

September 30, 2010



Technical Director
Financial Accounting Standards Board
File Reference No. 1810-100, FASB
401 Merritt 7, PO Box 5116
Norwalk, CT 06856-5116
Email: director@fasb.org

Dear Sir or Madam:

TransCanada Corporation (TransCanada) is pleased to submit its comments in response to the Invitation to Comment on the Exposure Draft *Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities* as issued by the Financial Accounting Standards Board (FASB).

TransCanada is a leader in the responsible development and reliable operation of North American energy infrastructure, including natural gas pipelines, power generation, gas storage facilities and projects related to oil pipelines and power facilities.

TransCanada supports the objective of improving the decision usefulness of financial statement users by providing more relevant, reliable and comparable information across entities, as well as reducing the complexity in accounting for financial instruments. We support FASB's continued convergence efforts with the International Accounting Standards Board (IASB) and encourage the Boards to continue to work towards convergence on financial instruments and hedge accounting and agree with the majority of the improvements proposed in the Exposure Draft. However, certain areas cause us concern as detailed below.

We agree with the Board's overall efforts to reduce the complexity in derivative and hedge accounting, however, we question the proposal to record ineffectiveness on an under-hedged transaction. The proposed requirement to record a gain or loss on a hypothetical transaction is misleading to financial statement users as net income would include amounts that are not based on actual transactions.

We also question the rationale for concurrent documentation in order to effectively terminate a hedging derivative instrument when an offsetting derivative is entered into. We believe this would create added administrative duties without improving the hedging process for the preparers and users of this financial information.

Furthermore, we believe the additional presentation requirements under this Exposure Draft on the face of the statement of financial position and face of the statement of comprehensive income would distract the users of the financial information. We believe the information is better suited for inclusion in the notes to the financial statements.

TransCanada hopes its comments will be useful to the FASB in their deliberations. If you have any questions or would like to discuss any of these matters, please do not hesitate to contact us.

Yours very truly,

A handwritten signature in cursive script, appearing to read "G. Glenn Menuz".

for G. Glenn Menuz, C.A.
TransCanada Corporation
Vice-President and Controller