



**By Electronic Filing and By Email**

November 1, 2007

Kirsten Walli  
Board Secretary  
Ontario Energy Board  
P.O. Box 2319  
2300 Yonge Street  
27<sup>th</sup> floor  
Toronto, ON M4P 1E4

Dear Ms Walli

**Combined Proceeding  
Enbridge Gas Distribution Inc. and Union Gas Limited Rates for 2008**

**Enbridge Gas Distribution Inc. ("EGD")**  
**Board File No.: EB-2007-0615**

**Union Gas Limited ("Union")**  
**Board File No.: EB-2007-0606**

**Our File No.: 302701-000411**

Enclosed please find the Responses to Questions on IGUA's Evidence submitted by PEG/Board Staff on October 24, 2007.

Yours very truly

A handwritten signature in black ink, appearing to read 'Peter C.P. Thompson', is written over a horizontal line.

Peter C.P. Thompson, Q.C.

\slc  
enclosure

- c. Interested Parties EB-2007-0606 and EB-2007-0615  
Murray Newton (Industrial Gas Users Association)

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## **IGUA'S RESPONSES TO QUESTIONS FROM PEG / BOARD STAFF**

### **Questions on IGUA's Evidence**

1. Ref: Page 14, #48

Transparent and quarterly reporting of all relevant regulatory information including annualized equity returns, in a format comparable to the surveillance reporting model required by the National Energy Board ("NEB") should be required of Union.

Please file the relevant NEB reporting material.

### **Response**

The surveillance filing requirements of the NEB are described in the attached documents consisting of the Toll Information Regulations and the NEB's Filing Manual Guide BB - Financial Surveillance Reports.

The quarterly surveillance report filed by TransCanada PipeLines Limited ("TCPL") for the period ended June 30, 2007, and the annual surveillance report filed by TCPL for the period ended December 31, 2006, are also attached.

## **IGUA'S RESPONSES TO QUESTIONS FROM PEG / BOARD STAFF**

### **Questions on IGUA's Evidence**

2. Ref: Page 14, #53

However, one significant item which Union fails to address is the appropriateness of its allocation of rate base to its non-utility storage services business. This allocation is transparently unreasonable and should be increased to 33%.

Please confirm that in the NGEIR Decision with Reasons (EB-2005-0551) the Board stated that Union's current cost allocation study is adequate for the purposes of separating the regulated and unregulated costs and revenues for ratemaking purposes. This allocation would result in total storage rate base being split as follows – 21% allocated to ex-franchise activities and 79% included in regulated rate base.

### **Response**

The issue with respect to the appropriateness of Union's allocation of storage-related rate base to its non-utility ex-franchise storage services business arises as a consequence of the Board's NGEIR Decision with Reasons dated November 7, 2006. Before that Decision was rendered, the topic was a matter of academic interest only.

The NGEIR Decision at page 72 confirms that the information Union relies on to support its allocation of only 21% of the value of storage rate base to the ex-franchise storage services business was provided during the argument phase of the NGEIR process. Interested parties have not yet had an opportunity to test the adequacy of the rate base allocation in accordance with the rules of natural justice. On its face, the allocation of only 21% of the value of storage rate base to the ex-franchise storage services business appears to be unreasonable when one third (1/3) of the storage capacity is earmarked and is being used to serve the ex-franchise storage services market.

The Board's reliance on Union's untested allocation of storage costs and revenues for the purposes of its NGEIR Decision, expressed at page 73 of that Decision, does not preclude ratepayer representatives, including IGUA, from seeking to establish, in these proceedings, the extent to which the allocation is inadequate and unreasonable, and the Base Rate Adjustment that is needed to remedy the situation.



Enabling Statute: [National Energy Board Act](#)

**Toll Information Regulations (SOR/79-319)**

Disclaimer: These documents are not the official versions ([more](#)).

Regulation current to October 10th, 2007

Attention: See coming into force provision and notes, where applicable.

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## **Toll Information Regulations**

SOR/79-319

NATIONAL ENERGY BOARD ACT

### **Toll Information Regulations**

## **REGULATIONS RESPECTING INFORMATION TO BE FURNISHED BY COMPANIES THAT CHARGE TOLLS**

### **SHORT TITLE**

1. These Regulations may be cited as the *Toll Information Regulations*.

### **INTERPRETATION**

2. In these Regulations, "Act" means the *National Energy Board Act*.

### **INFORMATION TO BE FURNISHED**

3. A company that charges tolls shall, at the end of each three month period of operation, furnish to the Board

(a) the rate of return on the rate base obtained for that period compared with the rates of return on the rate base authorized by the Board at the company's most recent rate hearing or, in the case of a company whose rate of return on the rate base has not been authorized by the Board, the rate of return on equity for that period;

(b) information explaining material changes between the results obtained from charging the tolls and the forecast figures on which the tolls were determined; and

(c) calculations showing the reasons for the material changes referred to in paragraph (b) in capital, traffic, revenues, expenses and rates of return.

4. Where, at the end of a three month period of operation of a company the Board is satisfied on application by the company that it has no material changes to explain under paragraph 3(b), the Board may exempt the company from compliance with paragraphs 3(a) and (b) and may require the company thereafter to furnish information to the Board under section 3 at the end of each such period of operation greater than three months as the Board may consider requisite for the purposes of the Act.

5. Where the Board considers that information furnished by a company in accordance with paragraph 3(b) does not fully explain the causes of the difference between the actual figures and the forecast figures, the Board shall require the company to furnish such additional information as may be required to enable the Board to maintain surveillance over the effect of the tolls charged by the company.

6. Any company that is required to furnish information to the Board pursuant to section 3 or 4 shall duly comply with the requirement.



## Filing Manual Guide BB - Financial Surveillance Reports

The *Toll Information Regulations* require Group 1 pipeline companies to file quarterly surveillance reports.

### Goal

The report contains information to enable the Board to compare actual performance to amounts used to determine approved tolls and to monitor the results for each company over time.

### Filing Requirements

1. Unless the Board otherwise directs or section 9 applies, a Group 1 pipeline company shall file the information set out in requirements 2 to 8.
2. All companies shall file their quarterly surveillance reports in the format set out in Schedules 1 to 6 of this Guide.
3. A company on final tolls shall file its surveillance report:
  - for the first three quarters of each year, no later than 45 days after the quarter; and
  - for the year-end report, no later than 60 days after the quarter.
4. An interim surveillance report shall be filed when the tolls of a pipeline company are interim and replaced with a report based on final tolls as soon as they are known.
5. Provide an explanation for all variances on Schedules 1, 2 and 4 above the following minimum dollar limits:
  - for TransCanada PipeLines Limited, \$1,000,000;
  - for Alliance Pipeline Ltd., Enbridge Pipelines Inc. and Westcoast Energy Inc., \$500,000;
  - for Foothills Pipe Lines Ltd. and Terasen Pipelines (Trans Mountain) Inc., \$200,000; and
  - for Cochin Pipe Lines Ltd, Enbridge Pipelines (NW) Inc., Maritimes and Northeast Pipeline Management Ltd., TransCanada PipeLines Limited (B.C. System), Trans-Northern Pipelines Inc. and Trans Québec & Maritimes Pipeline Inc., \$100,000.
6. Provide an explanation for all variances on Schedules 3 and 5 greater than 10 percent.
7. Provide information in the year-end report on the following performance measures:
  - total revenue requirement per throughput-km;
  - operating expenses (excluding income taxes) per throughput-km;
  - operating expenses (excluding income taxes) per gross plant;
  - administrative and general expenses per employee;
  - administrative and general expenses per throughput-km;
  - net plant per throughput-km;
  - throughput-km per employee;

- fuel and power costs per throughput-km;
- average salary per employee; and
- employee benefits per employee.

8. File in the year-end report, five years of time-series data, in nominal dollars, on the performance measures identified in requirement 7 and on the actual and approved rates of return on common equity and the actual and approved rates of return on rate base.

9. Notwithstanding filing requirements included in its negotiated settlement, a Group 1 pipeline company regulated under an incentive type settlement may negotiate filing requirements other than those specified in requirements 2 to 8 with its shippers and stakeholders, so long as:

- the reports include the following base level information:
  - income statement, including revenues and expenses broken down by major categories;
  - number of employees;
  - details of deferral account balances;
  - rate of return on common equity and on total capital;
  - rate base information, if applicable, broken down by major categories; if not applicable, gross and net plant in service, broken down by major categories;
  - throughput information by service type, broken down by month;
  - details on incentive sharing mechanisms;
  - details of all inter-corporate transactions; and
  - performance measures, showing five years of time-series data;
- the reports are at least annual for all information, except throughput information, which shall be submitted quarterly; and
- the reports are not suspended during periods of interim tolls.

Schedules 1 to 6 follow the Guidance for this Guide.

## Guidance

With respect to the performance measures in requirement 7 respecting operating expenses per throughput-km and per gross plant, companies may provide a breakdown of operating expenses into those expenses over which the company considers it has little influence during the reporting period and those expenses over which management has discretion during the reporting period.

For any of the performance measures in requirement 7, the company may provide explanations for its data if it considers it necessary.

In addition to the performance measures filed pursuant to requirement 7, the company may file additional performance measures that it considers may be useful to the Board.

The Board may publish the data filed pursuant to this section from time to time.

The company shall file the quarterly surveillance reports with the Board on diskette, together with the usual number of paper copies.

**Schedule 1 - Income Summary [WORD 615 KB]**

**Schedule 2 - Average Rate Base [WORD 615 KB]**

**Schedule 3 - Throughput Detail [WORD 615 KB]**

**Schedule 4 - Payroll Statistics - Salaries, Wages and Employee Benefits [WORD 615 KB]**

**Schedule 5 - Payroll Statistics - Employee Allocation [WORD 615 KB]**

**Schedule 6 - Deferral Accounts [WORD 615 KB]**

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Date Modified: 2007-10-19

SCHEDULE 1					
Guide BB					
INCOME SUMMARY					
(For Months Ended 1994)					
Particulars	NEB Accounts	Year-to-Date Actual	Updated Annual Forecast	NEB Decision or Initial Forecast	Variance Col. (d) - (e)
(a)	(b)	(c)	(d)	(e)	(f)
<b>Revenues</b>					
Transportation Revenue					
(by class of service)					
Other Revenue					
Total Revenue					
<b>Operating Expenses</b>					
Salaries & Wages					
Fuel & Power					
Other Operating & Maintenance					
Depreciation & Amortization					
Income Taxes					
Taxes Other than Income					
NEB Cost Recovery					
Others (please specify)					
Total Operating Expenses					
<b>Operating Income</b>					
<b>Less:</b>					
Financial Charges					
Preferred Share Dividends					
Others (please specify)					
<b>Equity Return</b>					
<b>Rate of Return on Rate Base</b>					
<b>Rate of Return on Common Equity</b>					



SCHEDULE 2				
Guide BB				
AVERAGE RATE BASE				
(For Months Ended 1994				
Particulars	Year-to-Date Actual	Updated Annual Forecast	NEB Decision or Initial Forecast	Variance Col. (c) - (d)
(a)	(b)	(c)	(d)	(e)
<b>Plant in Service</b>				
Net Plant				
Contributions in Aid of Construction				
Total Plant				
<b>Working Capital</b>				
Cash				
Materials and Supplies				
Transmission Line Pack				
Prepayments and Deposits				
Other (please specify)				
Total Working Capital				
<b>Deferrels</b>				
List of Deferrals (if applicable)				
Total Deferrals				
<b>Total Average Rate Base</b>				

SCHEDULE 3								
Guide BB								
THROUGHPUT DETAIL								
(For the Months Ended 200 )								
	Actual during Quarter				Year-to-date	Updated Annual	NEB Decision or Initial	Variance
Particulars	mo.	mo.	mo.	Total	Actual	Forecast	Forecast	Col. (g)-(h)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(I)
<b>For Gas Pipelines</b>								
Canadian Volumes								
(by class of service)								
Export Volumes								
(by class of service)								
Total Volumes								
<b>For Oil &amp; Liquids Pipelines</b>								
Detailed description of throuput showing receipt and delivery points, commodity type, and other relevant data.								
Total Throughput								

SCHEDULE 4				
Guide BB				
PAYROLL STATISTICS				
Salaries, Wages and Employee Benefits				
(For Months Ended 1994				
Particulars	Year-to-Date Actual	Updated Annual Forecast	NEB Decision or Initial Forecast	Variance Col. (c) - (d)
(a)	(b)	(c)	(d)	(e)
Salaries & Wages				
Gross Salaries & Wages (by cost centre)				
Total Gross Salaries & Wages				
Less:				
Charged to non-regulated				
Capitalized				
Charged to other accounts				
Salaries & Wages charged to Cost of Service				
Employee Benefits				
Gross Employee Benefits (by type of benefit)				
Total Gross Benefits				
Less:				
Charged to non-regulated				
Capitalized				
Charged to other accounts				
Benefits charged to Cost of Service				

SCHEDULE 5				
Guide BB				
PAYROLL STATISTICS				
Employee Allocation				
(For _____ Months Ended _____ 1994)				
Particulars	Year-to-Date Actual	Updated Annual Forecast	NEB Decision or Initial Forecast	Variance Col. (c) - (d)
(a)	(b)	( c )	(d)	(e)
Total Regular Employees				
Total Temporary Employees				
Total Employees				
Less:				
Charged to non-regulated				
Capitalized				
Charged to other accounts				
Employees charged to Cost of Service				

<b>SCHEDULE 6</b>		
<b>Guide BB</b>		
<b>DEFERRAL ACCOUNTS</b>		
<b>(For      Months Ended      1994</b>		
<b>Particulars</b>	<b>Year-to-Date Actual</b>	<b>Forecast for Year</b>
(a)	(b)	( c )
List of deferral accounts		
(please specify)		
Total Deferrals		

**TransCanada PipeLines Limited**  
**Canadian Mainline**  
**NEB Quarterly Surveillance Report**

For the Six Months Ended June 30, 2007

The NEB Quarterly Surveillance Report is a special purpose financial summary intended for the use of the National Energy Board 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.

Pursuant to Guide BB of the Board's Filing Manual TransCanada submits its second quarter report for 2007.

The statements have been prepared assuming final tolls for 2007 pursuant to Board Order TG-06-2007, with actual results to June 30, 2007 and a forecast for the remainder of 2007.

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<hr/> <b>Program Specific Reporting</b> <hr/>	
9.0	Interest Rate Management Program
10.0	Performance Incentive Envelope

**TransCanada PipeLines Limited**

Schedule 1.0

**Canadian Mainline**

**INCOME SUMMARY**

(For the Six Months Ended June 30, 2007)

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Line No.	Particulars	NEB Accounts	Period Actual	Annual Forecast	Decision	Variance (d) - (e)	Note
	(a)	(b)	(c)	(d)	(e)	(f)	
<b>Revenues</b>							
1	Net Revenues (Schedule 1.1)		972,899	1,953,333	1,953,333	0	
2	Amortization of 2007 Revenue Deficiency		(6,348)	(12,696)	(12,696)	0	
3	Net Revenues		966,551	1,940,637	1,940,637	0	
4	Return on Rate Base Deferral		(1,814)	(4,133)		(4,133)	(1)
5	TCPL Share - Performance Incentive Envelope	301	12,424	21,265		21,265	(2)
6	TCPL Share - Interest Rate Management Program	301	1,225	2,000		2,000	(3)
7	Net Revenue Including Deferred Items		978,386	1,959,769	1,940,637	19,132	
<b>Operating Expenses</b>							
8	Compensation (Schedule 4.0; Line 15)	301	35,320	72,807	n/a	n/a	(4)
9	Other Operations, Maintenance & Administrative	301/302	43,886	97,107	178,100	n/a	(4)
10	OM&A Equalization	301/302	5,751	0	0	0	
11	OM&A	301/302	84,957	169,914	178,100	(8,186)	(4)
12	Compressor Repair and Overhaul	301/302	28,620	57,239	57,239	0	
13	Regulatory Proceeding and Collaborative (TTF)	301	1,778	3,555	3,555	0	
14	Pipe Integrity and Insurance Deductible	301	23,264	46,527	46,527	0	
15	Transmission by Others	301	153,805	308,859	308,859	0	
16	Electric Costs and Tax on Fuel	301	42,686	83,907	83,907	0	
17	Storage Operating Costs	301	6,896	13,887	13,887	0	
18	NEB Cost Recovery	301	5,039	10,077	10,077	0	
19	Depreciation	303/304	194,428	389,392	389,392	0	
20	Municipal and Provincial Capital Taxes	305	61,280	122,560	122,560	0	
21	Regulatory Amortizations	301	(18,157)	(36,313)	(36,313)	0	
20	Debt Redemption Costs / (Gains)	325	(20,887)	(44,520)	(44,520)	0	
21	Performance Incentive Envelope	301	7,950	15,900	15,900	0	
22	Income Taxes	306	86,875	180,134	178,480	1,654	(5)
23	Total Operating Expenses		658,533	1,321,118	1,327,650	(6,532)	
24	Operating Income		319,853	638,650	612,987	25,663	
25	Financial Charges	320-323	193,581	376,633	366,333	10,300	(6)
26	Net Income Applicable to Common Equity		126,272	262,017	246,654	15,363	
27	Rate Base		7,334,657	7,256,903	7,297,466	(40,563)	
28	Return on Rate Base		8.72%	8.80%	8.40%		
29	Return on Common Equity		8.61%	9.03%	8.46%		

**Note:**

- (1) Lower average rate base primarily due to lower capital and retirement spending. (See Schedule 2.0).
- (2) TCPL's share of the Performance Incentive Envelope determined in accordance with Tab A, Appendix "C" of the 2007 Tolls Settlement. (See Schedule 10.0).
- (3) TCPL's share of the enduring Interest Rate Management Program. (See Schedule 9.0).
- (4) A cost breakdown was not specified in the Mainline Settlement for the \$178.1 million aggregated OM&A amount for 2007 approved by the Board in its Decision. As a result, variances cannot be determined.
- (5) Increase in tax primarily associated with higher taxable income resulting from lower OM&A costs and incentive programs partially offset by higher financial charges.
- (6) Interest costs on long-term debt are higher than the amount included in tolls principally as a result of a prefunded capital structure and due to the timing of the junior subordinated debentures' redemption in July 2007 in the Annual Forecast vs. January 2007 in the Decision

## Canadian Mainline

**SUMMARY OF REVENUE BY CLASS OF SERVICE**

(For the Six Months Ended June 30, 2007)

(\$000)

Line No.	Particulars	Period Actual	Annual Forecast	Decision	Variance (c) - (d)
	(a)	(b)	(c)	(d)	(e)
<b>Transportation Service</b>					
1	Firm Service	798,289	1,550,403	1,614,405	(64,002)
2	Energy Deficient Gas Allowance	126	126	0	126
3	Sales Meter Station Charges	0	75	75	0
4	Diversion (*)	22,592	30,400	30,400	0
5	Short Term Firm Transportation (*)	65,974	176,330	176,330	0
6	Storage Transportation Service	17,889	35,744	35,657	87
7	STS Overrun (*)	274	808	808	0
8	Interruptible Service (*)	119,949	128,300	128,300	0
9	Interruptible Backhaul (*)	852	592	592	0
10	Parking and Loan Service (*)	104	81	81	0
11	Balancing Fees (*)	818	1,619	1,619	0
12	FT RAM Credit (*)	(82,987)	(56,910)	(56,910)	0
13	Total Transportation	943,880	1,867,568	1,931,357	(63,789)
<b>Other Operating Revenue</b>					
14	Delivery Pressure Charge	15,013	25,975	21,976	3,999
15	Total Revenue	958,893	1,893,543	1,953,333	(59,790)
<b>Deferred Revenues</b>					
16	Firm Service	5,190	64,002	0	64,002
17	Discretionary	13,034	0	0	0
18	Non-discretionary	(4,218)	(4,212)	0	(4,212)
19	Total Deferred Revenues	14,006	59,790	0	59,790
20	Net Revenues	972,899	1,953,333	1,953,333	0

(\*) Revenue forecast for these services have not been revised from the original annual estimates reflected in the Decision.



**TransCanada PipeLines Limited**  
**Canadian Mainline**  
**AVERAGE PIPELINE RATE BASE**  
(For the Six Months Ended June 30, 2007)  
(\$000)

Line No.	Particulars	Period Actual	Annual Forecast	Decision	Variance (c) - (d)	Note
	(a)	(b)	(c)	(d)	(e)	
<b>Utility Investment</b>						
1	Net Plant	7,198,929	7,116,595	7,150,547	(33,952)	(1)
2	Contributions in Aid of Construction	(21,345)	(21,164)	(21,022)	(142)	
3	Total Plant	7,177,584	7,095,431	7,129,525	(34,094)	
<b>Working Capital</b>						
4	Cash	21,187	21,187	23,379	(2,192)	(2)
5	Goods & Services Tax , Net	(6,882)	(7,159)	(7,988)	829	
6	Materials and Supplies	25,385	24,616	23,851	765	
7	Transmission Linepack	43,388	43,388	43,898	(510)	
8	Storage Gas	12,543	12,543	12,543	0	
9	Prepayments and Deposits	848	1,403	1,622	(219)	
10	Total Working Capital	96,469	95,978	97,305	(1,327)	
<b>Deferrals</b>						
11	Miscellaneous Deferred Items	30,658	30,021	30,005	16	
12	Operating and Debt Service Deferrals	(22,622)	(15,014)	(15,213)	199	
13	Surplus Pension/Post Employment Benefits	52,568	50,487	55,844	(5,357)	(3)
14	Total Deferrals	60,604	65,494	70,636	(5,142)	
15	<b>TOTAL RATE BASE</b>	7,334,657	7,256,903	7,297,466	(40,563)	

**Note:**

- (1) Variance is primarily due to the actual 2007 opening GPIS balance being lower than the forecast opening GPIS balance reflected in the Decision. The forecast capital spending in 2007 is lower compared to the Decision due to changes in scope and timing of projects.
- (2) Cash working capital is lower than the Decision primarily due to lower compressor repairs and overhaul and operations, maintenance and administration charges.
- (3) Variance is due to lower pension funding requirement in the Annual Forecast.

**TransCanada PipeLines Limited**  
**Canadian Mainline**  
**THROUGHPUT DETAIL**  
(For the Six Months Ended June 30, 2007)  
(TJ)

Line No.	Particulars	Period Actual	Annual Forecast	Decision	Variance (c) - (d)	% Variance	Note
	(a)	(b)	(c)	(d)	(e)		
<b>CANADIAN SERVICE</b>							
<b>Firm Service</b>							
1	Firm Service	522,514	1,120,868	1,293,926	(173,058)	(13)	(1)
<b>Discretionary Services</b>							
2	Diversion	57,267	203,512	203,512	0	0	(2)
3	Short Term Firm Service	60,916	141,196	141,196	0	0	(2)
4	Interruptible Service	209,454	162,520	162,520	0	0	(2)
<b>Non-Discretionary</b>							
5	Storage Transportation Service	53,092	83,617	68,690	14,927	22	(3)
6	Total Canadian	903,243	1,711,713	1,869,844	(158,131)		
<b>EXPORT SERVICE</b>							
<b>Firm Service</b>							
7	Firm Service	412,295	941,834	1,050,050	(108,216)	(10)	(1)
<b>Discretionary Services</b>							
8	Diversion	45,940	155,283	155,283	0	0	(2)
9	Short Term Firm Service	74,602	107,734	107,734	0	0	(2)
10	Interruptible Service	270,707	124,005	124,005	0	0	(2)
<b>Non-Discretionary</b>							
11	Storage Transportation Service	3,022	3,940	2,336	1,604	69	(3)
12	Total Export	806,566	1,332,796	1,439,408	(106,612)	(7)	
13	<b>TOTAL THROUGHPUT</b>	1,709,809	3,044,509	3,309,252	(264,743)	(8)	

**Note:**

- (1) Throughput associated with FT commodity and discretionary services are dependent on customer contracting behaviours which are not easily predictable and therefore can show variances from original estimates.
- (2) Throughput forecasts for these services have not been revised from the original annual estimates reflected in the Decision.
- (3) Increase in domestic STS commodity volumes primarily due to higher deliveries to Gaz Metro - EDA and Enbridge - CDA. Increase in export STS commodity volumes is a result of higher deliveries to Phillipsburg and Cornwall.

**TransCanada PipeLines Limited**  
**Canadian Mainline**  
**THROUGHPUT DETAIL**  
 (For the Six Months Ended June 30, 2007)  
 (TJ)

Line No.	Particulars	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Total
<b>CANADIAN SERVICE</b>														
1	Firm Service	88,622	79,751	98,674	91,361	85,351	78,755	-	-	-	-	-	-	522,514
2	Diversions	7,184	7,662	8,949	13,041	9,926	10,505	-	-	-	-	-	-	57,267
3	Short Term Firm Service	13,638	12,229	6,775	2,989	7,774	17,511	-	-	-	-	-	-	60,916
4	Storage Transportation Service	15,927	19,472	10,542	5,650	899	602	-	-	-	-	-	-	53,092
5	Interruptible Service	30,710	35,838	44,483	26,451	34,130	37,842	-	-	-	-	-	-	209,454
6	Total Canadian	156,081	154,952	169,423	139,492	138,080	145,215	-	-	-	-	-	-	903,243
<b>EXPORT SERVICE</b>														
7	Firm Service	71,288	70,627	75,071	63,128	66,198	65,983	-	-	-	-	-	-	412,295
8	Diversions	9,157	10,146	8,154	5,293	5,350	7,840	-	-	-	-	-	-	45,940
9	Short Term Firm Service	5,320	9,869	3,009	16,652	15,322	24,430	-	-	-	-	-	-	74,602
10	Storage Transportation Service	639	1,084	822	475	2	0	-	-	-	-	-	-	3,022
11	Interruptible Service	64,677	65,664	57,413	33,062	26,919	22,372	-	-	-	-	-	-	270,707
12	Total Export	151,081	157,390	144,469	118,610	113,791	121,225	-	-	-	-	-	-	806,566
13	<b>TOTAL THROUGHPUT <sup>(1)</sup></b>	307,162	312,342	313,892	258,102	251,871	266,440	-	-	-	-	-	-	1,709,809

**Note:**

(1) Based on volumes invoiced by class of service.

**TransCanada PipeLines Limited**  
**Canadian Mainline**  
**PAYROLL STATISTICS**  
**TOTAL COMPENSATION AND EMPLOYEE BENEFITS**  
(For the Six Months Ended June 30, 2007)  
(\$000)

Line No.	Particulars	Period Actual	Annual Forecast	Decision <sup>(1)</sup>	Variance <sup>(1)</sup> (c) - (d)
	(a)	(b)	(c)	(d)	(e)
<b>SALARIES</b>					
1	Field Operations	20,537	42,162		
2	Engineering	10,691	22,874		
3	Operations & Engineering Support	9,810	20,555		
4	Commercial & Regulatory	13,234	27,560		
5	Business Services	20,031	41,803		
6	Information Systems	11,053	23,765		
7	Total Regular Salaries <sup>(2)</sup>	85,356	178,719		
8	Ancillary Including Overtime	5,494	9,251		
9	Total Gross Salaries	90,850	187,970		
<b>ALLOCATED MAINLINE</b>					
10	Base Salaries	27,134	56,605		
11	Ancillary & Other	1,751	3,143		
12	Charged to Construction & Other <sup>(3)</sup>	(6,665)	(12,787)		
13	Net Salaries	22,220	46,961		
14	Incentive Compensation (Short and Long Term)	13,100	25,846		
15	Total Compensation	35,320	72,807		
<b>EMPLOYEE BENEFITS</b>					
<b>TOTAL COMPANY</b>					
16	Actuarial Pension Plan & Retiree Expenses	17,923	37,543		
17	Pension & Benefit Plan Administration	775	3,145		
18	Provincial Health Insurance	799	1,763		
19	Employee Insurance & Savings Plan	6,441	14,856		
20	Workers' Compensation	(1)	376		
21	Employment Insurance, CPP, QPP	5,251	6,348		
22	Other Benefits	677	2,161		
23	GROSS BENEFITS	31,865	66,192		
<b>ALLOCATED MAINLINE</b>					
24	Mainline Base Salaries (per line 10)	27,134	56,605		
25	Benefits Applied at Standard Rate (38%)	10,312	21,510		

**Note:**

- (1) Compensation and benefit information was not specified in the \$178.1 million aggregate OM&A amount approved in the 2007 Tolls Settlement. Therefore, variances between Annual Forecast and the Decision amounts cannot be determined.
- (2) Consists of salaries related to the Canadian Mainline, Alberta System, Foothills System as well as TransCanada's Corporate areas.
- (3) Salaries are charged to Construction & Other at standard labour rates that include a benefit component.

**TransCanada PipeLines Limited**  
**Canadian Mainline**  
**PAYROLL STATISTICS**  
**AVERAGE EMPLOYEE ALLOCATION**  
 (For the Six Months Ended June 30, 2007)

Line No.	Particulars	Period Actual	Annual Forecast	Decision <sup>(1)</sup>	Variance <sup>(1)</sup> (c) - (d)
	(a)	(b)	(c)	(d)	(e)
1	Total Employees <sup>(2)</sup>	1,859	1,926		
	Less:				
2	Charged to Non-Mainline	<u>1,245</u>	<u>1,294</u>		
3	Allocated Mainline Employees	614	632		
4	Charged to Mainline Construction and Other	<u>113</u>	<u>106</u>		
5	Employees Charged to OM&A	<u>501</u>	<u>526</u>		

**Note:**

- (1) Average employee allocation information was not specified in the \$178.1 million aggregate OM&A amount approved in the 2007 Tolls Settlement. Therefore, variances between Annual Forecast and the Decision amounts cannot be determined.
- (2) Consists of employees related to Canadian Mainline, Alberta System and Foothills System as well as TransCanada's Corporate areas.

**TransCanada PipeLines Limited**  
**Canadian Mainline**  
**DEFERRED BALANCES**  
(For the Six Months Ended June 30, 2007)  
(\$000)

Line No.	Particulars	Year to Date Actual	Annual Forecast
	(a)	(b)	(c)
<u>Cost Deferrals</u>			
1	TBO Costs	(14,544)	(26,690)
2	Storage Operating Costs	(172)	(293)
3	Pipeline Integrity and Insurance Deductible	(4,571)	927
4	NEB Cost Recovery	664	1,357
5	Return on Rate Base	(1,852)	(4,294)
6	Income Taxes	6,530	(3,211)
7	Depreciation Expense	0	9
8	Gas Related and Electric Costs	2,783	424
9	Municipal and Other Tax	(6,729)	(951)
10	Performance Incentive Envelope	(8,122)	(16,598)
11	Compressor Repair & Overhaul	(22,860)	(4,956)
12	FX (Gain)/Loss on Redemption	21,334	(964)
13	Regulatory Proceedings Costs	(609)	(34)
14	Total Cost Deferrals	(28,148)	(55,274)
<u>Revenues</u>			
15	Firm Service	5,130	64,373
16	Discretionary	13,243	597
17	Non - Discretionary	(4,287)	(4,464)
18	Total Revenue Deferrals	14,086	60,506
<u>Other</u>			
19	Foreign Exchange on U.S. \$ Debt Interest	1,790	661
20	Foreign Exchange on U.K. £ Debt Interest	200	209
21	Total Other Flow-Through Items	1,990	870
22	Total Flow-Through Deferrals	(12,072)	6,102
<b>Incentive-Based Deferrals</b>			
23	Interest Rate Management Program	(1,238)	(2,039)
24	Performance Incentive Envelope	12,684	22,265
23	Total Incentive-Based Deferrals	11,446	20,226
24	2007 Revenue Deficiency Variance	681	692
25	Total Deferred Balances <sup>(1)</sup>	55	27,020

**Note:**

(1) Balances include carrying charges

**TransCanada PipeLines Limited**  
**Canadian Mainline**  
**INTERCORPORATE TRANSACTIONS**  
(For the Six Months Ended June 30, 2007)

**- Summary Receipts -**

Contracting Party	Nature of Service	(\$000)	Ref. Sch.#
TransCanada Calibrations	Lease Agreement	184	8.2
<b>Total</b>		<b>184</b>	

**TransCanada PipeLines Limited**  
**Canadian Mainline**  
**INTERCORPORATE TRANSACTIONS**  
 (For the Six Months Ended June 30, 2007)

- Summary Payments -

Contracting Party	Nature of Service	(\$000)	Ref. Sch.#
Great Lakes Gas Transmission Company	Gas Transportation	75,680	8.3
Trans Quebec & Maritimes Pipeline Inc.	Gas Transportation	40,044	8.3
NOVA Gas Transmission Ltd. (NGTL)	Gas Balancing	500	8.3
TransCanada Energy Ltd.	Purchase of Electricity	35,424	8.3
TransCanada Turbines	Repair and Overhaul	3,173	8.3
<b>Grand Total</b>		<b>154,821</b>	



**TransCanada PipeLines Limited**  
**Canadian Mainline**  
**INTERCORPORATE TRANSACTIONS**  
(For the Six Months Ended June 30, 2007)  
(\$000)

**- Receipts -**

Contracting Party: TransCanada Calibrations

Nature Of Service: Lease Agreement

Description: Rent, electricity, warehouse costs charged to TransCanada Calibrations  
for usage of property and warehouse space at Station 41.

	Lease Agreement
Amount	184

**TransCanada PipeLines Limited**  
**Canadian Mainline**  
**INTERCORPORATE TRANSACTIONS**  
(For the Six Months Ended June 30, 2007)  
(\$000)

**- Payments -**

Contracting Parties: Great Lakes Gas Transmission Company (GLGT)

Nature Of Service: Gas Transportation

Description: Transportation services associated with the movement of gas on the GLGT system, billed in accordance with GLGT tolls

	Gas Transportation
Amount	75,680

Contracting Parties: Trans Quebec & Maritimes Pipeline Inc. (TQM)

Nature Of Service: Gas Transportation

Description: Transportation services associated with the movement of gas on the TQM system, billed in accordance with TQM tolls

	Gas Transportation
Amount	40,044

Contracting Parties: NOVA Gas Transmission Ltd. (NGTL)

Nature Of Service: Gas Balancing

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

	Gas Balancing
Amount	500

Contracting Parties: TransCanada Energy Ltd.

Nature Of Service: Purchase of Electricity

Description: Purchase of electricity to power compressor units and provide auxiliary power for compressor stations

	Purchase of Electricity
Amount	35,424

Contracting Parties: TransCanada Turbines

Nature Of Service: Repair and Overhaul

Description: Repair and Overhaul of Compressor Units

	Repair and Overhaul
Amount	3,173

**TransCanada PipeLines Limited**  
**Canadian Mainline**  
**INTEREST RATE MANAGEMENT PROGRAM**  
 (For the Six Months Ended June 30, 2007)  
 (\$000)

Line No.	Particulars	Payable	Receivable	(Gain)/Loss
	(a)	(b)	(c)	(d)
1	SWAPs	10,927	(13,377)	(2,450)
2	Premium on Swaptions	<u>0</u>	<u>0</u>	<u>0</u>
3	Total Gains	<u>10,927</u>	<u>(13,377)</u>	<u>(2,450)</u>
4	Incentive Based Deferred Amount @ 50%			<u>(1,225)</u>
5	Annual Forecast			<u><u>(2,000)</u></u>

**TransCanada PipeLines Limited**  
**Canadian Mainline**  
**PERFORMANCE INCENTIVE ENVELOPE (PIE)**  
(For the Six Months Ended June 30, 2007)  
(\$000)

Line No.	Particulars	Jan	Feb	Mar.	Apr.	May	June	Total	Annual Forecast
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
<b><u>Fuel Ratio Accuracy and Timeliness Incentive Program (FRATI)</u></b>									
<b>Part A - Consumed Fuel Forecast</b>									
1	Forecast Consumed Eastern Zone Fuel Ratio (%)	5.38%	5.11%	4.85%	4.61%	4.55%	4.70%		
2	Estimated Actual Consumed Eastern Zone Fuel Ratio (%)	5.29%	5.86%	5.17%	4.78%	4.76%	5.37%		
3	Difference (%)	0.09%	0.75%	0.32%	0.17%	0.21%	0.67%		
4	TransCanada Incentive Payment (0.2-0.5)	600	0	360	600	580	0	2,140	
5	Bonus Payment (if all months<2%, and 10/12)								
<b>Part B - Posted Fuel Forecast</b>									
6	Posted Seasonal Eastern Zone Fuel Ratio (%)	5.70%	5.80%	5.20%	4.70%	4.30%	4.30%		
7	Posted Monthly Eastern Zone Fuel Ratio (%)	5.30%	4.20%	5.00%	4.50%	4.60%	4.60%		
8	Difference (%)	0.40%	1.60%	0.20%	0.20%	0.30%	0.30%		
9	TransCanada Incentive Payment (0.3 - 0.6)	400	0	600	600	600	600	2,800	
10	Bonus Payment (if all months<2%, and 4/5 6/7)			800				800	
11	<b>TOTAL FRATI</b>	<b>1,000</b>	<b>0</b>	<b>1,760</b>	<b>1,200</b>	<b>1,180</b>	<b>600</b>	<b>5,740</b>	<b>10,440</b>
<b><u>GLGT TBO Management Incentive Program</u></b>									
<b>Long-Term Releases Incentive Program</b>									
12	Long Term Net TBO Cost Savings	408	1,192	1,846	1,757	2,203	2,056	9,463	
13	TransCanada Incentive Payment (40%)	163	477	738	703	881	822	3,785	
<b>Short-Term Releases Incentive Program</b>									
14	Short Term Net TBO Cost Savings	234	349	642	310	0	0	1,535	
15	TransCanada Incentive Payment (50%)	117	175	321	155	0	0	767	
16	<b>TOTAL GLGT TBO Management Incentive Program</b>	<b>280</b>	<b>652</b>	<b>1,059</b>	<b>858</b>	<b>881</b>	<b>822</b>	<b>4,553</b>	<b>8,448</b>
<b><u>Leak Detection and Repair Incentive Program (LDAR)</u></b>									
17	Gas Emissions Saved (GJ/year)	2,942	8,411	19,934	42,279	126,390	179,331	179,331	
18	TransCanada Incentive Payment (Max \$3 million)	0	0	0	0	0	0	0	
19	<b>TOTAL LDAR Incentive Program</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>Municipal and Provincial Capital Tax Incentive Program</u></b>									
20	Municipal and Provincial Capital Tax (2007 Decision)								122,560
21	Municipal and Provincial Capital Tax (2007 Forecast)								122,069
22	Variance								491
23	TransCanada Incentive Payment (50%)								246
24	<b>TOTAL Municipal and Provincial Capital Tax Incentive Program</b>								<b>246</b>
<b><u>Fuel Gas Incentive Program</u></b>									
25	Fuel Volume Savings (10*6m*3)			0.105					
26	<b>TOTAL FGIP</b>			<b>2,131</b>				<b>2,131</b>	<b>2,131</b>
27	<b>TOTAL TCPL Share - Performance Incentive Envelope</b>	<b>1,280</b>	<b>652</b>	<b>4,950</b>	<b>2,058</b>	<b>2,061</b>	<b>1,422</b>	<b>12,424</b>	<b>21,265</b>



TransCanada PipeLines Limited  
450-1<sup>st</sup> Street S.W.  
Calgary, Alberta, Canada T2P 5H1

Tel: (403) 920-7186  
Fax: (403) 920-2347  
Email: norm\_bowman@transcanada.com

February 28, 2007

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

Filed Electronically

Attention: Mr. Michel L. Mantha, Secretary

Dear Sir:

**Re: TransCanada PipeLines Limited ("TransCanada")  
Mainline System Year End Surveillance Report  
For the Year Ended December 31, 2006**

Enclosed is a copy of TransCanada's Mainline Year End Surveillance Report for the Year Ended December 31, 2006.

If you have any questions or concerns with respect to the enclosed please contact Alex Harris at (403) 920-6201.

Yours truly,

***Original Signed By***

Norm Bowman  
Director, Regulatory Services

**TransCanada PipeLines Limited**  
**Canadian Mainline**  
**NEB Quarterly Surveillance Report**

For the Year Ended December 31, 2006

The NEB Quarterly Surveillance Report is a special purpose financial summary intended for the use of the National Energy Board 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.

Pursuant to Guide BB of the Board's Filing Manual TransCanada submits its year end report for 2006.

The report has been prepared assuming final tolls for 2006 pursuant to Board Order TG-05-2006.

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<b>Schedule</b>	<b>NEB Surveillance Report Requirements</b>
1.0	Income Summary
1.1	Summary of Revenue by Class of Service
2.0	Average Pipeline Rate Base
3.0 -3.1	Throughput Detail
4.0	Payroll Statistics Salaries, Wages, and Employee Benefits
5.0	Payroll Statistics Average Number of Employees
6.0	Deferred Balances
7.0	Performance Measures (Reported Annually)
8.0 - 8.3	Intercompany Transactions
<hr/> <b>Program Specific Reporting</b> <hr/>	
9.0	Interest Rate Management Program
10.0	Fuel Gas Incentive Program
11.0	Performance Incentive Envelope

**TransCanada PipeLines Limited**  
**Canadian Mainline**  
**INCOME SUMMARY**  
For the Year Ended December 31, 2006  
(\$000)

Schedule 1.0

Line No.	Particulars	NEB Accounts	Period Actual	Decision	Variance (c) - (d)	Note
	(a)	(b)	(c)	(d)	(e)	
<b>Revenues</b>						
1	Net Revenues (Schedule 1.1)		1,824,080	1,824,080	0	
2	Amortization of 2006 Revenue Surplus		13,207	13,207	0	
3	Net Revenues		1,837,287	1,837,287	0	
4	Return on Rate Base Deferral		(2,640)	0	(2,640)	(1)
5	TCPL Share - Performance Incentive Envelope	301	9,540	0	9,540	(2)
6	TCPL Share - Interest Rate Management Program	301	2,723	0	2,723	(3)
7	Net Revenue Including Deferred Items		1,846,910	1,837,287	9,623	
<b>Operating Expenses</b>						
8	Compensation (Schedule 4; Line 15)	301	75,843	n/a	n/a	
9	Other Operations, Maintenance & Administrative	301/302	98,358	174,163	n/a	
10	OM&A Equalization	301/302	0	0	0	
11	OM&A	301/302	174,201	174,163	38	
12	Compressor Repair and Overhaul	301/302	38,711	38,711	0	
13	Regulatory Proceeding Costs	301	1,000	1,000	0	
14	Pipe Integrity and Insurance Deductible	301	31,804	31,804	0	
15	Transmission by Others	301	313,553	313,553	0	
16	Electric Costs & Tax on Fuel	301	91,604	91,604	0	
17	Storage Operating Costs	301	13,970	13,970	0	
18	NEB Cost Recovery	301	10,719	10,719	0	
19	Depreciation	303/304	402,339	402,339	0	
20	Municipal & Provincial Capital Tax	305	123,839	123,839	0	
21	Regulatory Amortizations	301	(198,981)	(198,981)	0	
22	Performance Incentive Envelope	301	7,500	7,500	0	
23	Income Taxes	306	189,953	189,573	380	
24	Total Operating Expenses		1,200,212	1,199,794	418	
25	Operating Income		646,698	637,493	9,205	
26	Financial Charges	320-323	408,650	399,456	9,194	(4)
27	<b>Net Income Applicable to Common Equity</b>		238,049	238,037	11	
28	Rate Base		7,416,512	7,438,655	(22,143)	
29	Return on Rate Base		8.72%	8.57%		
30	Return on Common Equity		8.92%	8.88%		

**Note:**

- (1) Lower average rate base is primarily due to the actual 2006 opening GPIS balance being lower than the forecast opening GPIS reflected in the Decision.
- (2) TCPL's share of the Performance Incentive Envelope determined in accordance with Appendix "D" of the 2006 Tolls Settlement. (See Schedule 11.0)
- (3) TCPL's share of the enduring Interest Rate Management Program. (See Schedule 9.0)
- (4) Interest costs on long-term debt are higher than the amount included in tolls principally as a result of a prefunded capital structure.

**TransCanada PipeLines Limited**  
**Canadian Mainline**  
**SUMMARY OF REVENUE BY CLASS OF SERVICE**  
For the Year Ended December 31, 2006  
(\$000)

Schedule 1.1

Line No.	Particulars	Period Actual	Decision	Variance (b) - (c)
	(a)	(b)	(c)	(d)
<b>Transportation Service</b>				
1	Firm Service	1,532,704	1,528,298	4,406
2	Firm Transportation - Non Renewable	2,357	2,370	(13)
3	Energy Deficient Gas Allowance	340	0	340
4	Sales Meter Station Charges	65	75	(10)
5	Diversion	35,976	13,000	22,976
6	Short Term Firm Transportation	158,847	72,200	86,647
7	Storage Transportation Service	32,882	32,998	(116)
8	STS Overrun	252	1,000	(748)
9	Interruptible Service	199,049	278,000	(78,951)
10	Interruptible Backhaul	1,247	1,500	(253)
11	Parking and Loan Service	717	1,800	(1,083)
12	Balancing Fees	1,381	2,500	(1,119)
13	FT RAM Credit	(165,107)	(130,000)	(35,107)
14	Total Transportation	1,800,710	1,803,741	(3,031)
<b>Other Operating Revenue</b>				
15	Delivery Pressure Charge	25,365	20,339	5,026
16	Total Revenue	1,826,075	1,824,080	1,995
<b>Deferred Revenues</b>				
17	Firm Service	(4,407)	0	(4,407)
18	Discretionary	7,638	0	7,638
19	Non-discretionary	(5,226)	0	(5,226)
20	Total Deferred Revenues	(1,995)	0	(1,995)
21	Net Revenues	1,824,080	1,824,080	0



**TransCanada PipeLines Limited**  
**Canadian Mainline**  
**AVERAGE PIPELINE RATE BASE**  
For the Year Ended December 31, 2006  
(\$000)

Line No.	Particulars	Period Actual	Decision	Variance (b) - (c)	Note
	(a)	(b)	(c)	(d)	
<b>Utility Investment</b>					
1	Net Plant	7,350,560	7,376,777	(26,217)	(1)
2	Contributions in Aid of Construction	(21,804)	(21,804)	0	
3	Total Plant	7,328,756	7,354,973	(26,217)	
<b>Working Capital</b>					
4	Cash	22,157	19,949	2,208	(2)
5	Goods & Services Tax , Net	(7,298)	(5,036)	(2,262)	(3)
6	Materials and Supplies	27,087	26,574	513	
7	Transmission Linepack	42,962	42,834	128	
8	Storage Gas	12,543	12,543	0	
9	Prepayments and Deposits	1,223	1,920	(697)	
10	Total Working Capital	98,674	98,784	(110)	
<b>Deferrals</b>					
11	Miscellaneous Deferred Items	32,411	32,431	(20)	
12	Operating and Debt Service Deferrals	(94,535)	(96,216)	1,681	(4)
13	Surplus Pension/Post Employment Benefits	51,206	48,683	2,523	(5)
14	Total Deferrals	(10,918)	(15,102)	4,184	
15	<b>TOTAL RATE BASE</b>	<b>7,416,512</b>	<b>7,438,655</b>	<b>(22,143)</b>	

**Note:**

- (1) Variance is primarily due to the actual 2006 opening GPIS balance being lower than the forecast opening GPIS reflected in the Decision.
- (2) Cash working capital is higher than the decision amount primarily due to increased pipe integrity and repair and overhaul costs.
- (3) Net GST variance is due to higher GST payments related to increased revenues.
- (4) The operating deferral component of rate base was fixed in accordance with the 2006 Tolls Settlement. The variance is a result of reflecting the actual operating deferral component.
- (5) Variance is due to higher pension funding requirement.

**TransCanada PipeLines Limited**  
**Canadian Mainline**  
**THROUGHPUT DETAIL**  
For the Year Ended December 31, 2006  
(TJ)

Line No.	Particulars	Period Actual	Decision	Variance (b) - (c)	% Variance	Note
	(a)	(b)	(c)	(d)		
<b>CANADIAN SERVICE</b>						
<b>Firm Service</b>						
1	Firm Service	1 047 382	1 291 067	(243 685)	(19)	(1)
<b>Discretionary Services</b>						
2	Diversion	76 623	50 487	26 136	52	(1)
3	Short Term Firm Service	165 155	57 090	108 065	189	(1)
4	Interruptible Service	326 556	310 763	15 793	5	(1)
<b>Non-Discretionary</b>						
5	Storage Transportation Service	63 540	85 279	(21 739)	(25)	(2)
6	Total Canadian	1 679 256	1 794 686	(115 430)		
<b>EXPORT SERVICE</b>						
<b>Firm Service</b>						
7	Firm Service	863 018	1 030 807	(167 789)	(16)	(1)
<b>Discretionary Services</b>						
8	Diversion	87 077	68 189	18 888	28	(1)
9	Short Term Firm Service	120 188	51 050	69 138	135	(1)
10	Interruptible Service	355 313	256 371	98 942	39	(1)
<b>Non-Discretionary</b>						
11	Storage Transportation Service	3 143	2 304	839	36	(2)
12	Firm Transportation - Non Renewable	17 724	19 760	(2 036)	(10)	(3)
13	Total Export	1 446 463	1 428 481	17 982	1	
14	<b>TOTAL THROUGHPUT</b>	3 125 719	3 223 167	(97 448)	(3)	

**Note:**

- (1) Throughput associated with FT commodity and discretionary services are dependent on customer contracting behaviours which are not easily predictable and therefore can show variances from original estimates.
- (2) Decrease in domestic STS commodity volumes is primarily due to lower deliveries to Gaz Metro - East and Centra Gas - Manitoba. Increase in export STS commodity volumes is a result of higher deliveries to Philipsburg and Cornwall.
- (3) Decrease in FT-NR commodity volumes as a result of a lower load factor for deliveries than in the Decision.

**TransCanada PipeLines Limited**  
**Canadian Mainline**  
**THROUGHPUT DETAIL**  
For the Year Ended December 31, 2006  
(TJ)

Line No.	Particulars	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Total
<b>CANADIAN SERVICE</b>														
1	Firm Service	102 580	92 830	94 440	80 240	83 422	78 122	78 976	81 624	79 425	85 259	93 062	97 402	1 047 382
2	Diversion	6 100	5 283	6 990	11 799	10 784	5 209	4 394	6 220	4 668	3 496	4,115	7,565	76 623
3	Short Term Firm Service	20 587	17 685	18 867	21 134	18 362	19 425	14 885	8 044	9 821	8 383	3,591	4,371	165 155
4	Storage Transportation Service	13 055	15 361	10 497	2 561	1 451	647	1 188	1 431	806	3 504	5,797	7,242	63 540
5	Interruptible Service	31 053	29 378	30 817	11 803	22 267	30 779	25 501	18 919	30 072	33 102	30,004	32,861	326 556
6	Total Canadian	173 375	160 537	161 611	127 537	136 286	134 182	124 944	116 238	124 792	133,744	136,569	149,441	1 679 256
<b>EXPORT SERVICE</b>														
7	Firm Service	75 848	71 139	77 023	70 044	70 259	72 876	78 311	75 256	65 761	68 117	67 859	70 525	863 018
8	Diversion	7 859	7 432	9 524	5 750	5 034	7 943	9 484	8 913	7 490	6,060	5,113	6,475	87 077
9	Short Term Firm Service	19 812	15 503	15 778	17 875	22 025	5 399	3 692	8 274	4 918	3,107	993	2,812	120 188
10	Storage Transportation Service	613	942	822	117	4	0	5	18	12	148	119	343	3 143
11	Firm Transportation - Non Renewable	1 668	1 551	1 616	1 736	1 910	1 769	1 822	1 949	1 804	1,899	-	-	17 724
12	Interruptible Service	23 643	24 714	26 920	22 203	18 408	24 986	25 371	27 385	25 731	42,250	44,408	49,294	355 313
13	Total Export	129 443	121 281	131 683	117 725	117 640	112 973	118 685	121 795	105 716	121,581	118,492	129,449	1 446 463
14	<b>TOTAL THROUGHPUT</b>	302 818	281 818	293 294	245 262	253 926	247 155	243 629	238 033	230 508	255,325	255,061	278,890	3 125 719 (1)

**Note:**

(1) Based on volumes invoiced by class of service.

**TransCanada PipeLines Limited**  
**Canadian Mainline**  
**PAYROLL STATISTICS**  
**TOTAL COMPENSATION AND EMPLOYEE BENEFITS<sup>(1)</sup>**  
 For the Year Ended December 31, 2006  
 (\$000)

Line No.	Particulars	Period Actual
	(a)	(b)
	<b>SALARIES</b>	
1	Field Operations	41,168
2	Engineering	17,974
3	Operations & Engineering Support	17,546
4	Commercial & Regulatory	24,860
5	Business Services	38,060
6	Information Systems	20,423
7	Total Regular Salaries <sup>(2)</sup>	160,031
8	Ancillary & Other	12,018
9	Total Gross Salaries	172,049
	<b>ALLOCATED MAINLINE</b>	
10	Base Salaries	55,282
11	Ancillary & Other	4,392
12	Charged to Construction & Other <sup>(3)</sup>	(14,537)
13	Net Salaries	45,137
14	Incentive Compensation (Short and Long Term)	30,706
15	Total Compensation	75,843
	<b>EMPLOYEE BENEFITS</b>	
16	Actuarial Pension Plan & Retiree Expenses	35,360
17	Pension & Benefit Plan Administration	2,741
18	Provincial Health Insurance	1,664
19	Employee Insurance & Savings Plan	12,702
20	Workers' Compensation	198
21	Employment Insurance, CPP, QPP	5,463
22	Other Benefits	1,750
23	GROSS BENEFITS	59,878
	<b>ALLOCATED MAINLINE</b>	
24	Mainline Base Salaries (per line 10)	55,282
25	Benefits Applied at Standard Rate (38%)	21,011
26	Pension/Benefit Adjustment	(294)
27	Total Benefits	20,717

**Note:**

- (1) Compensation and benefits information was not specified in the \$174.2 million aggregate OM&A amount approved in the 2006 Tolls Settlement. Therefore, variances between actual results and the 2006 Tolls Settlement cannot be determined.
- (2) Consists of salaries related to the Mainline, Alberta System, BC System, Foothills System as well as TransCanada's Corporate areas.
- (3) Salaries are charged to Construction & Other at standard labour rates that include a benefit component.

**TransCanada PipeLines Limited**  
**Canadian Mainline**  
**PAYROLL STATISTICS**  
**AVERAGE EMPLOYEE ALLOCATION <sup>(1)</sup>**  
 For the Year Ended December 31, 2006

Line No.	Particulars	Actual
	(a)	(b)
1	Total Employees <sup>(2)</sup>	1,808
	Less:	
2	Charged to Non-Mainline	<u>1,160</u>
3	Allocated Mainline Employees	648
4	Charged to Mainline Construction and Other	<u>128</u>
5	Employees Charged to OM&A	<u><u>520</u></u>

**Note:**

- (1) Average employee allocation information is implicit in the fixed OM&A amount approved in the 2006 Tolls Settlement. Therefore, Decision amounts and corresponding variances cannot be determined.
- (2) Consists of employees related to the Mainline, Alberta System, BC System, Foothills System as well as TransCanada's Corporate areas.

**TransCanada PipeLines Limited**

Schedule 6.0

**Canadian Mainline**

**DEFERRED BALANCES**

For the Year Ended December 31, 2006

(\$000)

Line No.	Particulars	Period Actual
	(a)	(b)
<b>Flow-Through Deferrals</b>		
	<u>Cost Deferrals</u>	
1	TBO Costs	(23,198)
2	Storage Operating Costs	(167)
3	Pipeline Integrity and Insurance Deductible	13,783
4	NEB Cost Recovery	(950)
5	Return on Rate Base	(2,751)
6	Income Taxes	(11,376)
7	Depreciation Expense	(709)
8	Gas Related and Electric Costs	(3,441)
9	Municipal and Other Tax	(5,195)
10	Performance Incentive Envelope	(7,829)
11	Compressor Repair & Overhaul	7,643
12	Regulatory Proceedings Costs	753
13	Total Cost Deferrals	<u>(33,437)</u>
	<u>Revenues</u>	
14	Firm Service	(4,564)
15	Discretionary	5,934
16	Non - Discretionary	(5,415)
17	Total Revenue Deferrals	<u>(4,045)</u>
	<u>Other</u>	
18	Foreign Exchange on U.S. \$ Debt Interest	(3,172)
19	Foreign Exchange on U.K. £ Debt Interest	(1,060)
20	Total Other Flow-Through Items	<u>(4,232)</u>
21	Total Flow-Through Deferrals	<u>(41,714)</u>
<b>Incentive-Based Deferrals</b>		
22	Interest Rate Management Program	(2,768)
23	Performance Incentive Envelope	9,803
24	Total Incentive-Based Deferrals	<u>7,035</u>
25	2006 Surplus Variance	(2,987)
26	2005 Regulatory Amortization Balance	1,681
27	Total Deferred Balances <sup>(1)</sup>	<u><u>(35,985)</u></u>

**Note:**

(1) Balances include carrying charges.

**TransCanada PipeLines Limited**  
**Canadian Mainline**  
**PERFORMANCE MEASURES**  
(2002 - 2006)

Ln. No.	Description	2002	2003	2004	2005	2006
1	Revenue Requirement/Throughput-km (\$/10 <sup>6</sup> m <sup>3</sup> -km)	\$12.98	\$14.31	\$15.24	\$12.58	\$10.88
2(a)	Total Operating Expenses (Excluding Inc. Taxes)/Throughput-km (\$/10 <sup>6</sup> m <sup>3</sup> -km) <sup>(1)</sup>	\$6.89	\$7.94	\$8.39	\$6.45	\$6.06
2(b)	Selected Operating Expenses (Excluding Inc. Taxes)/Throughput-km (\$/10 <sup>6</sup> m <sup>3</sup> -km) <sup>(2)</sup>	\$5.59	\$6.45	\$7.17	\$5.46	\$5.02
3(a)	Total Operating Expenses (Excluding Inc. Taxes)/Gross Plant (%)	8.99%	9.83%	9.48%	8.73%	8.21%
3(b)	Selected Operating Expenses (Excluding Inc. Taxes)/Gross Plant (%)	7.30%	7.98%	8.10%	7.40%	6.80%
4	Admin. and General Expenses/Employee (\$)	\$166,195	\$166,532	\$182,735	\$191,803	\$208,720
5	Admin. and General Expenses/Throughput km (\$/10 <sup>6</sup> m <sup>3</sup> -km)	\$0.83	\$0.89	\$0.91	\$0.73	\$0.81
6	Net Plant /Throughput km (\$/10 <sup>6</sup> m <sup>3</sup> -km)	\$54.06	\$54.99	\$57.62	\$46.01	\$43.86
7	Throughput-km/Employee (10 <sup>6</sup> m <sup>3</sup> -km)	199,075	187,559	201,739	263,579	258,620
8	Average Salary/Employee (\$) <sup>(3)</sup>	\$75,788	\$78,930	\$82,017	\$85,191	\$88,513
9	Employee Benefits/Employee (\$) <sup>(3)</sup>	\$22,425	\$28,020	\$30,920	\$32,142	\$33,122
<b>Statistics - Rate of Return on Common Equity &amp; Rate Base</b>						
10	Actual Rate of Return on Common Equity	9.95%	10.18%	9.83%	9.66%	8.92%
11	Approved Rate of Return on Common Equity	9.53%	9.79%	9.56%	9.46%	8.88%
12	Actual Rate of Return on Rate Base	9.46%	9.40%	9.25%	8.99%	8.72%
13	Approved Rate of Return on Rate Base	9.27%	9.28%	8.97%	8.90%	8.57%

**Note:**

- (1) Total operating expenses (excluding income taxes) including amounts which the Company may influence.
- (2) Selected operating expenses (excluding income taxes) over which the Company has little influence.
- (3) Average salary and associated benefits for a TransCanada employee.

**TransCanada PipeLines Limited**  
**Canadian Mainline**  
**INTERCORPORATE TRANSACTIONS**  
For the Year Ended December 31, 2006

**- Summary Receipts -**

Contracting Party	Nature of Service	(\$000)	Ref. Sch.#
TransCanada Calibrations	Lease Agreement	366	8.2
<b>Total</b>		<b>366</b>	



**TransCanada PipeLines Limited**  
**Canadian Mainline**  
**INTERCORPORATE TRANSACTIONS**  
 For the Year Ended December 31, 2006

- Summary Payments -

Contracting Party	Nature of Service	(\$000)	Ref. Sch.#
Great Lakes Gas Transmission Company	Gas Transportation	171,265	8.3
Trans Quebec & Maritimes Pipeline Inc.	Gas Transportation	79,757	8.3
NOVA Gas Transmission Ltd. (NGTL)	Gas Balancing	1,000	8.3
TransCanada Energy Ltd.	Purchase of Electricity, Construction and Linepack Gas	68,338	8.3
TransCanada Turbines	Repair and Overhaul	15,246	8.3
TransCanada Calibrations	System Maintenance	218	8.3
<b>Total</b>		<b>335,824</b>	

**TransCanada PipeLines Limited**  
**Canadian Mainline**  
**INTERCORPORATE TRANSACTIONS**  
For the Year Ended December 31, 2006  
(\$000)

**- Receipts -**

Contracting Party: TransCanada Calibrations

Nature Of Service: Lease Agreement

Description: Rent, electricity, warehouse costs charged to TransCanada Calibrations for usage of property and warehouse space at Station 41.

	Lease Agreement
Amount	366

**TransCanada PipeLines Limited**  
**Canadian Mainline**  
**INTERCORPORATE TRANSACTIONS**  
For the Year Ended December 31, 2006  
(\$000)

**- Payments -**

Contracting Parties: Great Lakes Gas Transmission Company (GLGT)

Nature Of Service: Gas Transportation

Description: Transportation services associated with the movement of gas on the GLGT system, billed in accordance with GLGT tolls

	Gas Transportation
Amount	171,265

Contracting Parties: Trans Quebec & Maritimes Pipeline Inc. (TQM)

Nature Of Service: Gas Transportation

Description: Transportation services associated with the movement of gas on the TQM system, billed in accordance with TQM tolls

	Gas Transportation
Amount	79,757

Contracting Parties: NOVA Gas Transmission Ltd. (NGTL)

Nature Of Service: Gas Balancing

Description: TransCanada Mainline has a Gas Balancing Agreement with NGTL to accommodate upstream storage.

	Gas Balancing
Amount	1,000

Contracting Parties: TransCanada Energy Ltd.

Nature Of Service: Purchase of Electricity, Construction and Linepack Gas

Description: Purchase of electricity to power compressor units and provide auxiliary power for compressor stations and purchase of construction and linepack gas.

	Purchase of Electricity	Purchase of Construction Gas	Purchase of Linepack Gas
Amount	67,517	267	554

Contracting Parties: TransCanada Turbines

Nature Of Service: Repair and Overhaul

Description: Repair and Overhaul of Compressor Units

	Repair and Overhaul
Amount	15,246

Contracting Parties: TransCanada Calibrations

Nature Of Service: System Maintenance

Description: System Maintenance

	System Maintenance
Amount	218

**TransCanada PipeLines Limited**  
**Canadian Mainline**  
**INTEREST RATE MANAGEMENT PROGRAM**  
For the Year Ended December 31, 2006  
(\$000)

Line No.	Particulars	Payable	Receivable	(Gain)/Loss
	(a)	(b)	(c)	(d)
1	Swaps	24,509	(29,954)	(5,445)
2	Premium on Swaptions	<u>0</u>	<u>0</u>	<u>0</u>
3	Total Gains	<u>24,509</u>	<u>(29,954)</u>	<u>(5,445)</u>
4	Incentive Based Deferred Amount @ 50%			<u>(2,723)</u>

**TransCanada PipeLines Limited**  
**Canadian Mainline**  
**FUEL GAS INCENTIVE PROGRAM**  
For the Year Ended December 31, 2006

Line		Winter Season Ended March 31, 2006 Amount (10 <sup>6</sup> m <sup>3</sup> /d)	Summer Season Ended October 31, 2006 Amount (10 <sup>6</sup> m <sup>3</sup> /d)
No.	Particulars	(b)	(c)
	<b>Actual Flows</b>		
1	Actual Prairies Line Flow	190.76	168.74
2	Actual Northern Ontario Line Flow	103.66	93.81
	<b>Target Fuel</b>		
3	Actual Prairies Fuel Volume	3.144	2.214
4	Actual Northern Ontario Fuel Volume	3.664	3.052
5	Total Actual Fuel Volume	6.808	5.266
	<b>Average Seasonal Fuel Savings</b>		
6	Prairies Line	(0.074)	(0.011)
7	Northern Ontario Line	(0.144)	(0.179)
8	Fuel Volume Savings ( Line 6 + Line 7)	(0.218)	(0.190)
		Amount (\$000)	Amount (\$000)
9	Seasonal Incentive Amount	0	0

