



TransCanada

In business to deliver

TransCanada PipeLines Limited
450 – 1st Street SW
Calgary, Alberta, Canada T2P 5H1

Tel: 403.920.7888
Fax: 403.920.2412
Email: russ_girling@transcanada.com

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Alberta Securities Commission
Saskatchewan Securities Commission
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Nova Scotia Securities Commission
New Brunswick Securities Commission
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

C/o:

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

Ms. Anne-Marie Beaudoin,
Directrice du secretariat
Autorité des marchés financiers
Tour de la Bourse
800, square Victoria
C P 246, 22e étage
Montréal, Québec, H4Z 1G3

Dear Sir/Madam:

Re: Multilateral Instrument 52-111

We thank you for providing this opportunity to provide comments on the proposed rule. TransCanada Corporation is one of Canada's largest energy infrastructure companies and is listed on the Toronto and New York stock exchanges as well as being an active participant in the capital markets of both Canada and the United States. Given our interlisted status, we will be taking advantage of the exemption provided in the proposed rule for issuers who will be implementing the internal control report requirements found in Section 404 of the Sarbanes-Oxley Act.

As with other interlisted Canadian companies, the process of becoming compliant with Section 404 has been a costly, intensive, enterprise wide effort that has been ongoing for almost two years.

As a consequence of our experience, we are pleased to provide some general comments and observations which we hope will be of assistance to the Canadian Securities Administrators ("CSA").

Our first comment would be that the CSA should carefully consider the appropriateness of full adherence to the U.S. process which we are now aware has been criticized as being too mechanical and leading to a "check-box" approach to compliance rather than fostering a more top down, principled and risk based approach. We believe that there is much to learn from the current U.S. experience and where possible our approach in Canada should be to learn from that experience. This is particularly so given the Canadian capital markets include a significant number of smaller companies and other entities that do not necessarily have the human resources and financial capacity to properly meet the requirements of the proposed rule.

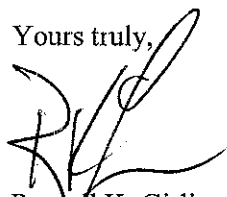
Notwithstanding this concern, we are fully supportive of the need to continue to have the Chief Executive Officer and the Chief Financial Officer certify the fair presentation of financial statements and their responsibility for establishing and maintaining "internal control over financial reporting". However, we do not believe there is the need for a company's auditor to issue an internal control audit report. Management continues to have the responsibility to maintain an appropriate level of internal control over financial reporting. It is our view that it is not necessary for auditors to separately report on the adequacy of a company's internal control report.

We are also concerned relative to the requirement to have an assessment of internal control over financial reporting of joint ventures and variable interest entities particularly in situations where one of the joint venturer's may not have a reporting requirement or where the company who is required to report has no effective level of control over the joint venture. This does not appear to be a practical or workable recommendation.

We would also point out that our exercise to become SOX 404 compliant has revealed that the level of internal control over financial reporting and how those controls are implemented as well as their scope vary from industry to industry and are dependent on the size and sophistication of the company involved. In the Canadian circumstance, we believe the proposed rule will place an unnecessary burden on smaller companies and we endorse the position taken by many commentators that the CSA move forward on this initiative at a measured and considered pace taking into account the U.S. experience. We also believe further consultation with industry and other interested groups would provide additional input for consideration by the CSA.

We thank you for the opportunity to comment and are available to discuss the proposed rule in more detail with the CSA should the opportunity present itself.

Yours truly,



Russell K. Girling
Executive Vice-President, Corporate Development
and Chief Financial Officer