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January 20, 2004

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

By Courier & E-mail

Attention: Ms. Lisa Kelly
Applications Officer

**Re: NOVA Gas Transmission Ltd. (NGTL)
2004 General Rate Application (GRA) – Phase 2
Application No. 1320419
Supplemental Evidence**

NGTL seeks leave pursuant to s.25(1) of the *Alberta Energy and Utilities Board Rules of Practice* to file supplemental evidence in support of its 2004 GRA – Phase 2. Specifically, NGTL seeks to file Tolls, Tariff, Facilities and Procedures Committee (TTFP) Resolution T2003-11 through which the TTFP members support, by an unopposed vote, the extension of the term and rate of Rate Schedule OS, Other Service – Schedule No. 2003-00452-2 (the GBA Service) from April 1, 2004 until March 31, 2009, as proposed in the 2004 GRA – Phase 2.

In October 2003, the Tolls, Tariff and Procedures Committee (TTP), adopted Issue T2003-11 for the purpose of discussing an extension to the term and rate of the existing GBA Service provided by NGTL to TransCanada PipeLines Limited under provisions of a gas balancing agreement. On October 8, 2003, NGTL requested Board approval to commence negotiations on Issue T2003-11 in accordance with Section 4.1 of the *Revised Negotiated Settlement Guidelines* (Board Informational Letter IL 98-4) and the Board's letter dated August 28, 2003 regarding the application of the *Guidelines* to NGTL. The Board in a letter dated October 16, 2003 approved NGTL's request to commence negotiations on Issue T2003-11. Attachment 1 to this letter is a copy of the Board's letter dated October 16, 2003.

NGTL, in its 2004 GRA – Phase 2, Section 3.2, seeks an extension of the term and rate of the GBA Service from April 1, 2004 until March 31, 2009. NGTL describes in its evidence the purpose of the GBA Service, the benefits that it provides to NGTL's customers, and the rationale for the rate charged for the Service.

January 20, 2003

Page 2

Ms. L. Kelly

On November 28, 2003 NGTL applied to the Board for approval of 2004 interim rates, tolls and charges for the Alberta System. NGTL included in its application a request for an extension of the term and rate of the GBA Service on an interim basis pending the Board's decision on NGTL's 2004 GRA – Phase 2. NGTL required this interim extension because the existing approvals for the GBA Service expire April 1, 2004 and the hearing on NGTL's GRA Phase 2 is not scheduled to begin until June 1, 2004. The Board approved the requested extension in Decision 2003-105 issued December 16, 2003.

On January 13, 2004, the TTFP supported Resolution T2003-11 through an unopposed vote. NGTL believes that the Resolution constitutes a negotiated settlement in accordance with the Board's *Revised Negotiated Settlement Guidelines*. The process preceding the vote on TTFP Resolution T2003-11 was conducted in accordance with the Board's *Revised Negotiated Settlement Guidelines* and the Board's letter of August 28, 2003 issued to NGTL outlining the Board's expectations with respect to the application of these *Guidelines* to NGTL. The settlement reached is detailed in Attachment 2 to this letter.

NGTL has preassigned this letter Exhibit No. 002-02(a), the attached Board letter of October 16, 2003 Exhibit No. 002-02(b) and the attached TTFP Resolution Exhibit No. 002-02(c) based on the numbering convention established previously by the Board.

Yours truly

NOVA Gas Transmission Ltd.

A wholly owned subsidiary of TransCanada PipeLines Limited



Jennifer Nichols

Senior Regulatory Counsel

Attachments (2)

cc: Interested Parties EUB Application No. 1320419
Tolls, Tariff, Facilities and Procedures Committee
Alberta System Shippers