



Foothills Meeting – October 18, 2011



Foothills Meeting - Agenda



2012 Preliminary Rates

- Dan Kaplan

Crowsnest Waste Heat Recovery Project

- Mike Brennan

Maintenance And Capacity Update

- Bruce Newberry



Foothills System

2012 Preliminary Rates



2012 Forecast Key Notes



The Foothills system will be filing for:

- 2012 effective rates for January 1, 2012

The Foothills system rates are based on:

- 2012 Forecast contracts/throughput
- Return on equity as per settlement (9.7% for 2012)

G&A Settlement

- Cap reached in 2011
- Schedule A (Operations & Maintenance Expenses) Layout to Change
 - More consistent with other TC pipe reporting



The Revenue Requirement:

- 2012 - \$46.1 Million (2011 Rate Filing: \$36.0 Million)

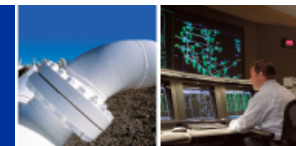
Total Throughput:

- 2012 – 1,594 TJ/d (2011 Rate Filing: 1,769 TJ/d)

Results in a FT Rate of:

- 2012 – 7.7 ¢/GJ (2011 Rate: 5.4 ¢/GJ)

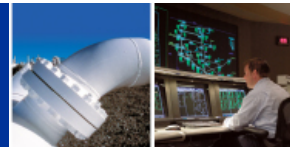
Zone 9 - Costs and Revenue (\$000)



	2011 Rate Filing	2012 Rate Filing	Difference	%
Cost				
O&M	5,653	5,700	47	
Return & Depr	33,838	33,104	(734)	
Taxes (income + Other)	11,549	10,693	(856)	
Special Charge	179	103	(76)	
	<u>51,219</u>	<u>49,600</u>	<u>(1,619)</u>	
Adjustments				
Previous (Over) Under	(15,014)	(3,549)	11,465	
G&A Settlement	(257)	0	257	
Total	<u>35,948</u>	<u>46,051</u>	<u>10,103</u>	28%
Other Revenue				
STFT	(20,342)	(28,988)	(8,646)	
IT & SGS	(7,090)	(10,595)	(3,505)	
Firm Rev Rqmt¹	<u>8,516</u>	<u>6,468</u>	<u>(2,048)</u>	-24%

1. Totals may not add due to rounding

Zone 9 - Contracts and Throughput (TJ/d)



	2011	2012	Difference	%
	Rate Forecast	Rate Forecast		
Firm Contract Demand¹	430	230	(200)	-47%
Throughput to Services:				
Firm Volumes	424	225	(199)	-47%
STFT Volumes	1019	1027	8	1%
Interruptible Volumes	326	342	16	5%
Total²	1769	1594	-175	-10%

1. Annualized contract demand quantity

2. Totals may not add due to rounding

Zone 9 Rate Sensitivity – Rule of Thumb



- A \$1 million dollar increase (decrease) in revenue requirement results in approximately a 0.2¢/GJ increase (decrease) in the Firm Transportation rate
- A 100 TJ/d increase (decrease) in throughput results in approximately a 0.4¢ /GJ decrease (increase) in the Firm Transportation rate



The Revenue Requirement:

- 2012 - \$65.1 Million (2011 Rate Filing: \$ 69.3 Million)

Total Firm Contract:

- 2012 – 1,829 TJ/d (2011 Rate Filing: 2,091 TJ/d)

Results in a FT Rate of:

- 2012 – 9.4 ¢/GJ (2011 Annual Rate: 8.9 ¢/GJ)

Zone 8 – Costs and Revenue (\$000)



	2011 Rate Filing	2012 Rate Filing	Difference	%
Cost				
O&M	16,046	19,167	3,121	
Return & Depr	33,426	32,815	(611)	
Taxes (income + Other)	19,210	18,404	(806)	
Special Charge	574	542	(32)	
	<u>69,256</u>	<u>70,926</u>	<u>1,670</u>	
Adjustments				
Previous (Over) Under G&A Settlement	804 (801)	(5,845) 0	(5,041) (801)	
Total	<u>69,259</u>	<u>65,081</u>	<u>(4,178)</u>	-6%
Other Revenue				
STFT	(974)	(1,360)	(386)	
IT & SGS	(385)	(923)	(538)	
Firm Rev Rqmt¹	<u>67,900</u>	<u>62,798</u>	<u>(5,102)</u>	-8%

1. Totals may not add due to rounding

Zone 8 Rate Sensitivity – Rule of Thumb



- A \$1 million dollar increase (decrease) in revenue requirement results in approximately a 0.1¢/GJ increase (decrease) in the average Firm Transportation rate
- A 100 TJ/d increase (decrease) in contract level results in approximately a 0.5¢ decrease (increase) in the average Firm Transportation rate

2012 Filing Timeline



- **Presentation material posted on web site on October 18, 2011.**
- **Review of 2012 preliminary rates at October 18, 2011 customer meeting.**
- **In the event of changes to the 2012 preliminary rates:**
 - Posted on web site with email and NRG notification:
<http://www.transcanada.com/customerexpress/935.html>
- **File for 2012 effective rates by early November.**

2012 Proposed Rates - Contacts



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Crowsnest Waste Heat Recovery Project

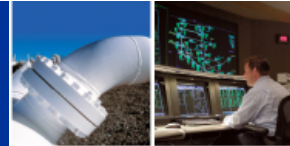
Presentation to Foothills BC Shippers

October 18, 2011

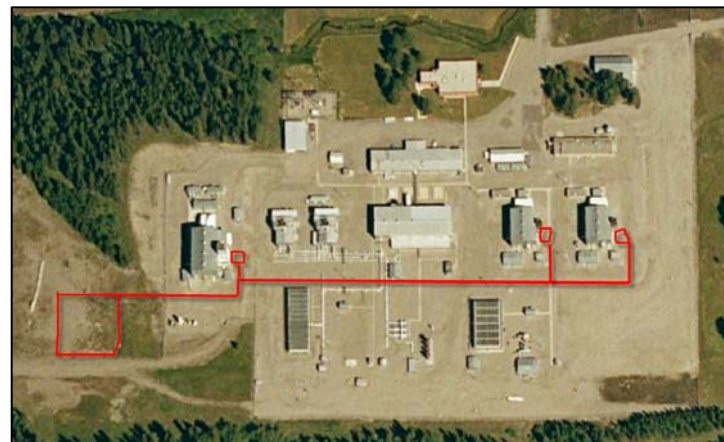


TransCanada
In business to deliver

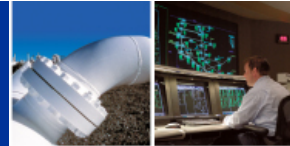
Project Summary



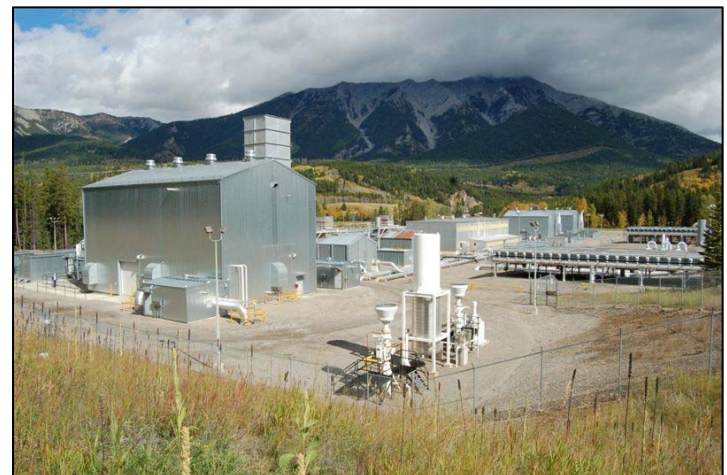
- **Project Description:** 6.5 MW power plant that generates clean electricity using heat recovered from three gas turbines
- **Location:** Crowsnest compressor station near Sparwood, BC
- **Owners/Developers:** Mistral Power Inc. (40%) and AltaGas Ltd. (60%)
- **Operator:** Mistral Power
- **Term:** 20-year contract with option for renewal
- **On-stream Target:** Q2, 2012



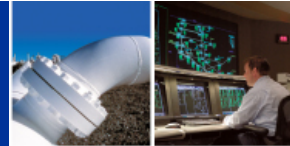
Benefits to Foothills Shippers



- **No Commercial Risk:** Developers assume all risk related to throughput uncertainty
- **Cost Recovery For:**
 - Commercial development of project
 - Incremental fuel resulting from backpressure
 - Other costs including operations & maintenance, taxes, permitting, and incremental greenhouse gas emissions
- **Credit to Revenue Requirement:** Foothills shippers and shareholders to share equally the waste heat access fee



Revenue Sharing Precedents on Other Pipelines in Canada



Alliance Pipeline

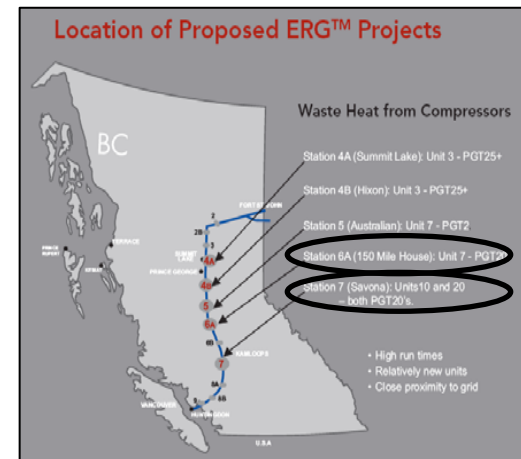
- Four sites in Saskatchewan owned and operated by an affiliated company, NRGreen Power L.P.
- Nominal amount returned to Shippers

Spectra Energy

- Two sites in British Columbia, owned by Enpower Green Energy Inc.
- Energy Recovery Fee shared 50/50 with Shippers



www.nrgreenpower.com



<http://www.enpowerinc.ca/documents/EnPowerOpenHouse-Savona.pdf>

Information on payments for access to waste heat is not publicly available. However, it is generally considered to be ~\$100K - \$200K per site annually, inclusive of incremental fuel costs.

Overall Benefits of Crowsnest Project



- Incremental revenue from existing assets
 - Zero capital expenditure, full cost recovery
 - No change to existing operating strategy
 - Equally benefits Foothills shippers and shareholders
 - Follows revenue sharing precedent established with two similar facilities in British Columbia
-
- Responsible environmental stewardship
 - Strong support from local municipality
 - Aligns with clean energy objectives of province of British Columbia



Pipe Integrity Summary Foothills Sask



- **Currently in a Maintenance window**

<u>Facility Name</u>	<u>Timing</u>	<u>Capability</u>	<u>Impact Assessment/Shipper</u>
Monchy#1 & #2	Oct 17-19	53	Potential IT/FT delivery restriction *
Richmound C/S	Oct 25-26	61	Potential IT/FT delivery restriction
Piapot C/S	Oct 31 - Nov 4	60	Potential IT/FT delivery restriction

- **Foothills Sask. Outage notes being added to STOP**

<http://www.transcanada.com/customerexpress/abshorttermopsplan.html>

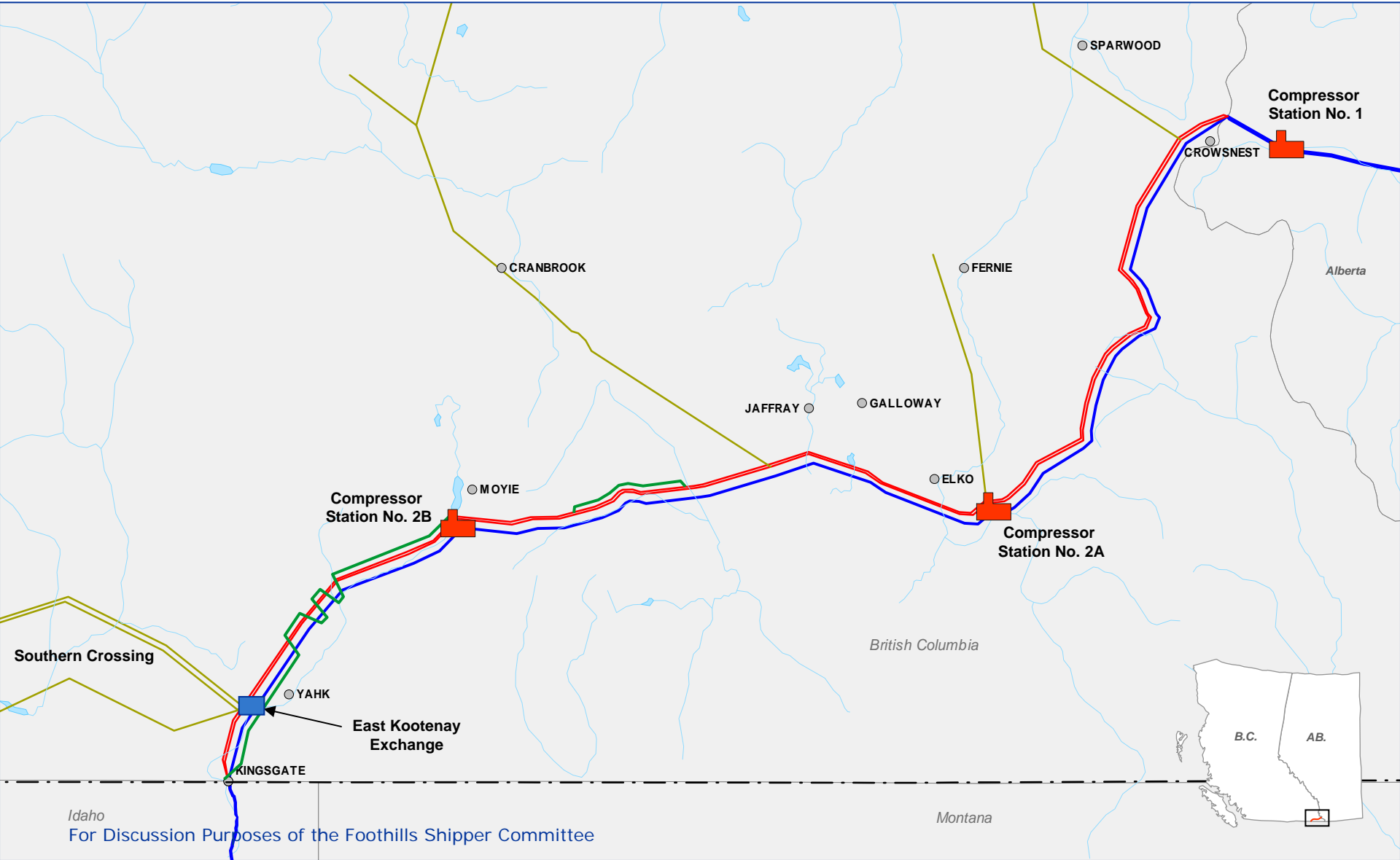
- * **Outage capability will be close to current flows.**

Foothills Maintenance BC



- **Primary challenge with Foothills BC Repairs and Maintenance is that they can only be done in the summer months due to access and environmental constraints. This can be when flows peak for summer cooling demand.**
- **In 2012 as in previous years we will try to manage our maintenance vs. the expected flows to mitigate flow restrictions.**

Foothills BC Map

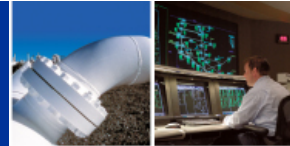


Pipe Integrity Summary Foothills BC



- **Foothills continues to manage the SCC and corrosion risk on the Foothills Zone 8 (BC) NPS 36 tape coated line (1981 install) using in-line inspection (ILI), excavations and repairs**
 - Primary focus is Segment 2 due to corrosion & SCC
 - 6-10 digs budgeted in 2012 on segment 2 (SCC)
 - May be most cost efficient to take the line out of service
 - A couple features in Segments 3 & 4 to be investigated in 2012
 - No restrictions to firm capacity anticipated
 - Will have approximately 200 MMcf/day of capacity available throughout the summer including maintenance period

Foothills Capacity and Availability Table

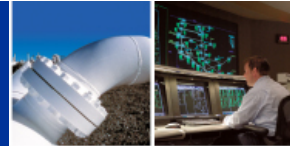


MMcf/Day	Winter 2011/12	Summer 2012	Available – beginning of each month
Foothills BC	3000	2866	800
NGTL – ABC	2575	2554	600
Foothills Sask.	2333	2172	1800
NGTL –McNeill	2358	2191	1800

<http://www.transcanada.com/customerexpress/2868.html> (BC)

<http://www.transcanada.com/customerexpress/3039.html> (SK)

<http://www.transcanada.com/customerexpress/2852.html> (AB)



Capacity

Alberta System

- ▶ FT-D - Daily
- ▶ FT-D - Transfers
- ▶ FT-D Existing Capacity Open Season - Unity Border
- ▶ STFT - Daily
- ▶ STFT - Winter

Canadian Mainline System

Foothills System

Select a Pipeline

Select a Pipeline ▼

Delivery Capacity

The Capabilities and Firm Requirements Table is provided to customers for information purposes and is accurate for the date published. Firm Requirements will be updated regularly, while Capabilities will be updated annually.

2010/2011 Capabilities and Firm Requirements Table

Area	Capabilities Published on Nov 08, 2010		Firm Requirements As of Nov 01, 2010
	Winter 2010/11 (Design) MMcf/d	Summer 2011 (Design) MMcf/d	Winter 2010/11 MMcf/d
Alberta System (at 14.65 psia)			
WESTERN GATE TOTAL	2,735	2,683	2,261
Alberta/BC Border (A/BC)	2,658	2,608	2,190
Alberta/Montana Border	77	76	71
EASTERN GATE TOTAL	6,298	6,918	2,334
- Empress	4,570	4,727	1,416
- McNeill	2,358	2,191	918

Notes:

1. The Alberta System design capability in this table is determined using the design methodology described in the Annual Plan.
2. The Firm Requirements are the firm contract quantities that include FT-D, LRS and STFT.
3. For the purpose of this table, McNeill capability is established based upon the summer takeaway capability on the downstream pipeline. The remaining Eastern Gate capability is allocated to Empress.
4. Note that daily "Operational Capability" will vary from "Design Capability" based upon a number of factors, including: equipment availability, pipeline related outages such as pigging, ambient air and ground temperature variations, system linepack, flow distribution, receipt or delivery flow to connected storage locations and border delivery pressures.



Capacity

Alberta System

Canadian Mainline System

Foothills System

- ▶ FT - Daily
- ▶ STFT - Daily
- ▶ STFT - Winter
- ▶ STFT: Existing - BC

Select a Pipeline

Delivery Capacity - BC

The Capabilities and Firm Requirements Table is provided to customers for information purposes and is accurate for the date published. Firm Requirements will be updated regularly, while Capabilities will be updated annually.

2010/2011 Capabilities and Firm Requirements Table

Area	Capabilities		Firm Requirements
	Winter 2010/11 (Design) MMcf/d	Summer 2011 (Design) MMcf/d	Winter 2010/11 MMcf/d
Published on Nov 08, 2010			
As of Nov 01, 2010			
Foothills - BC (at 14.73 psia)			
Foothills - BC	3,000	2,866	2,010
Alberta System (at 14.65 psia)			
Alberta/Foothills-BC Border (A/BC)	2,658	2,608	2,190

Notes:

1. On the Foothills-BC System, the Firm Requirements are the firm contracts that include FS-1 and STFT contract quantities.
2. On the Alberta System, the Firm Requirements are the firm contract quantities that include FT-D, LRS and STFT.
3. Note that daily "Operational Capability" will vary from "Design Capability" based upon a number of factors, including: equipment availability, pipeline related outages such as pigging, ambient air and ground temperature variations, system lineup, flow distribution, receipt or delivery flow to connected storage locations and border delivery pressures.



Capacity

Alberta System

Canadian Mainline System

Foothills System

- ▶ FT - Daily
- ▶ STFT - Daily
- ▶ STFT - Winter
- ▶ STFT: Existing - BC

Select a Pipeline

Delivery Capacity - SK

The Capabilities and Firm Requirements Table is provided to customers for information purposes and is accurate for the date published. Firm Requirements will be updated regularly, while Capabilities will be updated annually.

2010/2011 Capabilities and Firm Requirements

Area	Capabilities		Firm Requirements
	Winter 2010/11 (Design) MMcf/d	Summer 2011 (Design) MMcf/d	Winter 2010/11 MMcf/d
Published on Nov 8, 2010			
As of Nov 01, 2010			
Foothills - SK (at 14.73 psia)			
Foothills - SK	2,333	2,172	795
Alberta System (at 14.65 psia)			
McNeill	2,358	2,191	918

Notes:

1. For the purpose of this table, Foothills-Saskatchewan and McNeill capability is established based upon the summer takeaway capability on the downstream pipeline.
2. On the Foothills-Saskatchewan, the Firm Requirements are the firm contract quantities that include STFT.
3. On the Alberta System, the Firm Requirements are the firm contract quantities at McNeill and include FT-D, LRS and STFT.
4. Note that daily "Operational Capability" will vary from "Design Capability" based upon a number of factors, including: equipment availability, pipeline related outages such as pigging, ambient air and ground temperature variations, system linepack, flow distribution, receipt or delivery flow to connected storage locations and border delivery pressures.

Foothills Maintenance - Contacts



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