Presentation to the Tolls Task Force
September 2009 Forecast Update

October 7, 2009

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Purpose

Present supply, flow and revenue forecasts that underpin:

- 2009/2010 Winter fuel rates
- 2010 Mainline toll setting

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Description of Forecasts

1. **Nov 2008**
   1. Used to underpin 2009 tolls
   2. Presented to TTF in Oct & updated in Nov
2. **Feb 2009**
   1. Basis for seasonal summer 2009 fuel posting
   2. Also used for 2010 toll discussions with TTF
   3. Presented to TTF in March
3. **May 2009**
   1. Long term forecast update
   2. Presented to TTF in June
4. **Aug 2009**
   1. Scope: 2009 only
   2. Presented to TTF 1st week of Sept 2009 with 2009 M/L revenue update
5. **Sept 2009**
   1. Current view
   2. Underpins 2009 revenue projection, 2010 tolls and winter 09/10 fuel
   3. Presented to TTF Oct 7

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Supply - Perspectives

- WCSB supply lower than expected due to unprecedented market conditions:
  - Access to capital
  - Gas prices
  - Uncertainties
- Potentially the lowest natural gas activity levels in over a dozen years, especially in north half of AB and SK
- Widening supply gap compared to last year with little activity this summer
- Estimate that approx. 500-700 MMcf/d of supply is currently shut-in. This was unanticipated last November.

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WCSB Supply Forecast (2009 – 2010)

- WCSB gas production in 2008 was 15.7 Bcf/d
- Gas supply expected to drop to 14.9 Bcf/d in 2009, a decrease of 800 MMcf/d (Nov. 2008 forecast 400 MMcf/d)
- 2010 supply expected to decrease 500 MMcf/d to 14.4 Bcf/d (relative to current 2009 outlook)
- 2010 supply range of 14.1 – 14.5 Bcf/d (decrease of 400 – 800 MMcf/d)
- Post 2010, supply to flatten and possibly increase depending on shale success

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2010 Assumptions

- Are we at the bottom?
- Gas prices and activity levels to be slightly higher
- Supply costs are lower
- Access to capital improving
- Most of the shut-in supply to be back
- More productive wells being drilled

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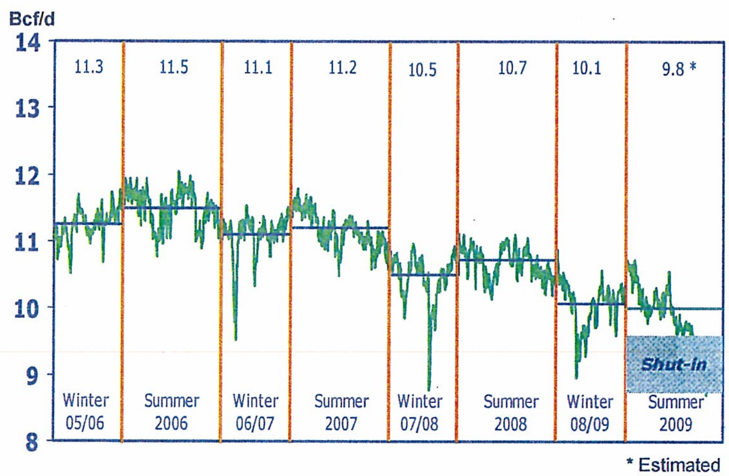
Seasonal Flows on the Alberta System



Excluding Storage

Data Current to Sept. 29, 2009

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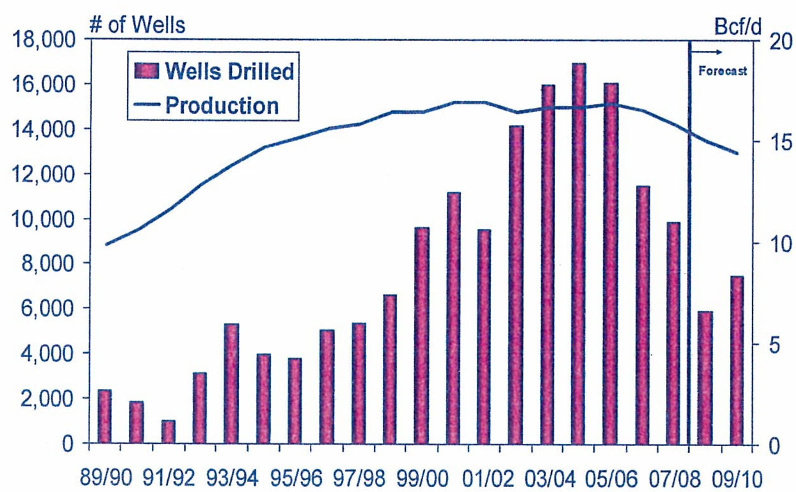
WCSB Gas Wells Drilled/Production Forecast



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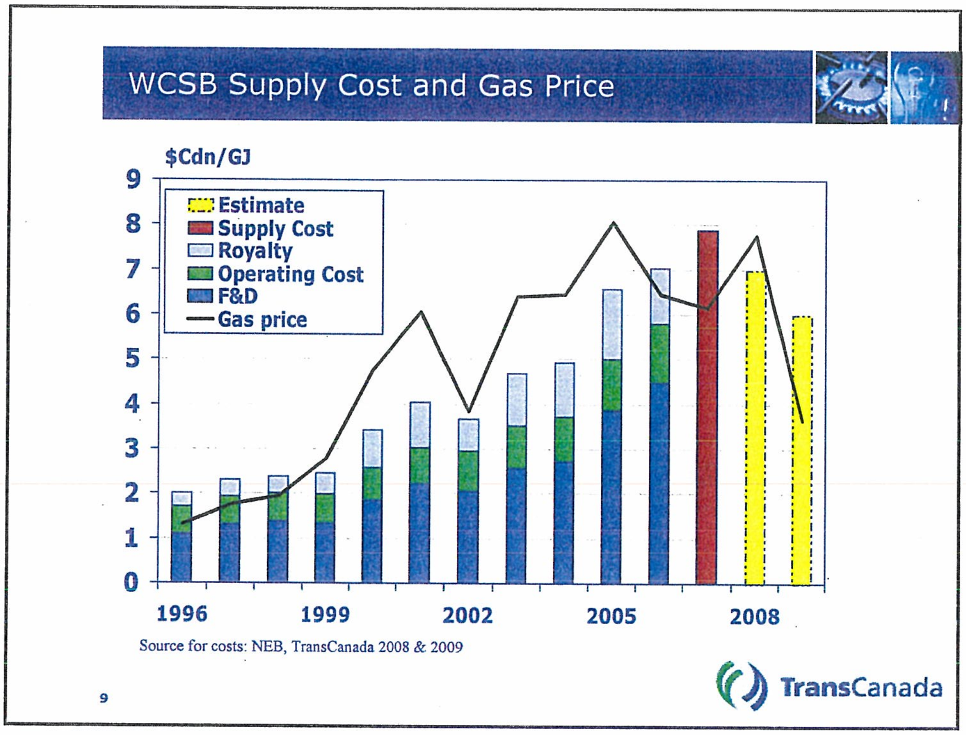
WCSB Supply Cost and Gas Price
$Cdn/GJ
Estimate
Supply Cost
Royalty
Operating Cost
F&D
Gas price
9
8
7
6
5
4
3
2
1
0
1996
1999
2002
2005
2008
Source for costs: NEB, TransCanada 2008 & 2009
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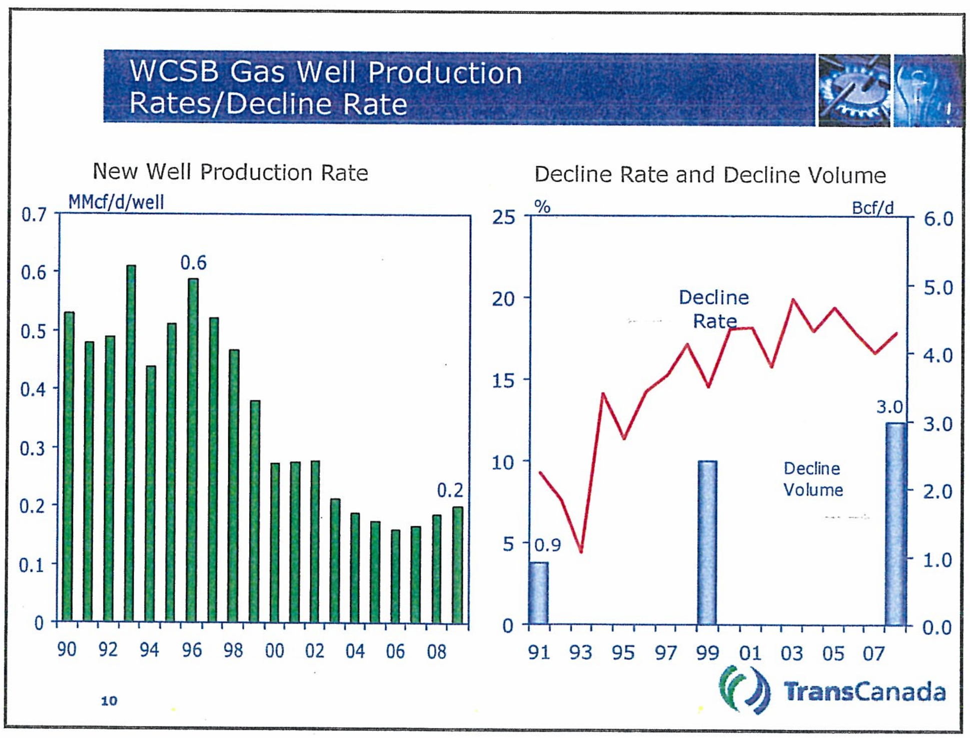
WCSB Gas Well Production Rates/Decline Rate
New Well Production Rate
MMcf/d/well
0.7
0.6
0.5
0.4
0.3
0.2
0.1
0
0.6
0.2
90 92 94 96 98 00 02 04 06 08
Decline Rate and Decline Volume
%
Bcf/d
25
20
15
10
5
0
6.0
5.0
4.0
3.0
2.0
1.0
0.0
Decline Rate
Decline Volume
0.9
3.0
91 93 95 97 99 01 03 05 07
10
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Western Canada Forecast – Key Messages

- 2009 Mainline flows down from Nov 2008 forecast:
  - lower supply and downstream market conditions
- Summer 2009 record high storage level
  - Forecast:
    - winter 09/10 draw of 242 Bcf (1.60 Bcf/d)
    - Refill summer 2010 (1.13 Bcf/d)
- WCSB supply declining into 2010
  - Growth potential post 2010: Montney and Horn River
- Alberta demand growing lead by oil sands
  - Growth profile somewhat lower than in earlier forecasts
- Mainline flows forecast to average 4.16 Bcf/d next winter and 3.97 Bcf/d for the 2010 year

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Eastern Canada Forecast – Key Messages

- 2009 flows lower than Nov 2008 forecast due to recession, cool summer and alternative supplies
- Ontario and Quebec 2010 demand expected grow slightly from 2009 level with growth in electrical power generation
- Exports to U.S. northeast expected to reduce
  - Coming under pressure from Canaport LNG, Marcellus Shale, REX extension, Mid-Continent shales

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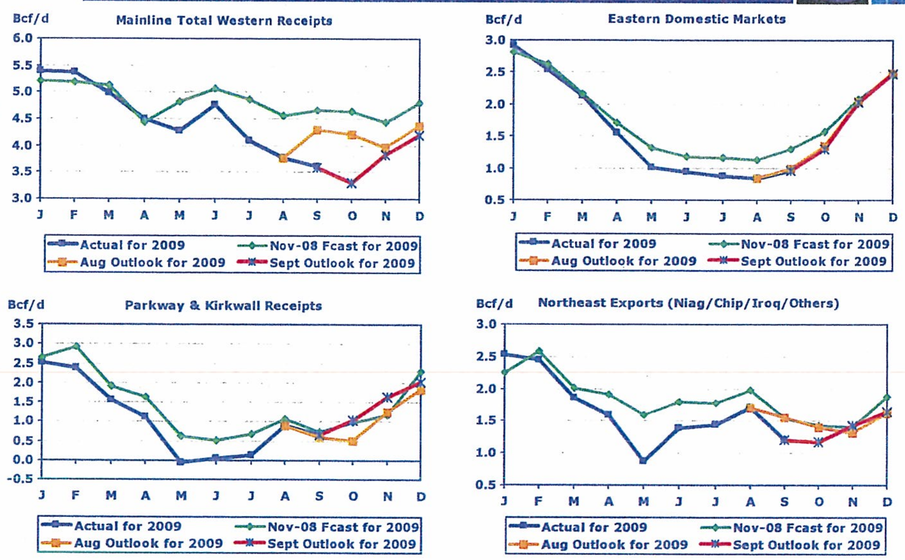
Select Mainline Flows & Forecasts for 2009



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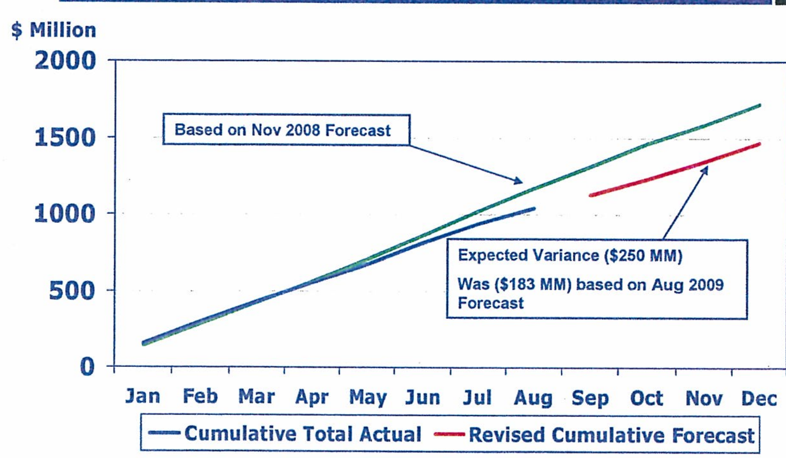
2009 Total Cumulative Revenues



- Revenues above include FT, FT-SN, STS, DMR, but not delivery pressure or metering charges

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Western Canada Forecasts for 2009 & 2010

Bcf/d	Sept 2009 For 2009	Feb 2009 For 2010	Sept 2009 For 2010
WCSB Supply	14.87	14.78	14.38
Net Storage Draw	-0.01	-0.01	0.06
Net Supply	14.86	14.77	14.44
WC Demand	4.84	5.11	4.97
Exports	10.02	9.66	9.48
Mainline	4.34	4.29	3.97
Northern Border	1.55	1.32	1.50
GTN	1.78	1.70	1.67
Alliance	1.62	1.65	1.60
Northwest Pipeline	0.77	0.72	0.73

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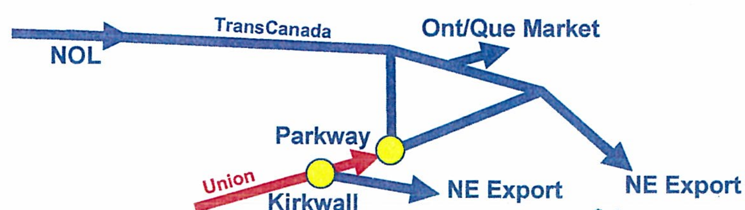
Eastern Canada Forecasts for 2009 & 2010

Bcf/d	Sept 2009 For 2009	Feb 2009 For 2010	Sept 2009 For 2010
NOL	2.08	2.06	1.82
Kirkwall receipts	0.72	0.67	0.68
Parkway receipts	0.44	0.59	0.60
Ont/Que Market	1.63	1.83	1.70
NE Export Deliveries	1.61	1.49	1.40



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Western Canada Forecast for Winter 09/10

Bcf/d	Winter 08/09 Actual	Winter 09/10 Forecast	Change
WCSB Supply	15.36 ~~15.09~~	14.58	(0.78) ~~(0.51)~~
Net Storage Draw	1.44	1.61	0.17
Net Supply	16.80 ~~16.53~~	16.19	(0.61) ~~(0.33)~~
WC Demand	5.87	5.96	0.08
Exports	10.93 ~~10.65~~	10.23	(0.70) ~~(0.42)~~
Mainline	4.98	4.16	(0.82)
Northern Border	1.69	1.80	0.11
GTN	1.84	1.82	(0.02)
Alliance	1.69	1.69	-
Northwest Pipeline	0.78	0.75	(.03)

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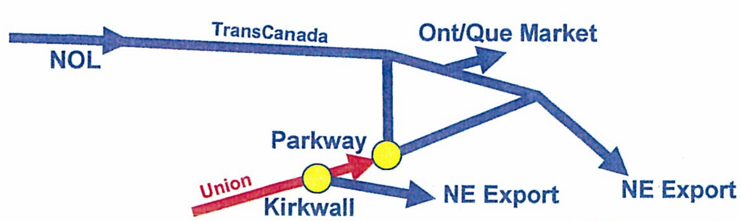
Eastern Canada Forecast for Winter 09/10

Bcf/d	Winter 08/09 Actual	Winter 09/10 Forecast	Change
NOL	2.53	2.03	(0.50)
Kirkwall receipts	1.01	0.84	(0.18)
Parkway receipts	1.08	1.27	0.20
Ont/Que Market	2.41	2.46	0.05
NE Export Deliveries	2.22	1.71	(0.51)



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Thank you.

October 7, 2009

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SUPPLEMENTAL SLIDES

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Western Canada Forecasts for 2009

Bcf/d	Nov 2008	Feb 2009	May 2009	Aug 2009	Sept 2009
WCSB Supply	15.36	15.16	15.04	14.93	14.87
Net Storage Draw	0.07	0.04	0.04	0.08	-0.01
Net Supply	15.43	15.20	15.08	15.01	14.86
WC Demand	4.89	4.86	4.86	4.83	4.84
Exports	10.54	10.34	10.22	10.18	10.02
Mainline	4.86	4.80	4.80	4.51	4.34
Northern Border	1.51	1.40	1.31	1.55	1.55
GTN	1.79	1.77	1.78	1.74	1.78
Alliance	1.66	1.65	1.61	1.62	1.62
Northwest Pipeline	0.73	0.73	0.75	0.76	0.77

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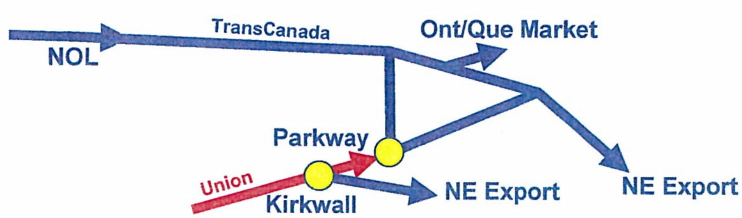
Eastern Canada Forecasts for 2009

Bcf/d	Nov 2008	Feb 2009	May 2009	Aug 2009	Sept 2009
NOL	2.20	2.33	2.33	2.23	2.08
Kirkwall receipts	0.89	0.88	0.69	0.71	0.72
Parkway receipts	0.54	0.39	0.28	0.33	0.44
Ont/Que Market	1.70	1.76	1.72	1.65	1.63
NE Export Deliveries	1.85	1.84	1.59	1.62	1.61



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