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TransCanada

In business to deliver

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February 19, 2008

Representative Ralph Samuels
Alaska State Legislature
State Capitol, Room 204
Juneau, AK 99801-1182

Dear Representative Samuels:

Re: TransCanada's 2004 Gas Line Application

On February 11, 2008, we received your letter of January 31, 2008 requesting release of the "TransCanada gas pipeline application and any supporting documentation that was submitted to the State of Alaska in 2004." We assume your request is in reference to the Stranded Gas Development Act ("SGDA") application submitted by the general partnership, Alaskan Northwest Natural Gas Transportation Company and TransCanada Corporation, as co-applicants ("TransCanada") to the State of Alaska dated June 1, 2004 (the "SGDA Application"). If this is not the case, please advise.

The SGDA application and the supporting documentation submitted in conjunction with the application are matters of public record. As such, we assume they are available in the Department of Revenue's archives. If resort to these publicly filed materials satisfies the request made, no further action is required by TransCanada in response to your request.

If you are in fact requesting review of any further materials developed between the State and TransCanada in relation to its SGDA application, we believe that you should be aware of the context and status of the incomplete negotiations that transpired following the submission of the application.

Subsequent to the filing of the application, and up until May 2005, the State conducted negotiations, first with MidAmerican and TransCanada jointly, and then following MidAmerican's withdrawal from those negotiations, with TransCanada alone, on the principles that would apply to the development of a contract under the SGDA. At the same time, the State was conducting concurrent negotiations with the Alaska North Slope Producers (the "ANS Producers").

In June of 2005, the State elected to pursue its negotiations under the SGDA solely with the ANS Producers and to cease negotiations with TransCanada, prior to any agreement being achieved. The negotiations with TransCanada of principles that were to have applied if the State had chosen to develop a contract with TransCanada, became memorialized, in the incomplete state in which they existed in May 2005, in a lengthy and detailed set of approximately 50 power point panels, that are sometimes erroneously referred to as the SGDA "deal" between TransCanada and the State (the "TC SGDA Work Product").

We question the relevancy of the TC SGDA Work Product to the Legislature's evaluation of the bid that the TC Co-applicants have made pursuant to the current Alaska Gasline Inducement Act ("AGIA") (the "AGIA Application"). There are a myriad of significant differences between the premises of the SGDA Application and the premises of the AGIA Application, including structural, regulatory and commercial differences.

However, if it is your wish to review the confidential TC SGDA Work Product, we are willing to make the document available for review upon your entering into an appropriate confidentiality agreement with TransCanada. Because the proprietary commercial information contained in those materials could affect TransCanada's competitive position and has commercial value, such materials were determined to be confidential in accordance with AS 43.82.310. Nevertheless, every Member of the Legislature in 2004 and 2005 had the opportunity to review those materials under the terms of a confidentiality agreement. TransCanada is willing to permit every Member of today's Legislature to review the TC SGDA Work Product on the same terms and conditions of confidentiality.

We hope that our proposed course of action meets with your needs.

Yours truly,



Tony Palmer
Vice President
Alaska Business Development

Identical letters have been sent to all 23 signatories to your letter of January 31, 2008