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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”)
Rule 018 - Negotiated Settlement Rules
Request to Negotiate – Issue T2008-01**

Pursuant to the Alberta Utilities Commission’s (“AUC”) Rule 018 (formerly EUB Directive 18), and NGTL’s established practice, NGTL requests approval to commence negotiations on Issue T2008-01, Rate Design and Services Review. The Tolls, Tariff, Facilities and Procedures Committee (“TTFP”) adopted this issue on May 13, 2008, and the issue is classified as non-routine. Issue T2008-01 was adopted for the purpose of reviewing, evaluating and potentially modifying the Alberta System rate design and the associated terms and conditions of NGTL’s service offerings.

In its letter dated March 7, 2008 to the AUC commenting on Process Schedule and Preliminary Issues for the North Central Corridor Application (AUC Application No. 1551990), NGTL indicated it:

... has made a commitment to stakeholders to utilize the Alberta System collaborative process to advance a review of rate design and services. The specific timeline for this process will be developed with stakeholders, but NGTL expects to complete the review by mid 2009.

Other parties in the North Central Corridor application process have indicated their support for a rate design and services review through the collaborative process.

In addition, the AUC in its Decision 2008-035 on Prehearing Meeting for the North Central Corridor stated:

The Commission is of the view that who pays for the proposed gas utility pipeline is a significant issue and the Commission expects the parties to undertake a collaborative process to deal with rate design and rates. The Commission agrees with the submissions of several parties' at the Prehearing Meeting that rate design and rates must be settled prior to the addition of costs into NGTL's rates for the pipeline and associated compression facilities, if approved. The Commission does not consider it necessary at this time to make an order with respect to a rate process.

NGTL will be unable to provide specific details about parties' positions and the negotiations in relation to this issue. The provisions of the "Without Prejudice" section of the TTFP's Procedures stipulate that any documents and communications (written or oral) that are created as part of the TTFP process are confidential. This approach facilitates free and open communication and participation in the discussion and settlement of issues by the TTFP.

NGTL respectfully requests that the AUC render a decision on this request by June 3, 2008 as NGTL has scheduled a TTFP Task Force meeting on this issue for June 10, 2008.

Please direct all notices and communications regarding this matter to Greg Szuch 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

cc: Tolls, Tariff, Facilities and Procedures Committee