

**Via Courier**

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

tel 403.920.7685  
fax 403.920.2467  
email [don\\_degrandis@transcanada.com](mailto:don_degrandis@transcanada.com)

To: Alberta Securities Commission  
Saskatchewan Securities Commission  
Manitoba Securities Commission  
Ontario Securities Commission  
Commission des valeurs mobilières du Québec  
Nova Scotia Securities Commission  
Securities Administration Branch,, New Brunswick  
Office of the Attorney General, Prince Edward Island  
Securities Commission of Newfoundland and Labrador  
Registrar of Securities, Government of Yukon  
Registrar of Securities, Department of Justice, Government of the Northwest  
Territories  
Registrar of Securities, Legal Registries Division, Department of Justice,  
Government of Nunavut

Ontario Securities Commission  
Attention: John Stevenson, Secretary  
20 Queen Street West  
Suite 1900, Box 55  
Toronto, Ontario M5H 3S8

Commission des valeurs mobilières du Québec  
Attention: Denise Brosseau, Secretary  
Tour de la Bourse  
800, square Victoria  
C.P. 246, 22<sup>e</sup> étage  
Montréal, Québec, H4Z 1G3

In response to your request, TransCanada Power, L.P. (the “Partnership”) is pleased to have an opportunity to comment on the proposed Multilateral Instrument 52-110 for Audit Committees. By way of background, TransCanada Power, L.P. has its common shares listed on the Toronto Stock Exchange with a market capitalization of approximately \$1.3 billion. The Partnership units are widely held with the exception of TransCanada Corporation (“TransCanada”), which through its subsidiaries holds 35.6%. The general partner of the Partnership is a wholly owned indirect subsidiary of TransCanada. Under the terms of the Partnership Agreement, TransCanada, provided it maintains at least a 30% interest in the Partnership, is entitled to appoint four out of the seven person Board of Directors. Last year, the Board with TransCanada’s approval determined to add a fourth independent director to the Board thereby balancing the Board with TransCanada nominees and independent outside directors. The Partnership has been offered to the public based primarily on TransCanada’s management of the Partnership’s assets, their association with certain of TransCanada’s mainline assets, and TransCanada’s strong reputation as a excellent operator of complex infrastructure systems.

Given these facts, we would have the following comments on the proposed Multilateral Instrument:

1. The proposed instrument will prohibit any representation by TransCanada on the audit committee which we believe will have the effect of undermining the basis on which many investors purchased the Partnership’s units, that is, the involvement of TransCanada in the management of the Partnership. Currently, the Partnership’s audit committee is made up of three independent directors and one TransCanada nominated director. We believe this to be appropriate and urge that consideration be given to providing boards of directors with an ability to override a part of the proposed instrument where appropriate so long as the issuer provides a full explanation of its decision in its annual disclosure documents.
2. In the section where there are deeming provisions on independence, we have a concern that the simple fact of employment of an immediate family member should not preclude the service of a director on an audit committee. This requirement in our view requires modification so as to make it clear that the employment has to be full-time and that the position occupied is of a senior nature or has executive authority or policy making characteristics. We appreciate this may be difficult to define and in this case harmonization with the NYSE proposed guidelines of U.S. \$100,000 would seem to be appropriate. Alternatively, boards could be allowed to override the deeming provisions with an explanation to shareholders being contained in the annual management information circular.
3. Additionally, in the deeming provisions we believe the proposed instrument goes too far when applied to consulting, advisory or other compensatory fees. The effect of this provision will be to eliminate large number of very competent

businessmen and professionals who would otherwise be qualified. This drastically reduces the potential number of candidates who could be approached to serve. We believe and urge consideration of some de minimis rule which would provide a base guideline for issuers. Again, the New York Stock Exchange's proposal of the 2% or \$1 million of revenues, whichever is greater, appears to be an appropriate benchmark.

In conclusion, we are very appreciative of the effort and thought that has gone into this proposed instrument and we are generally supportive of this initiative. If we can be of further assistance, please do not hesitate to contact us.

Yours truly,

Donald J. DeGrandis  
Corporate Secretary

Enclosure (with diskette)