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June 13, 2008

Alberta Utilities Commission
10055 – 106 Street, 10th Floor
Edmonton, Alberta
Canada T5J 2Y2

**Attention: Mr. David Mitchell
Regulatory Specialist**

Dear Mr. Mitchell:

**RE: Alberta Utilities Commission (“AUC”)
International Financial Reporting Standards (“IFRS”)
Comments of NOVA Gas Transmission Ltd. (“NGTL”)**

NGTL is in receipt of the AUC’s letter dated May 23, 2008 inviting parties to comment on the scope and range of accounts that may be affected by the adoption of IFRS. NGTL has been working to fully understand the implications of IFRS and to influence their interpretation for regulated utilities in Canada.

In addition to the areas identified in the Commission’s May 23, 2008 letter, NGTL believes the following three areas could possibly be affected by the new accounting standards:

- accounting for financial instruments and derivatives;
- the accounting for liabilities/provisions, including income tax liabilities; and
- the accounting for foreign exchange.

NGTL supports the Commission’s goal to address the implications of the transition to IFRS on regulatory accounting and processes related to the regulatory compact. While the details of IFRS implementation have yet to be finalized, the transition to IFRS is more than an accounting exercise, and may have significant implementation and policy implications for regulated utilities. For example, based on current IFRS standards it appears that rate regulated accounting will not be allowed under IFRS, consequently regulated utilities may incur significant additional administrative costs as they may be required to maintain separate accounting records (including separate plant accounting records) for the regulated utility, as well as accounting records required to prepare general purpose financial statements. The impact of the removal of rate regulated accounting will also put to review accounting principles which underlie the Commission’s accounting regulations. For example, the Commission’s concept of group system depreciation and the principles behind the treatment of ordinary retirement accounting are not consistent with IFRS.

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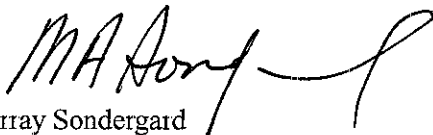
With regards to further information the Commission requires from utilities on the implementation of IFRS, companies are required to provide specific quarterly disclosures, in accordance with the Canadian Securities Administrator (CSA Staff Notice 52-320), on their IFRS implementation plan. NGTL hopes that this disclosure will also meet the Commission's needs.

As the Commission is aware, regulators in other jurisdictions are also considering these issues with the companies in their jurisdictions. NGTL believes that open communication among regulators and regulated entities could generate efficiencies, and lead to greater consistency in policies adopted.

If you have any questions, please contact Carolyn Shaw at (403) 920-7172 or Alex Harris at (403) 920-6201.

NOVA Gas Transmission Ltd.

A wholly owned subsidiary of TransCanada PipeLines Limited



Murray Sondergard
Director, Regulatory Services
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