

**TransCanada's GTN System
Notice of Available Firm Service
Subject to a Right of First Refusal
July 31, 2007**

TransCanada's GTN System ("GTN") posted a notice on its Internet website on October 31, 2006 indicating the availability of 15,000 Dth/d of annual, long-term firm capacity, subject to a Right of First Refusal ("ROFR"). In accordance with Section 33.2 of its FERC Gas Tariff, Third Revised Volume No. 1-A ("Tariff"), GTN will commence a five-day bid period for this capacity on July 31, 2007.

Capacity Path	Start Date	Rate	Available MDQ (Dth/d)
Kingsgate B.C. to Malin, OR	11/1/2007	FTS-1	15,000

Timeline (all times are PDT)

8:00 a.m.	Tuesday, July 31, 2007	Bid period commences
5:00 p.m.	Monday, August 6, 2007	Bid period closes
12:00 p.m.	Tuesday, August 7, 2007	Bidder(s) with acceptable bids and existing capacity holder notified of acceptable bids
12:00 p.m.	Tuesday, August 21, 2007	Deadline for existing capacity holder to exercise ROFR
5:00 p.m.	Tuesday, August 21, 2007	Capacity awarded to winning bidder(s)

Bidding Procedures

Bidders must send the attached Bid Form to Kevin Stonewall at GTN's Portland office. Faxed bids should be sent to (503) 833-4918 by 5:00 PM PDT Monday, August 6, 2007. Bids not received prior to the close of the bid period will not be considered.

Each bid must specify the quantity of capacity desired in Dth/d (delivered), the term of service and the reservation rate. The rate must be expressed as a percentage of the maximum applicable FTS-1 reservation charges (including both mileage-based and non-mileage-based components).

Rate Table

Currently effective Rate Schedule FTS-1 rates are shown in the table below. For illustrative purposes, the 100% load factor equivalent daily rates for the Kingsgate to Malin path are also shown.

<u>Reservation Charges</u>	<u>Daily Resv. Charges</u>	Kingsgate to Malin (612.46 miles)
Base Rate non-mileage	\$0.049912/Dth	\$0.049912/Dth
Base Rate mileage	\$0.000612/Dth-Mile	\$0.374826/Dth
<u>Delivery Charges</u>	<u>Delivery Charges</u>	Kingsgate to Malin (612.46 miles)
Delivery	\$0.000037/Dth-Mile	\$0.022661/Dth
ACA	\$0.001600/Dth	\$0.001600/Dth
Total Unit Rate (100% Load Factor Equivalent)		\$0.448999/Dth

Shippers will be responsible for the percentage of the approved FTS-1 reservation charge reflected in their bid that is in effect during the term of the contract. In addition, the full approved delivery rate and ACA will be applicable to all transportation service, whether or not the bidder is willing to pay 100% of the Reservation charges. Further, successful bidders must provide fuel in-kind per GTN's Tariff. New long-term agreements (equal to or greater than one year) resulting from this ROFR process will be subject to GTN's incremental fuel surcharge, which is currently 0.000262% per Dth-Mile (0.1605% K-M), and will be reduced by the addition of the award of this capacity in accordance with GTN's rolldown mechanism.

Bidding Policy

1. Bids must be expressed as a percentage of the maximum FTS-1 reservation charge for the term bid.
2. All bids submitted and not withdrawn in writing prior to the close of the bid period are binding upon the bidder and will be deemed to indicate the bidder's agreement to pay all applicable charges for the full quantity and term of the bid. Award of capacity by GTN to bidder in accordance with such bid creates a binding and enforceable agreement between GTN and such bidder pursuant to the form of Firm Transportation Service Agreement as set forth in GTN's Tariff. GTN and the bidder shall further document the agreement by executing a Firm Transportation Service Agreement reflecting the bid terms within five days of award of the bid; provided, however, failure of either party to execute such documentation shall not modify the agreement between GTN and the bidder created through award of the bid by GTN.
3. Bidders are limited to one bid per package per Capacity Bid Form. Additional bids on a specific package must be made with additional Capacity Bid Forms.
4. In the event of an NPV tie, GTN will prorate the capacity per paragraph 33.2 of GTN's Tariff.
5. Bidders may also specify a minimum acceptable quantity in each package in the event that the capacity awarded is less than the Bid MDQ.
6. On Tuesday, August 7, bidders will be notified via fax confirmation that they have an acceptable bid subject to the existing capacity holder's ROFR decision. Upon notification by GTN, the existing capacity holder will have up to ten business days to exercise its ROFR

Bid Evaluation

1. GTN reserves the right to reject bids that are for less than the maximum applicable FTS-1 reservation charge.
2. GTN reserves the right to reject any and all bids that do not follow the instructions set out in this Bid Package, or where the bidder's intentions are not clear to GTN.
3. Acceptable discounted bids will be selected on a NPV basis as outlined below:

Valuation of Bids

The bid(s) with the greatest economic value will be the bid(s) with the highest net present value ("NPV") based on the reservation charge over the term of service specified in the request. If the economic values of separate bids are equal, then service shall be offered to such requestors on a pro-rata basis. The NPV is the discounted cash flow of the bid according to the following formula.

$$\text{Present Value} = P * R * \frac{(1 + i)^n - 1}{i(1 + i)^n}$$

where: P = percent of the rate or charge that the Shipper is willing to pay.

R = Rate or charge calculated as: The applicable maximum authorized reservation charge(s) per Dth in effect at the time of the bid for service.

i = FERC's annual interest rate divided by 12.

n = number of periods (months) for which the bidder wishes to contract.

Credit Requirements

Prospective shippers must establish creditworthiness with GTN prior to the close of the bidding period based upon the creditworthiness standards described in Paragraph 18.3 of GTN's Tariff. Questions regarding credit qualification should be directed to Ken Nichols at (503) 833-4123 or Shelly Goswami at (503) 833-4606. To ensure timely qualification, GTN encourages bidders to submit credit information as soon as possible. GTN will reject the bid(s) of any party that does not meet GTN's creditworthiness standards by the close of the bidding period.

Upstream and Downstream Arrangements

Transportation arrangements on upstream and downstream pipeline systems are the responsibility of each prospective shipper. Questions regarding service on those systems should be addressed to the respective pipeline or LDC.

PG&E	Paul Alliegro	(415) 973-3740
Tuscarora	Jim Schoene	(713) 371-6524
TransCanada NGTL System and Foothills Zone 8	Bruce Newberry	(403) 920-5579

Questions

Prospective shippers may address questions to the following GTN personnel:

Calgary:	Randy Hunter	(403) 531-8223
Portland:	Dave Sloan	(503) 833-4358
Houston:	Jim Schoene	(713) 371-6524
San Francisco:	Bevin Hong	(925) 200-1476

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Capacity Bid Form

Capacity Package	Maximum Quantity Dth Available/Day	Bid Path	Start Date	End Date	% FTS-1 Reservation Charge	Bid MDQ (1)	Bid MQ (2)
A	15,000	Kingsgate B.C. to Malin, OR	11/1/2007				

(1) MDQ: Maximum Daily Quantity (in Dth/d)

(2) MQ: Minimum Quantity (in Dth/d) Bidder will accept if awarded capacity.

Company: _____
 Parent Corporation: _____
 Name: _____
 Title: _____
 Signature: _____
 Telephone Number: _____
 Fax Number: _____

**Fax bids to Kevin Stonewall at (503) 833-4918
 by 5:00 p.m. PDT Monday, August 6, 2007**

**Hard copy bid forms can be sent to:
 TransCanada's GTN System
 1400 SW Fifth Ave., Suite 900
 Portland, OR 97201
 ATTN: Kevin Stonewall**