



"Northwestern Ontario
Municipal Association"
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17/09/2013 11:14 AM

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<bstewart@tbaytel.net>, <clerk@schreiber.ca>, "Conmee,

cc

bcc

Subject Trans Canada info

Good Afternoon,

Please find attached a letter that David Canfield, NOMA President and Mayor of Kenora requested be forwarded to all communities.

Should you have any questions, please do not hesitate to contact the NOMA office.

Enjoy your day!
Kristen Oliver

Kristen Oliver
Executive Director
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Don Bell

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Karl Johannson
Executive Vice-President and President,
Natural Gas Pipelines

September 16, 2013

Kenora City Hall
One Main Street South
Kenora, Ontario
P9N 3X2

Attention: Attention: His Worship Mayor Dave Canfield
President, Northwestern Ontario Municipal Association (NOMA)

Re: Proposed Conversion of a Portion (Energy East) of the Mainline Gas Transmission –
Clarification on Tolls, and Supply of Natural Gas Transmission

Dear Mr. Canfield,

As you may be aware, there has been recent media reports and in some cases presentations to yourselves regarding the supply capacity of natural gas to eastern Canadian markets by our Mainline system, the costs associated with this supply and suggestions that the proposed Energy East project is responsible for creating these issues.

Let me first address the supply question directly. TransCanada will ensure that there will be a sufficient supply of gas transmission capacity to meet the needs of the local distributors in Ontario who contract with TransCanada. Contrary to what has been reported, we do not anticipate any overall increase to gas transmission tolls due to our proposed Energy East project.

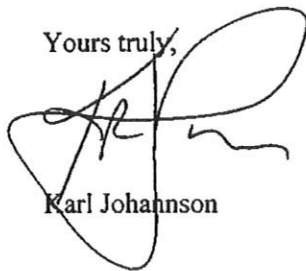
Our Energy East project will not change the price of the natural gas commodity that consumers pay. This supply cost is comprised of a number of elements which can vary over time depending on market, weather and local distribution costs. These are the factors that the regulator would take into consideration in assessing what supply costs are passed onto the consumer.

Secondly, there has been speculation by some parties, that the conversion of a portion of our existing Mainline system (Energy East) will in some way remove required pipeline capacity from natural gas supply service from contract holders. This speculation is absolutely not true. All existing firm transportation contracts on the TransCanada system will be honoured. Additionally, should local distribution companies and other parties that do not currently hold sufficient firm service to meet their market needs in Ontario and Quebec require firm transportation capacity, TransCanada will provide the opportunity for these parties to contract for the required capacity and will add the necessary facilities to meet new demand where required prior to any asset transfer to the Energy East project. To be clear, any demand for new firm pipeline capacity will need to be supported by long term contracts, as has always been the case on the Mainline system. I have already provided these assurances in writing to the Presidents of Union Gas, Enbridge Gas Distribution and Gaz Métro.

In summary, the proposed Energy East project will in fact go a long way to improving the utilization of the existing natural gas pipeline transmission system and remove significant costs from the current Mainline natural gas transmission system. I can assure you that we are and will continue to provide reliable, safe and economic gas transmission service to you and your constituents. I have attached a map of our Mainline system for your reference.

I trust the foregoing is helpful in answering your questions. Don Bell, the Commercial East Director in our Toronto office will be contacting you shortly to discuss these matters and any further questions on supply and price that you may have.

Yours truly,

A handwritten signature in black ink, appearing to be 'KJ' with a large loop and a horizontal line extending to the right.

Karl Johannson

Att.