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April 23, 2007

National Energy Board
444 Seventh Avenue S.W.
Calgary, Alberta T2P 0X8

Filed Electronically

Attention: Mr. David Young, Acting Secretary

Dear Mr. Young:

**Re: TransCanada PipeLines Limited (“TransCanada”)
Application for Approval of a Multi-Year Negotiated Settlement and 2007 Mainline
Tolls (“Settlement Application”)**

By letter dated March 27, 2007, the Board sought comments from interested parties on TransCanada’s Settlement Application, associated tolls and the negotiating process by April 16, 2007. The Board provided TransCanada an opportunity to reply to any filed comments by April 23, 2007.

TransCanada received copies of the submissions of the following parties: the Canadian Association of Petroleum Producers, EnCana Corporation, Enbridge Gas Distribution Limited, Gaz Métro, Imperial Oil Resources (“IOR”), Industrial Gas Users Association (“IGUA”), and Union Gas Limited and makes the following reply comments. All parties except IGUA and IOR expressed support for the Settlement as filed.

Parties in support of the Settlement expressed their views that the negotiation process was open and fair and that the Settlement was a result of broad industry negotiations, and represented a balance of interests and compromises among TransCanada and Tolls Task Force (“TTF”) members.

As stated in the Settlement Application, the Settlement is supported by unopposed TTF Resolution 04.2007. Under TTF procedures, an unopposed resolution results when a majority of members vote in favour of the proposed resolution with certain members voting against or abstaining and indicating that they will neither actively oppose the proposed resolution nor propose an alternate resolution.

IGUA and IOR have clearly stated that they are not prepared to litigate or propose an alternative to the Settlement Application before the Board. The Settlement is therefore unopposed and the Board can, in accordance with the paragraph (iii) of the *Revised Guidelines for Negotiated*

Settlements of Traffic, Tolls and Tariffs conclude that the resultant tolls are just and reasonable. There have been no assertions of broader public interest considerations that require further evidence or evaluation of the settlement in more detail.

TransCanada followed an appropriate settlement process as outlined in the Settlement Application. The Settlement represents a balance of interests and compromises among TransCanada and TTF members, all of whom had an opportunity to participate, and as a condition of the Settlement, must be approved in its entirety as a package. Sufficient information has been provided for the Board to understand the basis for the Settlement, assess its reasonableness and determine that the resulting tolls are just and reasonable.

The comments of IGUA and IOR are attempts to have the Board amend the terms of a settlement that has been negotiated with broad industry participation. Acceptance by the Board of any of those comments would violate the express term of the Settlement that its approval by the Board, *in its entirety as a package*, is a requirement for it to be binding on any party (Overview, section 1). Further, acceptance by the Board of the IGUA or IOR comments would violate section 5 of the Overview of the Settlement by fettering the agreement of the parties that all elements of the Mainline System's revenue requirement, including capital structure, will be subject to negotiation or litigation for the tolls in 2012.

TransCanada respectfully requests that the Board reject the comments of IGUA and IOR, conclude that the tolls resulting from the industry agreement will be just and reasonable, and approve the Settlement Application as filed.

TransCanada is serving interested parties by providing a copy of this letter to the List of Parties to the RH-2-2004 proceeding, the Tolls Task Force and Mainline shippers.

Please direct all notices and communications with respect to this matter to Carolyn Shaw at 920-7172 or by e-mail at carolyn_shaw@transcanada.com and to Jennifer Scott, Legal Counsel at 920-6156 or by e-mail at jennifer_scott@transcanada.com.

Yours truly,

Original Signed By

Jennifer Scott
Senior Legal Counsel
Law and Regulatory Research

cc. TTF
Mainline Shippers
RH-2-2004 List of Parties