Business Update

TGL provided a current report on various business aspects, which included drilling, land sales, gas supply, projects, new connects and other perceived trends. Supply on the system continues to be a 65:35 split between Alberta vs. SK receipts. Storage was 94% full on October 31.

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

NIT to TEP Transport Update

TransGas presented on NGTL no longer having firm transport available from NIT to the Saskatchewan border. TransGas will continue to work with NGTL through a joint planning process with to secure more transport to meet our customer's requirements.

Future of Alberta Receipts

With the recent NGTL capacity constraint, TransGas presented options on flowing gas from Alberta. Three options presented were:

1. **Continue to offer NIT to TEP (NTT) service only.**
2. **Alberta Border Stand Alone (ABSA) service only.**
3. **Combination of both NTT and ABSA service.**

The benefits and challenges for each option were discussed at a high level.

2017/2018 Winter Operations Plan

TransGas winter operations plan is based off peak day operation plan to ensure capacity for firm contracted transport service at peak conditions, which required contingency facilities. The system operation priorities include high Alberta receipts, continual monitoring and management of storage and pressure management near large cities. Since the last winter, TransGas has completed a number of facility changes to provide peak day operations.

Financial Update – YTD and 2017/2018 Forecast

Capital spending for the period April 1 to October 31 was $53.9 million with the projection for the fiscal year showing approximately $5 million over budget. Revenue and Expenses for the period April 1 – Oct 31 was $17.9 net Income, with the projection for the fiscal year showing approximately $24.1 million, which is $2.0 million below budget. Breakdown shows revenue at $4.3 million below budget offset by Expenses $2.3 million below budget.

2018/2019 Rates

TransGas Revenue Forecast, Operating Expense Forecast and Capital Related Expenses are resulting in a Revenue shortfall of $17.2 million. The Customer carry forward account balance of $6.4 million would be used to offset this revenue shortfall, resulting in a 5.9 % proposed rate increase. Approval for the rate increase will proceed through the Governance process with an effective date of April 1, 2018.

Shed Notice for Export

Currently TransCanada Pipelines (TCPL) requires a term of 3 years in order to receive renewal rights on firm transportation. TCPL also requires 24 months shed notice. TransGas obtained consensus resolution to modify the General Business Policies in the tariff to 25 month shed notice for all firm Export contracts.

If you have any questions arising from this meeting or of the TransGas Customer Dialogue process in general, please contact Tanya Lang at (306) 777-9811.