

Operational Update

TransGas (TGL) continues to look for efficiencies and has seen synergies in the areas of capital and maintenance planning. Plans to enhance cooperation and efficiency include bringing both TGL and SaskEnergy (SEI) closer together. TGL business will remain separate and distinct from SEI.

TGL also recognizes the importance of customer input and further consideration will be taken on TGL's current access of supply. TGL is considering a multitude of options to improve security of supply.

Safety Moment

TGL highlighted SEI's and TGL's safety performance over the past few years. Overall improvements are seen with its 3rd consecutive year achieving their lowest Total Recordable Injury Rate and 2nd consecutive year achieving their lowest Preventable Vehicle Collision Frequency Rate.

Business Update

TGL provided a current report on various business aspects, which included drilling, number of tie-ins, storage, receipts and other perceived trends.

Key statistical information from this update can be found on the TransGas Website (www.transgas.com) under "Newsroom"—"Business Update."

Financial Update

TGL provided an update on 2016 capital spending, income and expenses. Net income, from January to March 2016, slightly exceeded expectation. The year-end has change from Dec. 31st to March 31st. The 2017 Rate increase, if required, is planned for April 1st 2017.

TransGas Next

The TransGas Next System went live on June 1st 2016. There were several benefits and risks associated with this decision. The new system has generated some issues but none of which are preventing business from being conducted. TGL continues to resolve issues and customers can expect ongoing support.

2016/2017 Business Plan Load and Revenue

Key assumptions for forecasting 2016/2017: Existing delivery and storage customers will continue. Saskatchewan supply will continue to decline and be supplemented by Alberta. Supply and demand will be in balance and any exports will displace deliveries. NIT to TEP contracting is increasing Alberta supply and overall volumes are increasing. Storage is experiencing de-contracting; when capacity decreases so does deliverability. Contracted volumes are increasing steadily and are expected to increase in pace with incremental demand.

Red Tape Reduction Action Plan

The plan's goal is to eliminate negative impacts and ineffective regulations that are preventing business growth in Saskatchewan. The plan expects to reduce time, costs and resources that businesses spend on matters outside of their core business.

Issues and Opportunities Recap

TGL continues to work towards identifying and prioritizing any outstanding issues/opportunities that have previously gone unresolved. A key item discussed was on regulatory principles in collecting revenue, and the fairness of the customers impacted by particular business expenses. TGL meets their revenue requirements though the current rate structure but weighed the impacts of diverging away from this methodology. Items also discussed were TransGas' Infrastructure Access Fee (IAF) and potential to change rate class offerings.

If you have any questions arising from this meeting or of the TransGas Customer Dialogue process in general, please contact Ty Gillies at (306) 777-9985.