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
- National Energy Board regulated
- 2013–2015 toll settlement
  - 2-year extension option
## Trans Mountain – DCF

*(millions $US)*

<table>
<thead>
<tr>
<th></th>
<th>Actual 2010</th>
<th>Actual 2011</th>
<th>Actual 2012</th>
<th>Actual 2013</th>
<th>Budget 2014</th>
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<tbody>
<tr>
<td>Trans Mountain System</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>contribution</td>
<td>156.9</td>
<td>169.3</td>
<td>193.3</td>
<td>162.2</td>
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<td>12.8</td>
<td>17.4</td>
<td>0.7</td>
<td>19.3</td>
<td>17.3</td>
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<td>Less cash tax</td>
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<td>1.1</td>
<td>11.1</td>
<td>(4.1)</td>
<td>1.9</td>
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<tr>
<td>Trans Mountain System</td>
<td>166.9</td>
<td>185.6</td>
<td>182.9</td>
<td>185.6</td>
<td>154.9</td>
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Market Fundamentals Support West Coast Expansion

**Tight Pipeline Capacity**
- TM Expansion / Northern Gateway / Energy East
- Keystone XL

**Continued Discounts**
- Brent
- WTI
- MSW (c)
- Brent - MSW Spread

**Increasing U.S. Crude Production – Lower Imports**

**Growing Chinese Demand**
- Crude Imports
- Domestic Production

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(a) Source: 2013 CAPP Crude Oil Forecast
(b) Source: US EIA Short-term Energy Outlook, Release Date January 7, 2014
(c) Mixed Sweet Blend
Trans Mountain Expansion

- **Existing capacity**: 300 MBbl/d
- **Expansion to**: 890 MBbl/d
  - Continue to serve local markets
  - 630 MBbl/d tanker export capacity
- **13 Companies, 708,000 bbl/d**
  - Take-or-pay contracts, 15 & 20 years
  - In-service: late-2017
  - Commercial Terms NEB approved May, 2013
- **Projected Cost $5.4B**
  - Cost pass thru protection
  - 615 miles new pipe
  - 12 new pump stations
  - 20 new tanks
  - 3 new tanker berths
- Development costs covered by existing contract revenues
- **NEB facilities Application filed Dec 16, 2013**
Trans Mountain ExpansionProjected Timeline

- Expansion Application Filed w/NEB Dec. 16, 2013
- Intervener Evidence Info. Requests Supplemental Filings
- NEB & Federal Government Ruling
- NEB Public Hearing
- Final Engineering, Procurement, Contracting
- Construction
- Expansion In-service @ 890 MBbl/d

Trans Mountain Expansion

Accomplished

- NEB approved commercial terms
- Comprehensive facilities application filed Dec. 2013
- Extensive stakeholder and Aboriginal engagement
  - 1,500 stakeholders
- First Nations – > 70 communities actively engaged
- Route corridor identified
  - Supporting environmental studies
- Enhanced pipeline emergency preparedness and response plans
- Completion of marine studies
  - Including tanker risk & spill response
- BC provincial interest addressed
  - Regulatory environmental assessment process
  - Marine response enhancements
  - Terrestrial spill plan
  - Plan to address Aboriginal rights and involvement
  - Economic benefits identified

Ongoing Work

- Pipeline construction in environmentally sensitive habitat areas
- Pipeline spill response capacity and risk mitigation
- Risks associated with increased tanker traffic along south coast of BC
- Building positive long-term relationships with the Aboriginal communities
- Pipeline and marine liability coverage
- Provincial interests on moving energy resources to new markets