Kinder Morgan Canada

Ian Anderson

President Kinder Morgan Canada
Trans Mountain Pipeline

Capacity
- Currently 300 MBbl/d

Markets
- British Columbia
- Washington State refineries
- Westridge marine terminal – offshore markets in U.S. and Asia

Regulation / Tolls
- National Energy Board regulated
- 2013 Toll Settlement pending
Express Platte

Express - 280,000 Bbl/d
- 119,000 Bbl/d Firm contracts thru Q1 2015
- Thruput has increased from <200,000 bpd to over 220,000 bpd
- Excess capacity today
- Canadian production will fill space over time
- Primary route for Canadian production to PADD IV refiners

Platte - 143,000 - 165,000 Bbl/d
- Platte is full - Canadian & local US barrels compete for space in Platte
- Lowest cost into Wood River
- High demand from Bakken through Guernsey

Opportunities
- Recontracting Express
- Spot Toll Upside
- Platte continues outlet for Bakken

Sale of Express System
- On December 11, 2012, announced Sale of 100% to Spectra Energy
- Pre-tax proceeds to Kinder Morgan $380M
- KMP currently receives approximately $15M of cash flow annually
- Closing targeted for Q2, 2013
# Trans Mountain – DCF

(millions $US)

<table>
<thead>
<tr>
<th></th>
<th>Actual 2009</th>
<th>Actual 2010</th>
<th>Actual 2011</th>
<th>Actual 2012</th>
<th>Budget 2013</th>
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<td>Trans Mountain System contribution</td>
<td>147.4</td>
<td>156.9</td>
<td>169.3</td>
<td>193.3</td>
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<td>Addback book tax</td>
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<td>12.8</td>
<td>17.4</td>
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<td>Less cash tax</td>
<td>(3.1)</td>
<td>2.8</td>
<td>1.1</td>
<td>11.1</td>
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<tr>
<td>Trans Mountain System DCF</td>
<td>157.7</td>
<td>166.9</td>
<td>185.6</td>
<td>182.9</td>
<td>176.4</td>
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Market Fundamentals Support West Coast Expansion

**Growing Chinese Demand**

- Crude Imports: 5 Mbd

**Domestic Production**

- West Coast Expansion
  - TM Expansion / Northern Gateway
  - Keystone XL

**Oil Sands Growth**

- Tight Pipeline Capacity

**Increasing US Crude Production – Lower Imports**

- Lower 48 States
- Gulf of Mexico
- Alaska

**Market Fundamentals Support West Coast Expansion**

- Conventional Light & Medium
- Conventional Heavy
- Current Oil Sands

**Widening Price Spreads**

- * Mixed Sweet Blend

**Growing Chinese Demand**

- Crude Imports: 5 Mbd, 10 Mbd

**Source:**
- 2012 CAPP Crude Oil Forecast
- U.S. Energy Information Administration Short-Term Energy Outlook, January 8, 2013

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* Mixed Sweet Blend
Trans Mountain Expansion (TMX)

Open Season Concluded – Commence Regulatory Steps

- Existing capacity: 300,000 Bbl/d
- Expansion to: 890,000 Bbl/d
- $5.4B (Projected Cost)
  - Firm Dock fees help fund development costs
  - Some cost overrun protection exists
  - 600 miles new pipe
  - Pump stations, tanks, new tanker berths
  - Offshore clearing capacity 600k
- 13 Companies, 708,000 bbl/d
  - Take or Pay Contracts, 15 & 20 years
  - In-service: late-2017
  - Competitive Tolls
- NEB Hearing for toll principles Q1, 2013
  - Decision Q2, 2013
- Facilities Application
  - Q4, 2013
Trans Mountain Expansion Schedule

- Application Preparation: 1.5 years
- Commercial (Tolling) approvals
- Regulatory Approvals: 2 years
- Construction: 2 years

## Trans Mountain Expansion (TMX)

### Opportunities
- Expanding Trans Mountain offers increased capacity offshore and to pipeline connected markets in Washington State.
- Lever off of existing infrastructure and right-of-way (non-greenfield expansion).
- Environmental footprint is manageable.
- Build upon First Nations relationships in place along route.
- Growing political awareness of benefits associated with more pipeline capacity.
- Experienced operator and builder in B.C.

### Challenges
- Some shippers challenging toll principles.
- Resistance to oil sands production links to pipeline permitting.
- Concerns about spills in environmentally sensitive habitat including offshore tanker traffic.
- First Nations must be meaningfully engaged by government & proponent.