

Trans Mountain Pipeline L.P.  
Trans Mountain Expansion Project  
Illustrative Financial Information  
Year 1 and Year 5  
CAD\$ millions

		Year 1	Year 5
1 Revenue	Note 2	\$ 1,059	\$ 1,169
2 Operating Expenses	Note 3, Note 4	229	261
3 Operating Cash Flow		<u>830</u>	<u>908</u>
4 Depreciation	Note 3	189	197
5 Interest	Line 20 x 7% (Note 3)	224	224
6 Net Income		<u>\$ 417</u>	<u>\$ 487</u>
7			
8 Net Income	Line 6	417	487
9 Add: Depreciation	Line 4	189	197
10 Less: Capital Additions	Note 3	(71)	(78)
11 Less: Cash Reserve	Line 3/365 days x 60 days	(136)	(149)
12 Cash Available for Distribution		<u>\$ 398</u>	<u>\$ 456</u>
13			
14 Cash Reserve	Line 11	\$ 136	\$ 149
15 Current Assets	Note 6	101	110
16 Property Plant and Equipment	Note 3	6,062	5,588
17 Total Assets		<u>6,299</u>	<u>5,737</u>
18			
19 Current Liabilities	Note 7	19	21
20 Debt	Note 8	3,200	3,200
21 Total Liabilities		<u>3,219</u>	<u>3,221</u>

Notes:

- 1) Year 1 projections reflect 2018 dollar values.
- 2) Revenue is projected using contracted volumes of 707,500 barrels per day and the fixed component of the toll. Revenue is escalated by 2.5% per year.
- 3) National Energy Board RH-001-2012 proceeding, 10 January 2013, Trans Mountain's revised response to CAPP Information Request 1.3, Appendix 1.
- 4) Operating expense excludes power as it is passed through in the variable component of the toll.
- 5) Trans Mountain Pipeline L.P. is a partnership, for income tax purposes the net income of the partnership is allocated to its partners.
- 6) 30 days of revenue plus \$14 million in estimated prepaid expenses and inventory (note 3).
- 7) 30 days of operating expenses.
- 8) Initial capitalization of the Project assumed to be 50% debt and 50% equity.
- 9) Trans Mountain has not finalized the amount of cash reserve it will retain for use in the business, however, for the purpose of this analysis Trans Mountain has assumed it will retain 60 days of operating cash flow.