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Filed Electronically

National Energy Board  
517 Tenth Avenue SW  
Calgary, Alberta T2R 0A8

**Attention: Ms. Sheri Young, Secretary of the Board**

Dear Ms. Young:

**Re: NOVA Gas Transmission Ltd. (NGTL)  
Quarterly Surveillance Report  
For the Third Quarter Ended September 30, 2016**

Enclosed for filing with the Board is the NGTL System's Quarterly Surveillance Report for the period ended September 30, 2016.

Should the Board require additional information regarding this filing, please contact me by phone at (403) 920-4512 or by email at eman\_tadayoni@transcanada.com.

Yours truly,  
**NOVA Gas Transmission Ltd.**

*Original signed by*

Eman Tadayoni  
Regulatory Project Manager, Tolls and Tariffs  
Canadian Gas Pipelines

Attachment

**NOVA Gas Transmission Ltd.**  
**NGTL System**  
**NEB Quarterly Surveillance Report**

For the Nine Months Ended September 30, 2016

The National Energy Board (NEB or Board) Quarterly Surveillance Report is a special purpose financial summary intended for the use of the NEB and its staff. The Report is provided to enable the Board to monitor the Company's utility operations in comparison with the revenues and expenditures approved for the test year.

NOVA Gas Transmission Ltd. (NGTL) is a wholly owned subsidiary of TransCanada PipeLines Limited (TransCanada) and is the owner of the NGTL System facilities. Pursuant to Guide BB of the Board's Filing Manual, NGTL submits its third quarter report for 2016.

The statements have been prepared under final tolls assumptions for 2016 pursuant to Board Order TG-007-2016, using actual results to September 30, 2016.

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**NOVA Gas Transmission Ltd.**  
**NGTL System**  
**INCOME SUMMARY**  
For the Nine Months Ended September 30, 2016  
(\$000s)

Line No.	Particulars	NEB Accounts	Period Actual	Annual Forecast	Decision	Variance (d) - (e)
	(a)	(b)	(c)	(d)	(e)	(f)
<b>Revenues</b>						
1	Revenues (Sch 1.1)	300	1,398,031	1,829,706	1,829,706	-
2	Current Period Deferrals (Sch 6.0, line 6)	300	(52,678)	-	-	-
3	Operating, Maintenance & Administrative (OM&A) Cost Sharing (Sch 6.0, line 7)	300	10,710	-	-	-
4	Prior Year Deferrals	301	(27,652)	(36,870)	(36,870)	-
5	<b>Total Revenues</b>		<b>1,328,411</b>	<b>1,792,836</b>	<b>1,792,836</b>	<b>-</b>
<b>Operating Expenses</b>						
6	Compensation (Sch 4.0, line 12)	301	52,590	N/A	N/A	N/A
7	Other Operations, Maintenance & Administrative (OM&A)	301/302	88,013	N/A	N/A	N/A
8	<b>Total OM&amp;A</b>	301/302	<b>140,603</b>	<b>222,500</b>	<b>222,500</b>	<b>-</b>
9	Transportation by Others	301	62,165	81,652	81,652	-
10	Municipal and Other Taxes	305	89,209	133,180	133,180	-
11	Pipeline Integrity Expense	301	102,826	166,802	166,802	-
12	Compressor Repair Expense	301/302	5,110	3,920	3,920	-
13	Uninsured Losses	301	93	2,000	2,000	-
14	Regulatory Proceeding Costs	301	143	1,140	1,140	-
15	Emissions Compliance Costs	301	19,407	15,800	15,800	-
16	CO <sub>2</sub> Management Service Costs	301	47	252	252	-
17	Severance Costs	301	6,370	-	-	-
18	Pension and Other Post Employment Benefits Actuarial Loss Amortization	301	5,299	11,513	11,513	-
19	NEB Cost Recovery	301	19,850	19,500	19,500	-
20	Integrated NGTL System Costs	301	168,644	205,893	205,893	-
21	Depreciation	303/304	287,007	397,095	397,095	-
22	Income Taxes	306	48,021	51,480	51,480	-
23	<b>Total Operating Expenses</b>		<b>954,794</b>	<b>1,312,727</b>	<b>1,312,727</b>	<b>-</b>
24	<b>Operating Income</b>		<b>373,617</b>	<b>480,109</b>	<b>480,109</b>	<b>-</b>
<b>Less:</b>						
Financial Charges						
25	Debt Return	320-323	165,293	202,627	202,627	-
26	Annual Foreign Exchange Amortization Amount	323	2,464	2,293	2,293	-
27	Foreign Exchange on Interest Payments	323	779	1,406	1,406	-
28	Disallowed Interest Costs	320-323	240	N/A	N/A	N/A
29	<b>Total Financial Charges</b>		<b>168,776</b>	<b>206,326</b>	<b>206,326</b>	<b>-</b>
30	<b>Net Income Applicable to Common Equity</b>		<b>204,841</b>	<b>273,783</b>	<b>273,783</b>	<b>-</b>
31	Rate Base (Sch 2.0)		<b>6,501,193</b>	<b>6,776,807</b>	<b>6,776,807</b>	<b>-</b>
32	Return on Rate Base		<b>7.59%</b>	<b>7.03%</b>	<b>7.03%</b>	
33	Return on Common Equity		<b>10.50%</b>	<b>10.10%</b>	<b>10.10%</b>	

\* Numbers may not add up to totals due to rounding.

**NOVA Gas Transmission Ltd.**  
**NGTL System**  
**SUMMARY OF REVENUE BY CLASS OF SERVICE**  
For the Nine Months Ended September 30, 2016  
(\$000s)

Line No.	Particulars	Period Actual	Annual Forecast	Decision	Variance (c) - (d)
	(a)	(b)	(c)	(d)	(e)
<b>Transportation Service</b>					
1	Firm Transportation Receipt <sup>(1)</sup>	656,850	861,421	861,421	
2	Interruptible Receipt	35,513	30,402	30,402	
3	Firm Transportation Delivery <sup>(2)</sup>	618,773	821,436	821,436	
4	Interruptible Delivery <sup>(3)</sup>	10,725	17,224	17,224	
5	Other Transportation <sup>(4)</sup>	65,214	87,229	87,229	
6	Total Transportation	1,387,075	1,817,712	1,817,712	-
<b>Other Operating Revenue</b>					
7	CO <sub>2</sub> Management Service	4,577	4,309	4,309	
8	Other <sup>(5)</sup>	6,379	7,685	7,685	
9	Total Revenue	1,398,031	1,829,706	1,829,706	-

\* Numbers may not add up to totals due to rounding.

**Note:**

(1) Includes FT-R and FT-RN.

(2) Includes FT-D, STFT and FT-DW.

(3) Numbers are net of Alternate Access Credits.

(4) Includes FT-P, LRS, and LRS-3.

(5) Includes OS, PTS, FT-P Fuel, ATCO Pipelines Franchise Fees, and the difference between the 2016 Final and 2016 Interim Revenue Requirements.

**NOVA Gas Transmission Ltd.**  
**NGTL System**  
**AVERAGE PIPELINE RATE BASE**  
For the Nine Months Ended September 30, 2016  
(\$000s)

Line No.	Particulars	Period Actual	Annual Forecast	Decision	Variance (c) - (d)
	(a)	(b)	(c)	(d)	(e)
	<b>Utility Investment</b>				
1	Net Plant	6,307,758	6,599,564	6,599,564	
	<b>Working Capital</b>				
2	Cash	30,725	33,670	33,670	
3	Materials and Supplies	49,309	40,872	40,872	
4	Transmission Linepack	34,275	33,817	33,817	
5	Total Working Capital	114,309	108,359	108,359	-
	<b>Miscellaneous Deferred Items</b>				
6	Debt Discount & Expense	30,913	21,659	21,659	
7	Unfunded Foreign Exchange on Long-term Debt	(12,941)	(10,563)	(10,563)	
8	Prefunded Pension and Other Post Employment Benefits Liability	38,111	37,148	37,148	
9	Operating and Debt Services Deferrals	23,043	20,640	20,640	
10	Total Deferred Costs	79,126	68,884	68,884	-
11	<b>TOTAL RATE BASE</b>	6,501,193	6,776,807	6,776,807	-

**NOVA Gas Transmission Ltd.**  
**NGTL System**  
**THROUGHPUT DETAIL <sup>(1)</sup>**  
For the Nine Months Ended September 30, 2016  
(10<sup>9</sup>m<sup>3</sup>)

Line No.	Particulars	Period Actual	Annual Forecast	Decision	Variance (c) - (d)
	(a)	(b)	(c)	(d)	(d)
<b>Receipt Volumes</b>					
1	Firm Transportation Receipt <sup>(2)</sup>	76.7	94.4	94.4	
2	Interruptible Receipt	4.6	4.0	4.0	
3	Other Transportation <sup>(3)</sup>	5.6	9.9	9.9	
4	Storage (net)	(1.9)	(0.8)	(0.8)	
5	Total Receipt Volumes	85.0	107.6	107.6	-
<b>Delivery Volumes</b>					
6	Firm Transportation Delivery <sup>(4)</sup>	67.7	94.1	94.1	
7	Interruptible Delivery	10.7	2.2	2.2	
8	Other Transportation <sup>(3)</sup>	5.6	9.9	9.9	
9	Fuel	1.1	1.3	1.3	
10	Total Delivery Volumes	85.0	107.6	107.6	-

\* Numbers may not add up to totals due to rounding.

**Note:**

- (1) Volumes are received and delivered in Canada and are based on volumes invoiced by class of service.
- (2) Includes FT-R and FT-RN.
- (3) Includes FT-P, LRS, and LRS-3.
- (4) Includes FT-D, STFT, FT-DW, FT-X and Taps.

**NOVA Gas Transmission Ltd.**

Schedule 3.1

**NGTL System**

**THROUGHPUT DETAIL <sup>(1)</sup>**

For the Nine Months Ended September 30, 2016

(10<sup>9</sup>m<sup>3</sup>)

Line No.	Particulars	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Total
<b>Receipt Volumes</b>														
1	Firm Transportation Receipt <sup>(2)</sup>	8.8	8.4	9.0	8.5	8.5	8.1	8.5	8.7	8.2				76.7
2	Interruptible Receipt	0.7	0.7	0.7	0.5	0.4	0.4	0.4	0.4	0.4				4.6
3	Other Transportation <sup>(3)</sup>	0.7	0.6	0.6	0.7	0.6	0.6	0.6	0.6	0.6				5.6
4	Storage (net)	0.6	(0.1)	(0.4)	(0.6)	(0.7)	(0.4)	(0.1)	(0.3)	0.1				(1.9)
5	Total Receipt Volumes	10.8	9.6	9.9	9.1	8.8	8.7	9.4	9.3	9.3				85.0
<b>Delivery Volumes</b>														
6	Firm Transportation Delivery <sup>(4)</sup>	8.8	7.8	8.1	6.7	6.5	6.3	7.4	7.9	7.9				67.7
7	Interruptible Delivery	1.2	1.0	1.1	1.5	1.6	1.7	1.2	0.7	0.7				10.7
8	Other Transportation <sup>(3)</sup>	0.7	0.6	0.6	0.7	0.6	0.6	0.6	0.6	0.6				5.6
9	Fuel	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1				1.1
10	Total Delivery Volumes	10.8	9.6	9.9	9.1	8.8	8.7	9.4	9.3	9.3				85.0

\* Numbers may not add up to totals due to rounding.

**Note:**

(1) Volumes are received and delivered in Canada and are based on volumes invoiced by class of service.

(2) Includes FT-R and FT-RN.

(3) Includes FT-P, LRS, and LRS-3.

(4) Includes FT-D, STFT, FT-DW, FT-X and Taps.

**NOVA Gas Transmission Ltd.**  
**NGTL System**  
**PAYROLL STATISTICS**  
**TOTAL COMPENSATION AND EMPLOYEE BENEFITS**  
For the Nine Months Ended September 30, 2016  
(\$000s)

Line No.	Particulars	Period Actual	Annual Forecast <sup>(*)</sup>	Decision <sup>(*)</sup>	Variance (c) - (d)
	(a)	(b)	(c)	(d)	(e)
<b>SALARIES</b>					
TOTAL COMPANY <sup>(**)</sup>					
1	Gas Pipelines	204,437			
2	Corporate	<u>133,025</u>			
3	Total Regular Salaries	337,462			
4	Incentive Compensation (Short- and Long-Term)	132,703			
5	Ancillary Including Overtime	<u>29,007</u>			
6	Total Direct Compensation	<u><u>499,172</u></u>			
ALLOCATED NGTL System					
7	Regular Salaries	74,677			
8	Incentive Compensation (Short- and Long-Term)	28,672			
9	Ancillary & Other	<u>7,857</u>			
10	Total Direct Compensation	111,207			
11	Charged to Construction & Other <sup>(***)</sup>	<u>(58,617)</u>			
12	Total Compensation Charged to OM&A	<u><u>52,590</u></u>			
<b>EMPLOYEE BENEFITS</b>					
TOTAL COMPANY BENEFITS <sup>(****)</sup>					
13	Statutory Benefits/Contributions	15,073			
14	Actuarial Pension Plan & Retiree Expenses	36,548			
15	Benefit Plan Administration	4,027			
16	Employee Insurance & Savings Plan & Pension	24,899			
17	Other Benefits	<u>1,128</u>			
18	Gross Benefits	<u><u>81,675</u></u>			
ALLOCATED NGTL System					
19	NGTL System Regular Salaries (per line 7)	<u><u>74,667</u></u>			
20	Total Benefits at Standard Rate (25%)	18,669			
21	Pension/Benefit Adjustment	<u>476</u>			
22	Total Benefits Charged to OM&A	<u><u>19,145</u></u>			

\* Numbers may not add up to totals due to rounding.

**Note:**

- (\*) Average employee allocation information was not specified in the aggregate OM&A amount in the Decision.  
(\*\*) Total Company includes departments that can allocate costs to the Gas Pipelines segment.  
(\*\*\*) Salaries are charged to Construction & Other at standard labour rates.  
(\*\*\*\*) Total Company Benefits include only Canadian benefit programs.



**NOVA Gas Transmission Ltd.**  
**NGTL System**  
**PAYROLL STATISTICS**  
**AVERAGE EMPLOYEE ALLOCATION**  
For the Nine Months Ended September 30, 2016

Line No.	Particulars	Period Actual	Annual Forecast <sup>(*)</sup>	Decision <sup>(*)</sup>	Variance (c) - (d)
	(a)	(b)	(c)	(d)	(e)
1	Total Employees <sup>(**)</sup>	4,029			
	Less:				
2	Charged to Non-NGTL System	<u>3,120</u>			
3	Allocated NGTL System Employees	909			
	Less:				
4	Charged to Construction and Other	<u>410</u>			
5	Employees Charged to OM&A	<u><u>499</u></u>			

\* Numbers may not add up to totals due to rounding.

**Note:**

(\*) Average employee allocation information was not specified in the aggregate OM&A amount in the Decision.

(\*\*) Total Employees includes departments that can allocate costs to the Gas Pipelines segment.

**NOVA Gas Transmission Ltd.****NGTL System****DEFERRED BALANCES**

For the Nine Months Ended September 30, 2016

(\$000s)

Line No.	Particulars	Period Actual	Annual Forecast	Decision	Variance (c) - (d)
	(a)	(b)	(c)	(d)	(e)
1	Revenue Deferrals	(24,493)			
2	CO <sub>2</sub> Management Service	(1,052)			
3	Flow - through Costs	45,551			
4	OM&A	(2,812)			
5	Revenue and Cost Equalization	(69,872)			
6	Current Period Deferrals	(52,678)			
7	OM&A cost sharing *	10,710			
8	Carrying Charges	546			
9	Total Deferral Balance	(41,422)	-	-	-

\* The OM&A cost sharing has been calculated pursuant to Subsection 1(B) of the 2016-2017 Revenue Requirement Settlement.

**NOVA Gas Transmission Ltd.**  
**NGTL System**  
**INTERCORPORATE TRANSACTIONS**  
For the Nine Months Ended September 30, 2016  
(includes total transactions greater than \$100,000)

**- Summary Receipts -**

Contracting Party	Nature of Service	(\$000s)	Ref. Sch.#
TransCanada PipeLines Limited	Gas Balancing and Sale of Inventory	3,441	8.2
TransCanada Energy Ltd.	Gas Transportation and Lease Agreement	2,536	8.2
Trans Québec & Maritimes Pipeline Inc.	Sale of Inventory	268	8.2
Foothills Pipe Lines Ltd.	Sale of Inventory	178	8.2
<b>Total</b>		<b>6,423</b>	

**NOVA Gas Transmission Ltd.**  
**NGTL System**  
**INTERCORPORATE TRANSACTIONS**  
For the Nine Months Ended September 30, 2016  
(includes total transactions greater than \$100,000)

**- Summary Payments -**

Contracting Party	Nature of Service	(\$000s)	Ref. Sch.#
TransCanada PipeLines Limited	Administrative and Operating Services, Interest Payments on Intercompany Debt and Purchase of Inventory	390,497	8.3
Foothills Pipe Lines Ltd.	Gas Transportation and Purchase of Inventory	54,908	8.3
TransCanada Keystone Pipeline, Limited Partnership	Purchase of Pipe and Inventory	42,620	8.3
TransCanada Pipeline Ventures LP	Gas Transportation	6,196	8.3
Bison Pipeline LLC	Purchase of Pipe	1,652	8.3
TC Terminals Limited Partnership	Purchase of Inventory	117	8.3
<b>Total</b>		<b>495,990</b>	

**NOVA Gas Transmission Ltd.**  
**NGTL System**  
**INTERCORPORATE TRANSACTIONS**  
For the Nine Months Ended September 30, 2016  
(\$000s)

**- Receipts -**

Contracting Party: TransCanada PipeLines Limited

Nature Of Service: Gas Balancing and Sale of Inventory

Description: NGTL has a Gas Balancing Agreement with Canadian Mainline to accommodate upstream storage.  
Sale of Inventory.

	Gas Balancing	Sale of Inventory	Total
Amount	274	3,167	3,441

Contracting Party: TransCanada Energy Ltd.

Nature Of Service: Gas Transportation and Lease Agreement

Description: Transportation on the NGTL System. Portion of Airdrie building leased for storage of equipment.

	Transportation Service	Lease	Total
Amount	2,533	3	2,536

Contracting Party: Trans Québec & Maritimes Pipeline Inc.

Nature Of Service: Sale of Inventory

Description: Sale of Inventory

	Sale of Inventory
Amount	268

Contracting Party: Foothills Pipe Lines Ltd.

Nature Of Service: Sale of Inventory

Description: Sale of Inventory

	Sale of Inventory
Amount	178

**NOVA Gas Transmission Ltd.**  
**NGTL System**  
**INTERCORPORATE TRANSACTIONS**  
For the Nine Months Ended September 30, 2016  
(\$000s)

**- Payments -**

Contracting Parties: TransCanada PipeLines Limited

Nature Of Service: Administrative and Operating Services, Intercompany Debt Financing, and Purchase of Inventory

Description: Master Services Agreement for administration and operating services including operations and engineering, regulatory services, business and information services.  
Interest costs on intercompany debt.  
Purchase of Inventory.

	Operating Costs	Interest Payments	Purchase of Inventory	Total
Amount	260,493	129,709	295	390,497

Contracting Parties: Foothills Pipe Lines Ltd.

Nature Of Service: Gas Transportation and Purchase of Inventory

Description: Transportation services associated with movement of gas on the Foothills System, billed in accordance with Foothills System tolls.  
Purchase of Inventory.

	Gas Transportation	Purchase of Inventory	Total
Amount	54,773	135	54,908

Contracting Parties: TransCanada Keystone Pipeline, Limited Partnership

Nature Of Service: Purchase of Pipe and Inventory

Description: Purchase of Pipe and Inventory

	Purchase of Pipe	Purchase of Inventory	Total
Amount	42,612	8	42,620

Contracting Parties: TransCanada Pipeline Ventures LP

Nature Of Service: Gas Transportation

Description: Transportation services associated with movement of gas on TransCanada Pipeline Ventures LP, billed in accordance with contracted tolls.

	Gas Transportation
Amount	6,196

Contracting Parties: Bison Pipeline LLC

Nature Of Service: Purchase of Pipe.

Description: Purchase of Pipe.

	Purchase of Pipe
Amount	1,652

Contracting Parties: TC Terminals Limited Partnership

Nature Of Service: Purchase of Inventory

Description: Purchase of Inventory

	Purchase of Inventory
Amount	117