.	12.625% Series 19 (sinking fund)	12.6250	2010	48,004	105	Apr 15	1,743	43,671	260	3,927	5,671
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
Medium Term Notes - Cdn											
12.	CAD Medium Term Notes (1995)	8.6489	2006-2026	177,000	365		15,544	177,000	-	-	15,544
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	196		1,624	-	-	-	1,624
15.	7.00% MTN #18	7.0000	2027	49,798	169		1,614	49,798	-	-	1,614
16.	6.00% MTN #19	6.0000	2008	22,000	365		1,320	22,000	-	-	1,320
17.	6.59% MTN #20	6.5900	2027	20,000	365		1,318	20,000	-	-	1,318
18.	6.59% MTN #21	6.5900	2027	2,500	365		165	2,500	-	-	165
19.	6.59% MTN #22	6.5900	2027	10,000	365		659	10,000	-	-	659
20.	6.59% MTN #23	6.5900	2027	20,000	365		1,318	20,000	-	-	1,318
21.	6.00% MTN #24	6.0000	2008	5,000	365		300	5,000	-	-	300
22.	6.00% MTN #25	6.0000	2008	53,000	365		3,180	53,000	-	-	3,180
23.	6.59% MTN #29	6.5900	2027	25,000	365		1,648	25,000	-	-	1,648
24.	6.00% MTN #30	6.0000	2008	25,000	365		1,500	25,000	-	-	1,500
25.	6.30% MTN #31	6.3000	2030	100,000	365		6,300	100,000	-	-	6,300
26.	7.52% Intercompany Loan	7.5200	2010	300,000	365		22,560	300,000	-	-	22,560
27.	5.10% Intercompany Loan	5.1000	2017	300,000	365		15,300	300,000	-	-	15,300
Medium Term Notes - U.S.											
28.	7.50% MTN #5	7.5000	2026	38,402	365		2,880	38,402	-	-	2,880
29.	Total			<u><u>2,540,633</u></u>			<u><u>195,169</u></u>	<u><u>2,429,620</u></u>		<u><u>10,591</u></u>	<u><u>205,761</u></u>
30.	Weighted Average							<u><u>2,522,960</u></u>			
31.								Amortization of Debt Issue Costs (Table 3-3)			1,618
32.								Disallowed Interest per E92086			(2,178)
33.								Total Long-term Debt Expense			205,201
34.								Portion of Long-term Debt Expense allocated to GPUC			(3,802)
35.								Total Base Long-term Debt Expense			<u><u>201,399</u></u>

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

TABLE 3-3

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

Line		Total Financing	Unamortized Balance Dec. 31,2006	Plus Additions	Less Amortization	Unamortized Balance Dec. 31,2007
Debentures						
1.	11.95% Series 13	2,645	101		101	-
2.	11.70% Series 15	1,804	160		90	70
3.	11.20% Series 18	1,527	454		61	393
4.	12.625% Series 19	1,243	204		62	142
5.	12.20% Series 21	2,889	1,057		115	942
6.	9.90% Series 23	1,434	858		48	810
7.	8.50% US\$175MM	3,685	1,101		185	916
8.	7.875% US\$200MM	4,013	2,174		134	2,040
9.	7.70% US\$200MM	2,749	2,058		92	1,967
Medium Term Notes - Cdn						
10.	CDN Medium Term Notes (1995)	2,864	1,226		65	1,161
11.	7.00% \$100MM MTN #17	384	269		12	257
12.	6.05% \$50MM MTN #18	500	31		31	0
13.	6.00% \$22MM MTN #19	577	61		56	5
14.	6.59% \$20MM MTN #20	333	233		11	222
15.	6.59% \$2.5MM MTN #21	42	29		1	28
16.	6.59% \$10MM MTN #22	158	110		5	105
17.	6.59% \$20MM MTN #23	312	218		10	208
18.	6.00% \$5MM MTN #24	115	12		11	1
19.	6.00% \$53MM MTN #25	1,203	130		119	10
20.	6.59% \$25MM MTN #29	491	343		16	327
21.	6.00% \$25MM MTN #30	643	69		64	6
22.	6.30% \$100MM MTN#31	692	506		22	485
23.	7.52% \$300MM Note Payable to TransCanada	1,200	371		120	251
24.	5.10% \$300MM Note Payable to TransCanada	1,868	1,556		156	1,400
Medium Term Notes - US						
24.	7.50% US\$32.5 MM	883	579		29	550
26.	TOTAL	34,254	13,912	-	1,618	12,295

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

TABLE 3-4

O&M

Line	<u>Amount (\$ thousands)</u>	<u>Average # of FTEs ⁽¹⁾</u>
1. Field Operations	18,382	265
2. Engineering	7,375	45
3. Operations & Engineering Support Services	7,341	90
4. Commercial & Regulatory	12,368	125
5. Business Services	5,867	53
6. Information Systems	<u>6,160</u>	<u>72</u>
7. Total Salaries & Wages	57,493	<u><u>650</u></u>
8. Fuel & Power	3,948	
9. Contractor Costs	5,887	
10. Other Operating & Maintenance ⁽²⁾	<u>123,115</u>	
11. Total O&M	<u><u>190,443</u></u>	

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

⁽²⁾ In accordance with Section 3.1(a) of the NGTL 2005-2007 Revenue Requirement Settlement, 2007 O&M costs do not include 50% of the 2007 severance costs as these are deferred for recovery in 2008.

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

TABLE 3-5

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

Line No.	Particulars	Alberta System ⁽¹⁾	Mainline	Foothills ⁽²⁾	Other	Total Company
1	Field Operations	43,659	38,107	8,610	4,588	94,964
2	Engineering	2,844	1,776	196	3,663	8,480
3	Operations & Engineering Support Services	11,756	11,688	826	9,680	33,950
4	Operations & Engineering Programs	26,155	46,693	14,561	1,135	88,545
5	Commercial & Regulatory	19,161	15,826	2,108	4,351	41,445
6	Business Services	14,597	16,005	2,451	47,113	80,166
7	Information Systems	19,764	17,268	2,366	27,697	67,094
8	General Expenses	52,507	54,617	7,020	92,110	206,254
9	TOTAL OPERATING COSTS	190,443	201,981	38,138	190,336	620,898
10	Percent of Total	30.7%	32.5%	6.1%	30.7%	

⁽¹⁾ In accordance with Section 3.1(a) of the NGTL 2005-2007 Revenue Requirement Settlement, 2007 Alberta System O&M costs do not include 50% of the 2007 severance costs as these are deferred for recovery in 2008.

⁽²⁾ Effective April 1, 2007 the BC System was integrated into Foothills. The Foothills numbers shown here include both pre and post integration costs for Foothills and the BC System for the full year.

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

TABLE 3-6

ACTUAL INCOME AND CAPITAL TAXES

(\$ thousands)

Line

1.	Equity Return	123,481
2.	Add:	
3.	Depreciation and Amortization	289,011
4.	Amortization of debt issue costs	1,618
5.	Non-allowable expenses	310
6.	Deduct:	
7.	Capital cost allowance	176,758
8.	Cumulative eligible capital	816
9.	AFUDC interest expense	3,478
10.	Debt issue costs	283
11.	Other	2,184
12.		<u>230,901</u>
13.	Income tax rate (32.12% / 1-32.412)	<u>47.32%</u>
14.	Income tax expense	<u><u>109,260</u></u>

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

TABLE 3-7

CAPITAL COST ALLOWANCE
 (\$ thousands)

LINE	CCA CLASS	UCC OPENING BALANCE	ADJUSTMENTS TO OPENING BALANCE	COST OF ADDITIONS	NET SALVAGE	UCC BEFORE DEFERRED CAPITAL COST	EXCESS	CAPITAL COST DEFERRED	UCC BEFORE CCA	MAX RATE	CAPITAL COST ALLOWANCE	UCC ENDING BALANCE
1.	01	2,362,698	-	900	(400)	2,363,199	500	250	2,362,948	4%	94,518	2,268,681
2.	02	204,039	-	-	-	204,039	-	-	204,039	6%	12,242	191,796
3.	03	32,262	-	-	-	32,262	-	-	32,262	5%	1,613	30,649
4.	06	2,504	-	-	-	2,504	-	-	2,504	10%	250	2,254
5.	07	17,916	-	13,364	-	31,280	13,364	6,682	24,598	15%	3,690	27,590
6.	08	145,859	-	1,200	(18)	147,042	1,183	591	146,450	20%	29,290	117,752
7.	09	-	-	-	-	-	-	-	-	25%	-	-
8.	10	11,944	-	3,158	(109)	14,992	3,048	1,524	13,468	30%	4,040	10,952
9.	10a	7,511	-	1,254	-	8,765	1,254	627	8,138	45%	3,662	5,103
10.	10b	-	-	2,974	-	2,974	2,974	1,487	1,487	55%	818	2,156
11.	12	2,177	-	7,752	-	9,929	7,752	3,876	6,053	100%	6,053	3,876
12.	13	8,027	-	341	-	8,368	341	171	8,197	S/L	553	7,815
13.	17	27,160	-	-	-	27,160	-	-	27,160	8%	2,173	24,988
14.	49	138,419	-	169,565	(8)	307,977	169,557	84,779	223,198	8%	17,856	290,121
15.		<u>2,960,517</u>	-	<u>200,508</u>	<u>(535)</u>	<u>3,160,490</u>	<u>199,974</u>	<u>99,987</u>	<u>3,060,503</u>		<u>176,758</u>	<u>2,983,732</u>
16.	In Service Additions		Total	204,341								
17.			AFUDC	(5,169)								
18.			CEC	161								
18.			Land	(10)								
18.			Removal	2,719								
19.			Straight Deduct	(1,533)								
20.				<u>200,508</u>								

CUMULATIVE ELIGIBLE CAPITAL

CEC	OPENING BALANCE	ADJUSTMENTS TO OPENING BALANCE	COST OF ADDITIONS	EXCLUDE 25 % OF ADDITIONS	ELIGIBLE BALANCE	Rate	CEC DEDUCTION	CLOSING BALANCE
21.	<u>11,779</u>	0	<u>(161)</u>	<u>(40)</u>	<u>11,659</u>	7%	<u>816</u>	<u>10,842</u>

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

TABLE 3-8

TRANSPORTATION BY OTHERS

(\$ thousands)

Line	2006	2007
1. Foothills Pipe Lines	83,677	68,945
2. TransCanada Pipeline Ventures	8,323	8,065
3. Husky Kearn Lake	1,416	1,416
4. ATCO East Edmonton	4,500	4,500
5. ATCO Grande Cache	198	583
6. Total Transportation By Others	<u>98,114</u>	<u>83,509</u>

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

TABLE 3-9

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

Line	Debt Issue US\$	Interest Rate (%)	Interest Payments (US\$)	Date of Interest Payment	Issue Exchange Rate	Actual Exchange Rate	Foreign Exchange Loss/(Gain)	
1.	7.50% MTN #5	32,500	7.5000%	1,219	Feb 20	1.18161	1.28205	122
2.	7.875% U.S. \$200 mm	200,000	7.8750%	7,875	Apr 1	1.24272	1.28205	310
3.	7.70% U.S. \$50 mm	50,000	7.7000%	1,925	Jun 15	1.46170	1.28205	(346)
4.	7.70% U.S. \$150 mm	150,000	7.7000%	5,775	Jun 15	1.22748	1.28205	315
5.	8.50% U.S. \$175 mm (Swap - 8.5% Fixed) ⁽¹⁾	138,000	8.5000%	5,865	Jun 15	1.27455	1.28205	44
6.	7.50% MTN #5	32,500	7.5000%	1,219	Aug 20	1.18161	1.28205	122
7.	7.875% U.S. \$200 mm	200,000	7.8750%	7,875	Oct 1	1.24272	1.28205	310
8.	7.70% U.S. \$50 mm	50,000	7.7000%	1,925	Dec 15	1.46170	1.28205	(346)
9.	7.70% U.S. \$150 mm	150,000	7.7000%	5,775	Dec 15	1.22748	1.28205	315
10.	8.50% U.S. \$175 mm (Swap - 8.5% Fixed) ⁽¹⁾	138,000	8.5000%	5,865	Dec 15	1.27455	1.28205	44
11.	Total Foreign Exchange Loss on Interest Payments							891

⁽¹⁾ US \$175 Million partially swapped to Cdn.

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

TABLE 3-10

UNINSURED LOSSES

(\$ thousands)

Line	2007
1. Incident Carry Forward Accrual Reversal	(100)
2. Carry Forward Incident Settlements	20
3. Current Year Incident Settlements	315
4. Incident Carry Forward Accrual	-
5. Total Uninsured Losses	<u>235</u>

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

TABLE 3-11

SEVERANCE COSTS

As per the Settlement, 50 per cent of the 2007 severance costs were to be deferred to 2008. A total of \$0.766 million in 2007 severance costs were deferred to 2008.

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

TABLE 3-12

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

LINE NO.	DESCRIPTION	MATURITY DATE	AMOUNT (US\$)	HISTORICAL EXCHANGE RATE	DEC 31, 2006 EXCHANGE RATE	CURRENT YEAR LOSS/(GAIN)
(a)		(b)	(c)	(d)	(e)	(f)
1	8.50% US\$175MM ⁽¹⁾	2012	138,000	1.27455	1.1653	(15,077)
2	7.875% US\$200MM	2023	200,000	1.24272	1.1653	(15,484)
3	7.70% US\$150MM Note Payable to TCPL	2029	150,000	1.22748	1.1653	(9,327)
4	7.70% US\$50MM Note Payable to TCPL	2029	50,000	1.46170	1.1653	(14,820)
5	7.50% Medium Term Note - US\$32.5MM	2026	<u>32,500</u>	1.18160	1.1653	<u>(530)</u>
						(55,237)
6	Prefunded / (Unfunded) Foreign Exchange on Long Term Debt Balance at January 1, 2007					32,664
7	Total		<u>570,500</u>			<u>(22,573)</u>
8	Annual Foreign Exchange Amortization Amount (Line 7 divided by 22)					(1,026)
9	Income Tax Payable					<u>(486)</u>
10						<u>(1,512)</u>

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

⁽¹⁾ 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, 2007**

TABLE 4

**WEIGHTED AVERAGE RATE BASE ⁽¹⁾⁽²⁾
(\$ thousands)**

Line	<u>2006</u>	<u>2007</u>
1. Opening gas plant in service	7,285,985	7,410,063
2. GPIS transfers	153,890	204,341
3. Retirements	(29,812)	(25,812)
4. Closing gas plant in service	<u>7,410,063</u>	<u>7,588,591</u>
5. Opening accumulated depreciation	3,126,280	3,382,193
6. Depreciation expense	284,779	289,011
7. Retirements	(28,865)	(27,996)
8. Closing accumulated depreciation	<u>3,382,193</u>	<u>3,643,208</u>
9. Net gas plant in service (December 31)	4,027,869	3,945,383
10. Other components including working capital ⁽³⁾	150,835	142,869
11. Rate Base (December 31)	<u>4,178,704</u>	<u>4,088,252</u>
12. Weighted Average Rate Base	<u>4,232,621</u>	<u>4,145,732</u>

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

⁽²⁾ Includes capital pipeline integrity and capacity CO₂ management.

⁽³⁾ 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, 2007

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 Weighted Average	Totals
1.	Opening Gas Plant in Service		7,410,063	7,421,046	7,425,773	7,433,988	7,495,143	7,556,831	7,560,364	7,564,243	7,566,736	7,569,123	7,598,545	7,600,529		
2.	Additions		10,984	4,767	8,258	61,155	62,272	3,613	4,073	2,490	3,926	29,933	2,125	10,745		204,341
3.	Retirements		-	(40)	(43)	-	(584)	(80)	(193)	3	(1,539)	(511)	(141)	(22,683)		(25,812)
4.	Gas Plant in Service	<u>7,410,063</u>	<u>7,421,046</u>	<u>7,425,773</u>	<u>7,433,988</u>	<u>7,495,143</u>	<u>7,556,831</u>	<u>7,560,364</u>	<u>7,564,243</u>	<u>7,566,736</u>	<u>7,569,123</u>	<u>7,598,545</u>	<u>7,600,529</u>	<u>7,588,591</u>	<u>7,522,383</u>	
5.	Opening Accumulated Depreciation		3,382,193	3,405,534	3,429,136	3,452,937	3,476,833	3,500,300	3,524,452	3,548,342	3,572,973	3,595,549	3,618,432	3,641,431		
6.	Depreciation Expense		23,700	23,749	23,783	23,835	24,010	24,180	24,203	24,228	24,247	24,271	24,387	24,418		289,011
7.	Retirements		(360)	(146)	18	61	(543)	(29)	(313)	403	(1,672)	(1,387)	(1,388)	(22,640)		(27,996)
8.	Accumulated Depreciation	<u>3,382,193</u>	<u>3,405,534</u>	<u>3,429,136</u>	<u>3,452,937</u>	<u>3,476,833</u>	<u>3,500,300</u>	<u>3,524,452</u>	<u>3,548,342</u>	<u>3,572,973</u>	<u>3,595,549</u>	<u>3,618,432</u>	<u>3,641,431</u>	<u>3,643,208</u>	<u>3,522,409</u>	
9.	Net Gas Plant in Service	4,027,869	4,015,513	3,996,637	3,981,051	4,018,310	4,056,531	4,035,912	4,015,901	3,993,763	3,973,574	3,980,112	3,959,098	3,945,383	3,999,973	
10.	Cash Working Capital	19,102	19,088	19,088	19,088	19,088	19,088	19,088	19,088	19,088	19,088	19,088	19,088	19,088	19,089	
11.	Materials & Supplies Inventory	23,473	23,653	23,824	23,988	24,166	24,254	24,284	24,231	24,242	24,339	24,454	24,673	24,980	24,197	
12.	Linepack Gas	23,870	24,988	26,228	26,228	26,228	23,777	23,777	23,777	22,899	22,899	22,899	23,866	24,388	24,294	
13.	Unamortized Capital Assets	15,520	14,463	14,254	13,322	12,698	12,649	12,640	10,636	10,984	10,960	10,399	9,426	9,935	12,145	
14.	FX on LTD Principle Reserve	32,664	32,750	32,835	32,921	33,006	33,092	33,177	33,263	33,348	33,434	33,519	33,605	33,690	33,177	
15.	Pension and OPEBS	36,206	35,059	33,913	34,851	33,705	32,559	33,496	32,350	31,204	32,142	30,996	29,850	30,787	32,855	
16.	Rate Base	<u>4,178,704</u>	<u>4,165,514</u>	<u>4,146,781</u>	<u>4,131,449</u>	<u>4,167,201</u>	<u>4,201,950</u>	<u>4,182,375</u>	<u>4,159,246</u>	<u>4,135,528</u>	<u>4,116,437</u>	<u>4,121,468</u>	<u>4,099,606</u>	<u>4,088,252</u>	<u>4,145,732</u>	

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

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 AVERAGE
	Actual Inventory Accounts:														
1.	January	22,887													
2.	February	22,223	22,223												
3.	March	22,435	22,435	22,435											
4.	April	22,633	22,633	22,633	22,633										
5.	May	23,723	23,723	23,723	23,723	23,723									
6.	June	24,972	24,972	24,972	24,972	24,972	24,972								
7.	July	25,590	25,590	25,590	25,590	25,590	25,590	25,590							
8.	August	24,225	24,225	24,225	24,225	24,225	24,225	24,225	24,225						
9.	September	23,956	23,956	23,956	23,956	23,956	23,956	23,956	23,956	23,956					
10.	October	23,725	23,725	23,725	23,725	23,725	23,725	23,725	23,725	23,725	23,725				
11.	November	23,548	23,548	23,548	23,548	23,548	23,548	23,548	23,548	23,548	23,548	23,548			
12.	December	21,763	21,763	21,763	21,763	21,763	21,763	21,763	21,763	21,763	21,763	21,763	21,763		
13.	January		25,048	25,048	25,048	25,048	25,048	25,048	25,048	25,048	25,048	25,048	25,048	25,048	
14.	February			24,271	24,271	24,271	24,271	24,271	24,271	24,271	24,271	24,271	24,271	24,271	
15.	March				24,399	24,399	24,399	24,399	24,399	24,399	24,399	24,399	24,399	24,399	
16.	April					24,773	24,773	24,773	24,773	24,773	24,773	24,773	24,773	24,773	
17.	May						24,782	24,782	24,782	24,782	24,782	24,782	24,782	24,782	
18.	June							25,326	25,326	25,326	25,326	25,326	25,326	25,326	
19.	July								24,950	24,950	24,950	24,950	24,950	24,950	
20.	August									24,365	24,365	24,365	24,365	24,365	
21.	September										25,115	25,115	25,115	25,115	
22.	October											25,105	25,105	25,105	
23.	November												26,182	26,182	
24.	December													25,449	
25.	Total of Prior 12 Months	281,680	283,841	285,889	287,853	289,993	291,052	291,406	290,766	290,906	292,065	293,445	296,079	299,765	
26.	One-twelfth of total	23,473	23,653	23,824	23,988	24,166	24,254	24,284	24,231	24,242	24,339	24,454	24,673	24,980	24,197

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

TABLE 4-3

**LINEPACK
(\$ thousands)**

LINE NO.	PURCHASE/ FIELD GATE	LINEPACK	(SALE)	PRICE	ADJUSTMENT	LINEPACK
(a)		(b)	(c)	(d)	(e)	(f)
1	Opening	14,030,239				23,870
2	January 31	14,180,239	150,000	\$7.45	1,118	24,988
3	February 28	14,332,239	152,000	\$8.16	1,241	26,228
4	March 31	14,332,239	-		0	26,228
5	April 30	14,332,239	-		0	26,228
6	May 31	13,942,239	(390,000)	\$6.29	(2,451)	23,777
7	June 30	13,942,239	-		0	23,777
8	July 31	13,942,239	-		0	23,777
9	August 31	13,747,239	(195,000)	\$4.50	(878)	22,899
10	September 30	13,747,239	-		0	22,899
11	October 31	13,747,239	-		0	22,899
12	November 30	13,917,239	170,000	\$5.69	967	23,866
13	December 31	14,002,239	85,000	\$6.14	522	24,388
14	13 Month Average					24,294

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

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 Average
1. Unamortized debt issue costs	13,912	13,778	13,643	13,509	13,374	13,239	13,104	12,969	12,835	12,700	12,565	12,430	12,295	
2. Retirements in progress	1,608	685	612	(186)	(676)	(590)	(464)	(2,333)	(1,851)	(1,740)	(2,166)	(3,004)	(2,361)	
3. Total Unamortized Capital Assets	<u>15,520</u>	<u>14,463</u>	<u>14,254</u>	<u>13,322</u>	<u>12,698</u>	<u>12,649</u>	<u>12,640</u>	<u>10,636</u>	<u>10,984</u>	<u>10,960</u>	<u>10,399</u>	<u>9,426</u>	<u>9,935</u>	<u>12,145</u>

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

TABLE 4-5

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

LINE NO.	DESCRIPTION	13 MONTH												12 MONTH TOTAL	
		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
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)
Prefunded/(Unfunded) Pension Liability															
1	Opening Balance	46,363	46,363	45,299	44,234	45,254	44,190	43,125	44,145	43,080	42,016	43,036	41,971	40,907	
2	Expense		(1,568)	(1,568)	(1,568)	(1,568)	(1,568)	(1,568)	(1,568)	(1,568)	(1,568)	(1,568)	(1,568)	(1,568)	(18,815)
3	Actual Funding		-	-	3,070	-	-	3,070	-	-	3,070	-	-	3,070	12,279
3	Income Taxes		504	504	(482)	504	504	(482)	504	504	(482)	504	504	(482)	2,099
4	Closing Balance	46,363	45,299	44,234	45,254	44,190	43,125	44,145	43,080	42,016	43,036	41,971	40,907	41,926	43,504
Prefunded/(Unfunded) Other Post Employment Benefits Liability															
5	Opening Balance	(10,158)	(10,158)	(10,239)	(10,321)	(10,403)	(10,485)	(10,567)	(10,648)	(10,730)	(10,812)	(10,894)	(10,975)	(11,057)	
6	Expense		(251)	(251)	(251)	(251)	(251)	(251)	(251)	(251)	(251)	(251)	(251)	(251)	(3,011)
7	Actual Funding		130	130	130	130	130	130	130	130	130	130	130	130	1,565
8	Income Taxes		39	39	39	39	39	39	39	39	39	39	39	39	464
9	Closing Balance	(10,158)	(10,239)	(10,321)	(10,403)	(10,485)	(10,567)	(10,648)	(10,730)	(10,812)	(10,894)	(10,975)	(11,057)	(11,139)	(10,648)
10	Total Prefunded/(Unfunded) Pension & Other Post Employment	36,206	35,059	33,913	34,851	33,705	32,559	33,496	32,350	31,204	32,142	30,996	29,850	30,787	32,855

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

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 Totals	13 Month Average
1.	Opening GPUC		98,059	93,915	105,701	123,721	88,778	44,724	48,802	50,942	55,338	65,248	45,070	77,009		
2.	Capital Expenditures		6,201	15,914	25,599	25,532	17,775	7,377	5,881	6,564	13,495	9,423	33,790	53,380	220,932	
3.	AFUDC		639	639	679	679	443	314	332	321	341	332	274	517	5,511	
4.	Transfers to GPIS		(10,984)	(4,767)	(8,258)	(61,155)	(62,272)	(3,613)	(4,073)	(2,490)	(3,926)	(29,933)	(2,125)	(10,745)	(204,341)	
5.	Closing GPUC	98,059	93,915	105,701	123,721	88,778	44,724	48,802	50,942	55,338	65,248	45,070	77,009	120,162		78,267

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

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 Totals
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)
1 Opening balance	32,664	32,750	32,835	32,921	33,006	33,092	33,177	33,263	33,348	33,434	33,519	33,605	
2 Amortization Amount	86	86	86	86	86	86	86	86	86	86	86	86	1,026
3 Realized (Gains)/Losses	-	-	-	-	-	-	-	-	-	-	-	-	
4 Closing balance	32,750	32,835	32,921	33,006	33,092	33,177	33,263	33,348	33,434	33,519	33,605	33,690	

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

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 Totals
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)
1 Opening balance	(670)	(536)	(625)	(713)	(801)	(889)	107	19	(69)	(157)	(245)	(333)	
2 Amortization Amount	(88)	(88)	(88)	(88)	(88)	(88)	(88)	(88)	(88)	(88)	(88)	(88)	(1,057)
3 Actual Costs Incurred	222	-	-	-	-	1,084	-	-	-	-	-	-	1,306
4 Closing balance	(536)	(625)	(713)	(801)	(889)	107	19	(69)	(157)	(245)	(333)	(421)	