



Prince Rupert
Gas Transmission Project

PRGT Project

Activity Update #19

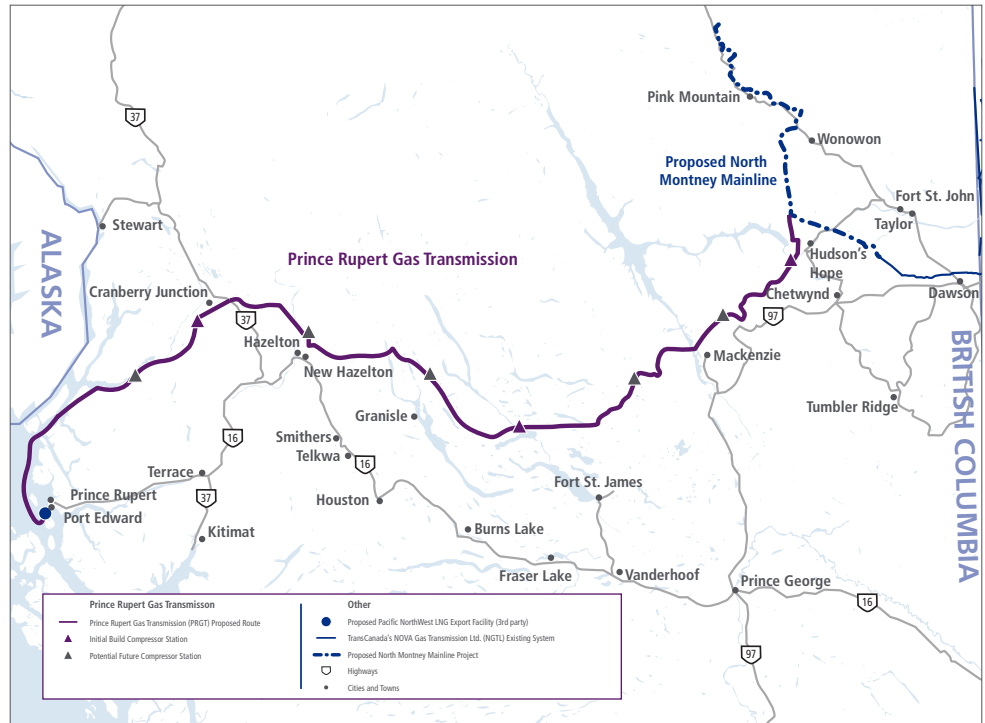
December 2014 – January 2015

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About the Project

The proposed Prince Rupert Gas Transmission (PRGT) Project is an approximately 900 kilometre natural gas pipeline to be routed from north of Hudson's Hope B.C. to the proposed Pacific NorthWest LNG export facility on Lelu Island within the District of Port Edward. Upon receiving all approvals, PRGT will be constructed and operated with safety and environmental stewardship as top priorities.

Once it's operating, the project will generate an estimated \$25 million each year in property taxes. This revenue will help support school and hospital districts, emergency services, recreation services, recycling programs and other local programs vital to sustaining strong communities.



Regulatory

Application Updates

On November 25, 2014, PRGT was granted an Environmental Assessment Certificate (EAC) from the Ministers of Natural Gas Development and Environment. This important milestone for the Project comes as a result of thousands of hours of fieldwork analysis, technical studies and consultation with local stakeholders and Aboriginal groups to ensure our environmental footprint is as small as possible. PRGT's full application can be viewed at www.eao.gov.bc.ca.

PRGT has submitted seven Pipeline Permit applications to the British Columbia Oil and Gas Commission (BC OGC) for construction of the pipeline. We anticipate receiving these permits in early 2015.

Nisga'a Memorial Lava Bed Park Boundary Adjustment (PBA)

Following our consultation process with impacted local governments, stakeholders, and the Nisga'a Nation, a Park Boundary Adjustment

application for the Nisga'a Memorial Lava Bed Park was submitted to BC Parks and the Nisga'a Lisims Government. PRGT sought public input through public open houses in various communities along the project corridor (including Nisga'a villages), as well as through online comment forms, presentations and meetings. Now that we have received our EAC, the new regulation will be put in front of the BC Legislature during the spring sitting for review by the Minister of Environment.

After investigation of alternative routes that would avoid the park, both TransCanada and Nisga'a Lisims Government agree that the proposed route is the most favourable as it avoids a number of river and stream crossings and areas identified by the Nisga'a as having special cultural significance.

TransCanada is currently working with BC Parks and the Nisga'a Lisims Government to determine mitigation, reclamation, and park enhancements which, we believe, will substantially minimize the overall impact to the park.

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Marine Amendment

As a result of the Nisga'a Benefits Agreement, PRGT has been able to finalize the west end of the pipeline route. Engineering design and project development efforts determined a need for additional ancillary sites in the Nass Bay area during construction of the marine section of the pipeline. These sites include:

- a single marine camp that could be moved up to five possible locations and house up to 400 people,
- a Nass Harbour jetty that will be used to transfer crews from the marine camp and to load/offload materials, and
- an upgrade to the existing dock at Nasoga Gulf that will be used for loading and unloading of materials.

PRGT plans to file a Marine Facilities amendment to our EAC relating to these additional facilities in the new year. PRGT has been and will continue to engage with affected stakeholders, Aboriginal groups, and regulators over the coming weeks.

Field Studies

Geotechnical Investigation

The geotechnical investigations currently being conducted will aid PRGT in determining the suitability of the subsurface condition for various crossing types. In addition to major crossings, borehole locations have been identified for compressor stations and possible geohazard sites to enable geotechnical investigations.

Marine Program

The Phase 3 geotechnical program and sample collection work for the proposed marine pipeline route has been completed. The results of these soil samples will be used to develop pipeline construction methods.

The nearshore geophysical study to determine soil conditions below the seabed has been completed. Additionally, there is current metering taking place off of Lelu Island as part of the oceanographic modelling program.

Ground Survey/Route Assessment

PRGT's survey crew continues to collect routing survey information along the project corridor as needed and where access is available. This information is being gathered in order to refine the proposed route and ensure pipeline constructability.

Timber Assessment

The purpose of this program is to scale and assess timber volumes on the project to support regulatory permit applications and to develop construction clearing, salvage operation, and fiber utilization plans.

This timber assessment is ongoing along the project corridor, verifying accessibility to the project right-of-way, confirming deck space locations, and counting trees by test blocks. The timber crews, which include Aboriginal community members, are in the final stages of this work and expect to be completed by the end of this year.

Helipad Site Clearing Program

PRGT has identified several helipad locations required to access the proposed pipeline corridor in order to conduct ongoing field work. Applications have been submitted to the BC OGC in association with the clearing required at these helipad locations.

The BC OGC permits grant a clearing area of up to 20 metre radius for each helipad site. However, the need for clearing is expected to be minimal since sites are strategically chosen for their accessibility.

Helipad clearing has been completed for the permitted helipads. The project team is waiting for remaining permit approvals to commence clearing the remainder of the helipad sites.

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Project Updates

PRGT Final Investment Decision

On December 3, 2014, our customer announced the deferral of a Final Investment Decision (FID). British Columbia is a competitor in the global LNG market and PRGT shares the concern of our customer that the costs of the pipeline and LNG facility must be managed carefully and that project economic viability is a core requirement. We have made significant changes to our route, taking into account Aboriginal and stakeholder input, our Environmental Assessment, and work done to improve constructability. These are necessary changes to the project that we are committed to, but they have contributed to cost pressures. We are committed to working with our contractors to refine capital cost estimates for the project.

In the meantime, PRGT continues to work closely with the stakeholders and Aboriginal groups along the proposed route to ensure the benefits to all impacted groups are realized. We will also continue to support the review of the BC Oil and Gas Commission (BC OGC) to obtain the permits necessary to start construction of the pipeline. Once the permitting process with the BC OGC is complete, which is anticipated for early 2015, PRGT will be in a position to begin construction once Pacific NorthWest LNG (PNW) secures the necessary regulatory approvals and proceeds with a positive FID.

Contracting

PRGT is committed to maximizing local spending along our proposed pipeline route and this includes the utilization of local contractors in the construction of the PRGT Project. We are currently employing locally in a variety of field positions and continue to engage in negotiations with local contractors for upcoming work. Please visit our website for more information on local contracting opportunities at <http://www.princerupertgas.com/jobs-and-benefits/contracting-and-jobs/>.

Fact Sheets

Below you will find the links to two of PRGT's most recent brochures and fact sheets with information on various aspects of the Project.

- Prince Rupert Gas Transmission Project Overview
<http://www.princerupertgas.com/wp-content/uploads/2014/12/PRGT-overview-brochure.pdf>
- Constructing the Offshore Portion of the Prince Rupert Gas Transmission Pipeline
<http://www.princerupertgas.com/wp-content/uploads/2014/11/PRGT-Offshore-Map.pdf>

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Participants in the LGMA of BC Effective Fire Service Administration program, which took place in Prince George from November 7 to 9, 2014

In the Community

December 11: UNBC Occupational Health and Safety Officer Graduation Ceremony

- Members from PRGT are excited and very proud to attend the graduation ceremony for the students of the Continuing Studies Occupational Health and Safety Officer training course at UNBC. TransCanada funded the costs for 25 students to participate in the program that ran from September 22 to December 5.

December 19: Friday Night Free Skate

- PRGT will hold our third monthly Friday Night Free Skate of the season at the Ken Trombley Memorial Arena in Hazelton. Join us for a complimentary skate and hot chocolate!

December/January: Local Government Meetings

- PRGT will be meeting with local governments along the Project corridor to share updates on the Project. This will continue throughout early 2015.

Investing in the Community

Local Government Management Association of BC: Effective Fire Service Administration for Fire Chiefs and Local Government Chief Administrative Officers

TransCanada was the corporate sponsor for a unique pilot project hosted by the Local Government Management Association of BC (LGMA) in early November in Prince George. The three day session was developed to support finance, administration and human resource capacity-building with fire departments. Dale O'Dwyer, Safety Manager for PRGT, was able to participate in the Saturday session and speak to the group on pipeline safety. This program, aimed primarily at smaller communities with volunteer fire departments, is a significant contribution to the overall financial sustainability of local governments across BC.



Dale O'Dwyer, Safety Manager, PRGT (second from left) presented the cheque from TransCanada to (left to right) Tim Pley, President, Fire Chiefs' Association of BC, Gord Anderson, Fire Commissioner, Office of the Fire Commissioner, Emergency Management BC, and Sheryl Worthing, LGMA Board of Directors, Chapter Representative (North Central).

“ We are thrilled to have been able offer a very successful first pilot in Prince George and look forward to holding the second pilot in the Kootenay region in the spring of 2015. We are very grateful for TransCanada’s financial support, which has enabled the regional delivery of this important program and will greatly support local governments to better serve their communities. We received very positive feedback from participants on the value of and accessibility to the program. And we were also very pleased that Dale O’Dwyer, Manager of Health and Safety at Prince Rupert Gas Transmission was available to provide an overview on TransCanada’s proposed projects and pipeline safety. There was significant interest from participants as these projects are in their communities or in their region. Thank you once again for this valuable assistance.”

Kelly Ridley,
Acting President, LGMA

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Breakfast Club of Canada- Port Edward Elementary School

In Canada, 1 in 7 children go to school every day without access to a nutritious breakfast, and this risk is even higher in Aboriginal and immigrant communities. A solid start to the school day is something TransCanada is proud to be a part of through our investment in the Breakfast Club of Canada. PRGT staff members were on hand to serve the first breakfast at Port Edward Elementary School on November 19. TransCanada will continue this commitment to the families and communities along our project routes by supporting the breakfast program in four elementary schools in Port Edward, Prince George, Vanderhoof, and Terrace with a \$100,000 donation over the next four years. "This means a lot because many children don't eat before they come to school," said Deb Taylor, Principal of the Port Edward Community School. "Having something for them here makes sure they get a good start to the day with good food. This program will contribute to student success".



Rebecca McElhoes, Community Relations Manager, PRGT, serves up pancakes for the Breakfast Club program at Port Edward Community School

UNBC Sustainable Communities Demonstration Project

An important milestone was recently reached for UNBC's Sustainable Communities Demonstration Project as the infrastructure installation was completed at the end of November. The pipeline project, which supports a low-temperature, hot water district energy system fuelled by up to 500 tonnes of wood pellets per year, now connects the student residences, daycare centre, and I.K. Barber Enhanced Forestry Lab to the existing Bioenergy systems. TransCanada is proud to be a sponsor of this award-winning initiative, which will act as a model of sustainable and secure energy for rural and remote communities.



Construction has now wrapped up on the Sustainable Communities Demonstration Project at UNBC.

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