

January 31, 2007

National Energy Board  
444 Seventh Ave. S.W.  
Calgary, AB T2P 0X8

**VIA ELECTRONIC FILING**

Attention: Mr. Michel Mantha, Secretary

Dear Mr. Mantha:

**Re: Maritimes & Northeast Pipeline Management Ltd. ("M&NP")  
Order TG-10-2006  
Disposition of Deferral Account Balances for 2006  
Final Test Period 2007 MN365 Toll  
Board File OF-Tolls-Group1-M124-2006-01 01**

On December 14, 2006 the Board issued Order TG-10-2006 approving tolls for the period January 1, 2007 through December 31, 2007. In its 2007 Settlement Agreement M&NP, its customers and interested parties had agreed upon the annual disposition of deferral account balances. This is in accordance with M&NP practice previously agreed upon and approved by the Board. The attached table titled "Adjusted Test Period 2007 Revenue Requirement" outlines the disposition of the deferral account balances that apply to M&NP's approved 2007 revenue requirement.

The deferral account treatment and adjustment to M&NP's Test Period 2007 toll has been completed in the manner agreed upon in M&NP's 2007 Settlement Agreement, as approved by the Board in its Order TG-10-2006. In summary, the Test Period 2007 cost of service approved pursuant to the Board's Order TG-10-2006 has been increased by \$5,498,000 as a result of the disposition of the Test Period 2006 deferral account balances. All issues relevant to M&NP's Litigation, Mediation and Arbitration deferral account have been resolved and M&NP has therefore closed out this deferral account. The total charges accumulated in this deferral account, including interest, were only \$24,000.

Mr. Michel Mantha  
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M&NP's final Test Period 2007 MN365 rate, which is effective January 1, 2007, is \$0.7100 per GJ or \$0.7491 per MMBtu. M&NP has already advised its TTWG of the disposition of its deferral account balances and the resulting final Test Period MN365 rate. Revised toll sheets numbered 6, 7 and 8 for M&NP's NEB Gas Tariff reflecting the final adjusted rate of \$0.7100 per GJ are attached. These tariff sheets will be distributed to M&NP's customers and will be posted on its LINK system in a timely fashion.

Yours sincerely,

A handwritten signature in black ink that reads "Ian Leadley". The signature is written in a cursive, flowing style.

Ian Leadley  
Manager Regulatory Affairs

cc: M&NP customers  
M&NP TTWG  
Barry Branston, NEB