



# NewsRelease

## **TransCanada Moves Ahead With Purchase of Hydro Assets from USGen New England**

Transaction Subject to Bankruptcy Court  
and Regulatory Approvals

BETHESDA, MD./CALGARY, Alberta - **Dec. 9, 2004** - (TSX: TRP) (NYSE: TRP) - USGen New England, Inc. and an affiliate of TransCanada Corporation today announced that TransCanada will purchase hydroelectric generation assets with a total generating capacity of 567 megawatts (MW) for \$505 million US in cash, subject to adjustment. No qualified competing bids were received by the court-ordered deadline so the auction originally scheduled for today did not take place.

The purchase is subject to the sale of the 49 MW Bellows Falls hydroelectric facility to the Vermont Hydroelectric Power Authority, which will result in a \$72 million US reduction in purchase price.

The sale, previously announced in September 2004, is now pending a bankruptcy court hearing scheduled for Dec. 15, 2004. Other regulatory approvals and conditions also will need to be met prior to closing.

The assets include generating systems on two rivers in New England: the 484 MW Connecticut River system in New Hampshire and Vermont and the 83 MW Deerfield River system in Massachusetts and Vermont. The systems include 13 dams with 41 hydroelectric generating units. On a ten-year average, the generating systems produced approximately 1.4 million MW-hours of electricity annually. The output is not subject to long-term contracts.

The Town of Rockingham has an option agreement with USGen New England to purchase the Bellows Falls facility for \$72 million US. On Dec. 7, 2004 the Town exercised the option and assigned its rights to the Vermont Hydroelectric Power Authority. Should the Bellows Falls transaction close, TransCanada's acquisition will exclude that facility and the purchase price will be reduced to \$433 million US.

The transaction is expected to close in the first half of 2005. TransCanada will finance the acquisition in a manner consistent with maintaining its solid financial position and credit ratings. TransCanada expects the transaction to be immediately accretive to earnings and cash flow.

Headquartered in Bethesda, Md., USGen New England, Inc., which is currently in Chapter 11, is a subsidiary of National Energy & Gas Transmission, Inc. (NEGT). TransCanada also recently closed on its purchase of NEG's Gas Transmission Northwest Corporation.

TransCanada is a leading North American energy company. TransCanada is focused on natural gas transmission and power services with employees who are expert in these businesses. TransCanada's network of approximately 41,000 kilometres (25,600 miles) of pipeline transports the majority of Western Canada's natural gas production to the fastest growing markets in Canada and the United States. TransCanada owns, controls or is constructing more than 4,700 megawatts of power generation - an amount of power that can meet the needs of about 4.7 million average households. The Company's common shares trade under the symbol TRP on the Toronto and New York stock exchanges. Visit TransCanada on the Internet at [www.transcanada.com](http://www.transcanada.com) for more information.

#### FORWARD LOOKING INFORMATION

*Certain information in this news release is forward-looking and is subject to important risks and uncertainties. The results or events predicted in this information may differ from actual results or events. Factors which could cause actual results or events to differ materially from current expectations include, among other things, the ability of TransCanada to successfully implement its strategic initiatives and whether such strategic initiatives will yield the expected benefits, the availability and price of energy commodities, regulatory decisions, competitive factors in the pipeline and power industry sectors, and the current economic conditions in North America. For additional information on these and other factors, see the reports filed by TransCanada with Canadian securities regulators and with the United*

*States Securities and Exchange Commission. TransCanada disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.*

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