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February 28, 2017

Filed electronically

National Energy Board  
Suite 210, 517 Tenth Avenue SW  
Calgary, Alberta T2R 0A8

**Attention: Ms. Sheri Young, Secretary of the Board**

Dear Ms. Young:

**Re: TransCanada Keystone Pipeline GP Ltd., as general partner on behalf of  
TransCanada Keystone Pipeline Limited Partnership (Keystone)  
Implementation of Financial Resource Requirements  
Response to Order FRO-001-2017**

On 5 January 2017, the Board issued Order FRO-001-2017 (Order), in the matter of Keystone implementation of financial resource requirements pursuant to section 48.13 of the NEB Act under file OF-Gen-06 FRR.

The Order requires Keystone to provide further information in regards to its financial resources available in the event of a pipeline release. By 28 February 2017, Keystone is required to file, for approval, a copy of its credit facility/line of credit from TransCanada PipeLines Limited, in the amount of \$500 million CAD. In addition, Keystone is required to file a certificate of insurance in the amount of at least \$500 million CAD.

Pursuant to the Order, Keystone is attaching a copy of the credit facility/line of credit that includes a summary of the terms by which Keystone can utilize the credit facility/line of credit to access funds. Further, Keystone is attaching the certificate of insurance detailing the insured coverage types that totals \$570 million USD.

The Board notes in a letter<sup>1</sup> to the Order, that it is satisfied, subject to the Order, that Keystone will meet the \$1 billion financial resource requirement in accordance with subsection 48.13(1) of the NEB Act.

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<sup>1</sup>NEB Letter to Keystone dated 5 January 2017 – Financial Resource Requirements, [Filing ID A81196]

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February 28, 2017  
Ms. S. Young

If the Board requires additional information with respect to this filing, please contact Julie Kemp by phone at (403) 920-2918 or by email at [julie\\_kemp@transcanada.com](mailto:julie_kemp@transcanada.com).

Yours truly,  
**TransCanada Keystone Pipeline GP Ltd.,**  
**as general partner on behalf of**  
**TransCanada Keystone Pipeline Limited Partnership**

*Original signed by*

Murray Sondergard, P. Eng.  
Director, Regulatory Services  
Commercial Development, Liquids Pipelines

Attachments

**TransCanada Keystone Pipeline GP Ltd. as general  
partner on behalf of TransCanada Keystone Pipeline  
Limited Partnership (Keystone)**

**Attachment A  
Credit Facility/Line of Credit**

## **REVOLVING CREDIT FACILITY**

This irrevocable revolving credit facility agreement (“Agreement”) dated February 28, 2017 (“Effective Date”) is between TransCanada PipeLines Limited, a Canadian corporation (“Lender”) and TransCanada Keystone Pipeline Limited Partnership, an Alberta limited partnership (“Borrower”).

### **BACKGROUND**

- A. Whereas, Borrower has applied to Lender for an irrevocable revolving credit facility in the amount of up to \$500,000,000 through which the Borrower may request advances of funds from time to time to be used to ensure that the Borrower has sufficient financial resources available to give effect to the conditions set forth by the National Energy Board in Order FRO-001-2017;
- B. Whereas Lender is willing to make such an irrevocable revolving credit facility available on the terms described in this Agreement;

The parties agree as follows:

### **Article 1. Interpretation**

1.01 Definitions. In this Agreement, capitalized terms shall have the meanings set forth below:

“**Agent**” means Bank of Montreal (“**BMO**”) when acting in its capacity as administration agent pursuant to the amended and restated credit agreement dated as of October 14, 2011 among TransCanada PipeLines Limited, as borrower, and the several financial institutions as lenders thereto, as the same may be amended from time to time (the “**TCPL Credit Facility**”) and includes any successor agent appointed therein and any successor entity to BMO;

“**Agreement**” means this agreement, all Schedules attached hereto and any future amendments or supplements thereto;

“**Accommodations**” means (i) the advance of Loans by the Lenders; and (ii) the advance of Swingline Loans by the Lender;

“**Banking Day**” means a day on which banks are generally open for business in Calgary, Alberta and Toronto, Ontario but in any event excludes Saturday and Sunday;

“**Borrower**” means TransCanada Keystone Pipeline Limited Partnership;

“**Borrowing**” means at any given time during the term of this Agreement the principal amount outstanding by way of Loans or Swingline Loans made by the Lender to the Borrower;

“**Drawdown**” means the advance of an Accommodation by way of a Loan or Swingline Loan;

“**Drawdown Date**” means each Banking Day on which a Drawdown is made pursuant to a request from the Borrower under Section 2.03 or 2.04;

“**Drawdown Notice**” means a notice of a Drawdown substantially in the form of Schedule A hereto;

“**Effective Date**” means February 28, 2017;

“**Event of Default**” means any of the events described in Article 8;

“**Fitch**” means Fitch Ratings, Inc. and its successors;

“**Indicative Rating**” means a credit rating prepared by an alternative provider using methodology acceptable and reasonable in the circumstances;

“**Interest Date**” means:

- (a) in respect of Prime Loans the last day of each calendar quarter;
- (b) in respect of Swingline Loans, subject to Section 3.02, such date as the Lender and the Borrower shall mutually agree;

“**Lender**” means TransCanada PipeLines Limited;

“**Loans**” means Prime Loans;

“**Margin**” means, at any time, a margin, expressed as a per annum rate equal to the rate set out in the following table for the Borrower opposite the applicable rating category assigned by S&P, Moody's or Fitch or any Indicative Rating assigned to the long term unsecured and unsubordinated debt of the Borrower (or where the Borrower does not have a rating or Indicative Rating, the rating then assigned to the long term unsecured and unsubordinated debt of the Lender) from time to time:

Type of Accommodation or Fee	Rating Category (S&P/Moody's/Fitch)				
	A+/A1/A+ or higher	A/A2/A	A-/ A3/A-	BBB+/Baa1 / BBB+	BBB/Baa2/ BBB or lower
Prime Loans and Swingline Loans	0 bps	0 bps	0 bps	12.5bps	25 bps
Standby Fees	6.5 bps	8.5 bps	10.0 bps	12.5 bps	17.5 bps

provided that at any time when the long term unsecured and unsubordinated debt of the Borrower (or Lender, as applicable):

- (i) is rated by way of an Indicative Rating, the applicable Margin will be determined based on that rating;
- (ii) is rated by each of S&P, Moody's and Fitch and is split rated, then the applicable Margin shall be determined by the category that includes two such ratings, or if the ratings fall into three different categories, the applicable Margin will be determined based on the category that is the middle of such ratings;

- (iii) has only two ratings and is split rated, then the applicable Margin shall be determined by the higher of the two ratings, except that in the event that the lower of such ratings is more than one category below the higher of such ratings, the applicable Margin will be determined based on the category that is one category below the higher of such ratings;
- (iv) has only one rating by either S&P or Moody's, the applicable Margin shall be the rate under the category so assigned; and
- (v) has only one rating from Fitch or no rating by any of S&P, Moody's, Fitch or an Indicative Rating, the applicable Margin shall be deemed to be the lowest rating category;

“**Moody's**” means Moody's Investors Service, Inc., and its successors;

“**One Month B/A Rate**” means, on any day, the per annum rate of interest determined as being the arithmetic average of the "BA 1 month" rates applicable to Canadian Dollar Bankers' Acceptances for each Schedule I bank under the *Bank Act* (Canada) displayed and identified as such on the display referred to as the "CDOR Page" (or any display substituted therefor) of Reuter Monitor Money Rates Service as at approximately 8:00 a.m. (Calgary time) on such day, or if such day is not a Banking Day, then on the immediately preceding Banking Day (as adjusted by the Lender in good faith after 8:00 a.m. (Calgary time) or so soon thereafter as practicable to reflect any error in a posted rate of interest or in the posted average annual rate of interest);

“**Permitted Encumbrances**” means:

- i) liens for taxes, assessments or governmental charges which are not due and delinquent, or the validity of which the Borrower shall be contesting in good faith, provided the Borrower shall have made adequate provision (in accordance with generally accepted accounting principles) therefore;
- ii) the lien of any judgment rendered, or claim filed, against the Borrower which the Borrower shall be contesting in good faith, provided the Borrower shall have made adequate provision (in accordance with generally accepted accounting principles) therefore;
- iii) liens, privileges or other charges imposed or permitted by law such as statutory liens and deemed trusts, carriers' liens, builders' liens, materialmen's liens, operator's liens and other liens, privileges or other charges of a similar nature which relate to obligations which are not due and delinquent;
- iv) undetermined or inchoate liens arising in the ordinary course of and incidental to operations of the Borrower which relate to obligations which are not due and delinquent, or the validity of which the Borrower shall be contesting in good faith provided the Borrower shall have made adequate provision (in accordance with generally accepted accounting principles) therefore;
- v) security given to a public utility or any municipality or governmental or other public authority when required by such utility, municipality or authority in connection with the operations of the Borrower, to the extent such security does not materially detract from the value of any material part of the property of the Borrower;
- vi) cash or marketable securities deposited in connection with bids or tenders, or deposited with a court as security for costs in any litigation, or to secure workmen's compensation or unemployment insurance liabilities;

- vii) the lien or any right of distress reserved in or exercisable under any real property lease for rent or otherwise to effect compliance with the terms of such lease in respect of which the rent or any other obligation is not at the time overdue or if overdue the validity of which is being contested at the time in good faith, if the Borrower shall have made on its books a provision therefore reasonably deemed by the Lender to be adequate therefore
- viii) security interests on property of the Borrower which are not otherwise Permitted Encumbrances and which do not in the opinion of the Borrower materially impair the use of the property subject thereto or the operation of the business of the Borrower or the value of such property for the purpose of such business; and
- ix) any extension, renewal or replacement (or successive extensions, renewals or replacements), as a whole or in part, of any security interest referred to in the preceding paragraphs (i) to (viii) inclusive of this definition, so long as any such extension, renewal or replacement of such security interest is limited to all or any part of the same property that secured the security interest extended, renewed or replaced (plus improvements on such property) and the indebtedness or obligation secured thereby is not increased;

provided that nothing in this definition shall in and of itself cause the Accommodation and other amounts owing by the Borrower to the Lender hereunder to be subordinated in priority to any such Permitted Encumbrance;

**“Prime Loans”** means the advances in Canadian dollars made by the Lender to the Borrower pursuant to Section 2.03(a) and on which the Borrower has agreed to pay interest in accordance with Section 3.01 but excluding, for certainty, Swingline Loans;

**“Prime Rate”** means the greater of:

- i) the per annum rate of interest announced from time to time by Agent as being the Agent's reference rate then in effect for determining interest rates on Canadian Dollar denominated commercial loans made by the Agent in Canada; and
- (ii) per annum rate of interest equal to the One Month B/A Rate plus one percent per annum;

**“S&P”** means Standard & Poor's, a division of McGraw-Hill Companies, Inc. and its successors;

**“Swingline Loan”** means a loan made to the Borrower by Lender hereunder and on which Borrower has agreed to pay interest in accordance with Section 3.02;

**“Swingline Notice”** means a notice requesting a Swingline Loan substantially in the form of Schedule A; and

**“Withholdings”** has the meaning given in Section 2.08.

1.02 Number. Words in the singular include the plural and *vice versa* unless the context requires otherwise.

1.03 Article and Section Headings. Article and section headings used in this Agreement are for convenience only and shall not affect the construction of this Agreement.

1.04 Time: Unless otherwise provided herein, all references to a time in this Agreement shall mean local time in the City of Calgary, Alberta, Canada.

1.05 Currency: Unless otherwise specified or the context requires, all dollar amounts are expressed in Canadian dollars. References to “dollars” or “\$” are to lawful currency of Canada.

## **Article 2. The Credit Facility**

2.01 Obligations of the Lender: Relying on each of the representations and warranties set out in Article 4, the Lender agrees to make Accommodations available to the Borrower commencing on the date of this Agreement and from time to time in amounts not to exceed in the aggregate at any one time outstanding \$500,000,000 by way of:

- (a) Loans: the advance of Loans by the Lender; and
- (b) Swingline Loans: the advance of Swingline Loans by the Lender.

This is a revolving credit facility, the Borrower may increase or decrease Borrowings from the Lender by obtaining Loans and by making repayments in respect thereof. Subject to the terms and conditions herein Lender shall make Accommodations to the Borrower from time to time in amounts not to exceed in the aggregate at any one time outstanding \$500,000,000.

2.02 Purpose: Borrowings shall only be used by the Borrower to ensure that the Borrower has sufficient financial resources available to give effect to the conditions set forth by the National Energy Board in Order FRO-001-2017, a copy of which is attached to this Agreement as Schedule C.

2.03 Accommodations: Subject to the terms and conditions of this Agreement, the Borrower may borrow, repay and reborrow Accommodations from the Lender as follows:

- (a) Prime Loans: borrowing Prime Loans from the Lender in a minimum aggregate amount of \$10,000,000 and integral multiples of \$1,000,000 thereafter upon at least 1 Banking Day prior written notice to the Lender; and
- (b) Swingline Loans: borrowing Swingline Loans from the Lender in a minimum amount specified by the Lender, upon same day prior written notice to the Lender;

each such notice to be given by the Borrower prior to 9:00 a.m. (Calgary time) on the last day on which such notice can be given pursuant to this Section 2.03 and to be substantially in the form of Schedule A.

### 2.04 Swingline Loans

- (a) Swingline Sub-Commitment: Subject to the terms and conditions set forth herein, the Lender agrees to make Swingline Loans to the Borrower from time to time in an aggregate principal amount outstanding at any time not to exceed \$125,000,000. Each Swingline Loan shall be due and payable no more than 30 days after the Drawdown Date thereof.
- (b) Swingline Notices: Each Swingline Notice shall be substantially in the form of Schedule A and shall specify the aggregate principal amount of the Swingline Loan in such minimum amount as may be agreed between the Lender and the Borrower.



2.05 Notice of Repayment. The Borrower shall give the Lender prior written notice of each repayment of Borrowings in accordance with the same period of notice required pursuant to Section 2.03 for the initial drawdown of the basis of Borrowing being repaid, such notice to be substantially in the form of Schedule B.

2.06 Notices Irrevocable. Except as otherwise permitted by the Lender, all notices delivered or deemed to be delivered by the Borrower pursuant to this Article 2 shall be irrevocable and shall oblige the Borrower to take the action contemplated on the date specified therein.

2.07 Termination. The Borrower may terminate this Agreement upon two Banking Days written notice to the Lender (the "Termination Date"), provided, however, that in order for such termination by the Borrower to be effective, all outstanding principal, accrued and unpaid interest and all other amounts payable under or in respect of this Agreement shall be paid to the Lender on or prior to the Termination Date.

2.08 Withholdings. In the event that any taxing authority of competent jurisdiction requires that any amount relating to the payment of interest or principal of any Accommodation shall be withheld or remitted to such authority (the "Withholdings"), then

- (a) to the extent the Withholdings relate to interest, the interest rate on the outstanding principal from time to time shall be deemed to be that rate that results in interest payable equal to that amount (the "gross amount"), which after deduction for the Withholdings gives rise to an amount (the "net amount") so that the net amount of such interest to be received by the Lender shall remain the same as if the Withholdings had not been withheld or remitted; and
- (b) if the Withholdings relates to principal, the principal shall be increased by an amount so that the net amount of such principal to be received by the Lender shall remain the same as if the Withholdings had not been withheld or remitted.

The Borrower shall be solely liable for and responsible to pay all such Withholdings, and to the extent that the Borrower is thereafter able to recover any or all of such Withholdings, such recovery shall be to the sole account of the Borrower. At the request of the Lender, the Borrower shall send a document evidencing the payment of any such Withholdings to the Lender.

2.09 Evidence of Indebtedness. Lender shall record and maintain on its records a running account evidencing all of the Borrower's liability to Lender in respect of all Accommodations made by Lender to the Borrower pursuant to this Agreement including all Drawdowns and repayments of principal, and all interest outstanding by the Borrower to Lender. Lender's records shall constitute, in the absence of manifest error, *prima facie* evidence of the indebtedness of the Borrower to Lender pursuant to this Agreement.

### **Article 3. Payment of Interest and Fees**

3.01 Interest on Prime Loans. The Borrower shall pay to the Lender interest on each Prime Loan made by the Lender at a rate per annum equal to the sum of the Prime Rate plus the applicable Margin. A change in the Prime Rate shall simultaneously cause a corresponding change in the interest payable for a Prime Loan and a change in the Margin will cause a change in the interest payable as provided for in Section 3.05. Such interest shall be payable quarterly in arrears on the third Banking Day following

each Interest Date applicable to such Prime Loan and shall be calculated on a daily basis on the principal amount outstanding under each such Prime Loan in such period based on the actual number of days elapsed in the period for which such interest is payable divided by 365 or 366 depending on the actual number of days in the year for which such interest is determined.

3.02 Interest on Swingline Loans. The Borrower shall pay to the Lender interest on each Swingline Loan at a rate per annum equal to the sum of the Prime Rate plus the applicable Margin. A change in the Prime Rate shall simultaneously cause a corresponding change in the interest payable for a Prime Loan and a change in the Margin will cause a change in the interest payable as provided for in Section 3.05. Such interest shall be payable monthly in arrears on the first Banking Day of each month for the period commencing on and including the first day of the previous calendar month up to and including the last day of such calendar month or in such other manner as agreed to between the Borrower and the Lender, and, in each case shall be calculated on a daily basis on the principal amount outstanding under each Swingline Loan in such period based on the actual number of days elapsed in the period for which such interest is payable divided by 365 or 366 depending on the actual number of days in the year for which such interest is determined.

3.03 Interest on Overdue Amounts. The Borrower shall, on demand, pay to the Lender interest on all overdue payments owing by it in connection with this Agreement from the date any such payment becomes overdue and for so long as such amount remains unpaid at a rate per annum which is equal to the Prime Rate plus the Margin for Prime Loans plus 2 percent to the Lender. Such interest on overdue amounts shall be compounded monthly and shall be payable both before and after default, maturity and judgment.

3.04 Standby Fees. The Borrower shall pay standby fees to the Lender quarterly in arrears on the third Banking Day of each calendar quarter in each year during the term of this Agreement commencing with the third Banking Day of the calendar quarter occurring after the Effective Date. Each payment of standby fees shall be calculated for the period commencing on and including the Effective Date or the first day of the calendar quarter following a calendar quarter for which standby fees have been paid, as the case may be, up to and including the last day of such calendar quarter and shall be in an amount equal to the applicable Margin in effect on each day during such period calculated daily on the amount, if any, of the difference obtained by subtracting the Borrowings outstanding from the Lender on such day from \$500,000,000. Such standby fees shall be calculated on a daily basis and on the basis of the actual number of days elapsed in a year of 365 days or 366 days, as applicable.

3.05 Effective Date of Rating Change. In the event of a change in rating to the longer term unsecured and unsubordinated debt of the Borrower, or the Lender, as applicable, which results in a change to the Margin, such change shall take effect immediately on such change in the rating occurring and the Borrower and the Lender shall make all adjustments, if any, as are necessary to ensure that all interest and fees payable hereunder are paid based on the correct Margin in effect from time to time.

#### **Article 4. Representations and Warranties.**

Borrower represents and covenants the following, each to its knowledge:

4.01 Duly Organized. Borrower is a limited partnership organized under the laws of the Province of Alberta, in good standing with the power to enter into this Agreement and to borrow hereunder.

4.02 Duly Authorized. The execution, delivery and performance by Borrower of this Agreement have been duly authorized by all necessary officers, directors and individuals and will not violate any law, rule, regulation, order, writ, judgment, decree, determination or award presently in effect having applicability to Borrower, or result in a breach of or constitute a default under any indenture or bank loan or credit agreement or any other agreement or instrument to which Borrower is a party or by which it or its property may be bound or affected.

4.03 Legally Binding Instruments. When this Agreement is executed by Borrower and Lender, it shall constitute the legal, valid, and binding obligation of Borrower, in accordance with its terms, subject to its enforceability to limitations imposed by bankruptcy, insolvency, reorganization, moratorium and similar laws relating to or affecting creditors' rights generally, and to the general principles of equity.

4.04 No Legal Suits. There are no legal actions, suits, or proceedings pending, or to the knowledge of Borrower, threatened against Borrower before any court or administrative agency which, if determined adversely to Borrower, would have a material adverse effect on the financial condition of Borrower.

4.05 No Legal Authorization Needed. No authorization, consent or approval or any formal exemption of any governmental body, regulatory authority (federal, state or local) or mortgagee, creditor or third party is or was necessary to the valid execution and delivery by Borrower of this Agreement, the absence of which would, in the reasonable belief of Borrower, have a material adverse effect on the financial condition of Borrower.

4.06 Taxes are Paid. Borrower has filed all tax returns which are required and has paid or made provision for the payment of all taxes which have or may become due pursuant to said returns or pursuant to any assessments received by them, except that Borrower shall not be required to pay any such tax, assessment or governmental charge which is being contested by it in good faith and by appropriate proceedings. No tax liability has been asserted by the Internal Revenue Service or other taxing agency (federal, state or local) for taxes materially in excess of those already provided for and Borrower knows of no basis for any such deficiency assessment.

## **Article 5. Conditions of Lending.**

The obligation of Lender to advance funds under this Agreement shall be subject to fulfillment at each Drawdown Date of each of the following conditions:

5.01 Approval of Agreement. The board of directors of the general partner of the Borrower shall have authorized Borrower to enter into this Agreement and borrow hereunder.

5.02 Execution and Delivery of Agreement. Borrower shall have executed and delivered to Lender this Agreement in a form reasonably satisfactory to Lender and its counsel.

5.03 Governmental Approval. Borrower shall have secured all the necessary approvals or consents, if required, of federal or state governmental bodies having jurisdiction with respect to this Agreement.

5.04 Approval of Others. Borrower shall have secured all necessary approvals or consents required with respect to this transaction by any mortgagee, creditor or other party having any financial interest in Borrower.

5.05 Representations and Warranties. All of the representations and warranties set forth in Article 4 are true and correct in all material respects.

**Article 6. Affirmative Covenants of the Borrower.**

Borrower shall comply with the following covenants from the date hereof until Lender has been fully repaid with interest, unless Lender or its assigns otherwise consent in writing:

6.01 Payment of the Accommodations. Borrower shall pay punctually the principal and interest on the Accommodations according to its or their terms and conditions and to pay punctually any other amounts that may become due and payable to Lender under or pursuant to the terms of this Agreement.

6.02 Payment of Other Indebtedness. Borrower shall pay punctually the principal and interest due on any other indebtedness now or hereafter owing by Borrower to Lender or any other lender.

6.03 Maintain and Insure Property. Borrower shall at all times maintain and insure its property according to standards in its industry.

6.04 Pay All Taxes. Borrower shall duly pay and discharge all applicable federal, state and local taxes, assessments and governmental charges upon it or against its properties prior to the date on which the penalties attach thereto, except that Borrower shall not be required to pay any such tax, assessment or governmental charge which is being contested by it in good faith and by appropriate proceedings.

6.05 Maintain Existence. Borrower shall maintain its corporate or other legal existence and to qualify and remain qualified as such in each jurisdiction in which its present or future operations or its ownership of property require such qualification.

6.06 Provide Financial Information. Upon the request of Lender, Borrower shall furnish Lender within 180 days of year end, a copy of Borrower's annual financial statements, which statements may be unaudited. Borrower shall maintain adequate records and books of account, in which complete entries shall be made reflecting all of its business and financial transactions, such entries to be made in accordance with applicable generally accepted accounting principles consistently applied. Lender shall have the right to conduct an audit of the books and records of Borrower upon reasonable notice and without cost to Borrower. Borrower shall provide such information and to execute and deliver any and all additional documents and instruments as may be reasonably requested by Lender, its assigns or legal counsel.

6.07 Null and Void Covenants. Borrower acknowledges that if any provision of this Agreement or any other instrument executed ancillary hereto, or the application thereof to any person or circumstances is declared null and void, invalid, or held for any reason to be unenforceable by a court of competent jurisdiction, the remainder of such Agreement shall nevertheless remain in full force and effect, and to this end, the provisions of all covenants, conditions, and agreements described herein are deemed separate.

6.08 Notice of Default. Borrower shall give written notice to Lender of any event within 15 days of the event which constitutes an Event of Default under this Agreement or that would, with notice or lapse of time or both, constitute an Event of Default under this Agreement.

6.09 Indemnification. Borrower shall indemnify and save Lender or its assigns harmless against any and all liability with respect to, or resulting from, any delay in discharging any obligation of Borrower.

6.10 Expenses of Collection or Enforcement. Borrower shall, if at any time Borrower defaults on any provision of this Agreement, pay to Lender or its assigns, in addition to any other amounts that may be due from Borrower, an amount equal to the actual and provable costs and expenses of collection, enforcement or correction or waiver of the default incurred by Lender or its assigns in such collection, enforcement, correction or waiver of default.

#### **Article 7. Negative Covenants of the Borrower**

Borrower covenants that, from the date hereof until payment in full of the obligations under this Agreement, unless Lender or its assigns otherwise consent in writing, it shall not enter into any agreement or other commitment the performance of which would constitute a breach of any of the covenants contained in this Agreement including, but not limited to, the following:

7.01 Change of Ownership. The Borrower shall not permit, without the written permission of Lender which may not be unreasonably withheld or delayed, any change in the ownership structure of Borrower including: a merger into or consolidation with any other person, firm or corporation other than with or into a direct or indirect subsidiary of TransCanada Corporation; a fundamental change in the nature of its business as carried on at the date hereof; or a substantial distribution, liquidation or other large-scale disposal of Borrower's assets.

7.02 Pari Passu Ranking. The Borrower shall not create, assume or otherwise incur any indebtedness ranking prior to the indebtedness and liabilities of the Borrower to the Lender hereunder and shall ensure that at all times all of its obligations hereunder rank at least *pari passu* in right of payment with the other unsecured and unsubordinated indebtedness for borrowed money of the Borrower (other than claims preferred by operation of law).

7.03 Negative Pledge. The Borrower shall not mortgage, hypothecate, charge, pledge or otherwise encumber any of its assets to secure any obligation unless at the same time all of the indebtedness and liabilities of the Borrower to the Lender shall be secured equally and ratably with such obligation, provided that this Section 7.03 shall not operate to prevent Permitted Encumbrances.

#### **Article 8. Events of Default**

The entire unpaid principal of the Accommodations and the interest then accrued thereon, shall become and be immediately due and payable upon the written demand of Lender or its assigns, without any other notice or demand of any kind or any presentment or protest, if any one of the Events of Default occurs and continues at the time of such demand, whether voluntarily or involuntarily, or without limitation, occurring or brought about by operation of law or pursuant to or in compliance with any judgment, decree or order of any court or any order, rules, regulations of any administrative or governmental body, provided, however, that such sum shall not be then payable if Borrower's payments have been waived in writing, or the time for making Borrower's payments has been extended by Lender or if the Lender, at its discretion and with notice to Borrower, allows Borrower 90 days to remedy the default:

8.01 Non-Payment. If Borrower fails to make payment when due of any principal on the Accommodations, or interest accrued thereon and if the default remains unremedied for 60 days.

8.02 Incorrect Representation or Warranty. If any representation or warranty contained in this Agreement proves to have been incorrect when made in any material respect.

8.03 Default in Covenants. If Borrower defaults in the performance of any other term or covenant contained in this Agreement, and such default continues unremedied for 60 days after either: (i) it becomes known to an officer of Borrower; or (ii) written notice thereof is given to Borrower by Lender.

8.04 Voluntary Insolvency. If Borrower becomes insolvent or ceases to pay its debts as they mature or voluntarily files a petition in bankruptcy or a petition seeking reorganization, or the appointment of a receiver, trustee, or liquidator for it or a substantial portion of its assets or to effect a plan or other arrangement with creditors, or is adjudicated bankrupt, or makes a voluntary assignment for the benefit of creditors.

8.05 Involuntary Insolvency. If any involuntary petition is filed against Borrower under any bankruptcy, insolvency or similar law seeking the reorganization of or the appointment of any receiver, trustee or liquidator for Borrower, or of a substantial part of the property of Borrower, or a writ or warrant of attachment or similar process is to be issued against a substantial part of the property of Borrower, and such petition shall not be dismissed or such writ or warrant of attachment or similar process shall not be released or bonded, within 45 days after filing of levy.

8.06 Judgments. If any final judgment for the payment of money that is not fully covered by liability insurance and is in excess of 10 per cent of the Borrower's member's equity is rendered against Borrower, and within 60 days thereafter shall not be discharged, or an appeal therefrom taken and execution thereon effectively stayed pending such appeal or, if such judgment is affirmed on such appeal, and the same is not discharged within 30 days thereafter.

## **Article 9. Miscellaneous**

9.01 Waiver. No failure or delay on the part of Lender in exercising any right, power, or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy hereunder. No modification or waiver of any provision of this Agreement, nor any consent to any departure by Borrower therefrom, shall in any event be effective unless in writing and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

9.02 Amendments. Subject to the foregoing paragraph, Borrower and Lender and their respective permitted assigns hereby expressly reserve all rights to amend any provisions of this Agreement, to amend or consent to or waive any departure from the provisions of this Agreement, so long as the same is in writing and signed by both parties.

9.03 Notices. Any notice, demand, request or other communication is deemed to have been received by the party to whom it is sent at the time of its delivery if personally delivered, or on the tenth Banking Day following its mailing if mailed, or on the Banking Day following its successful transmittal if sent by facsimile transmission or other form of electronic transmission, as the case may be, but if normal mail, facsimile transmission or other form of electronic transmission is interrupted by force majeure or other cause beyond the control of the parties, then the parties sending the notice, demand, request or communication may use any of the services that have not been so interrupted or deliver the notice, demand, request or other communication, in order to ensure prompt receipt of the notice, demand, request or other communication, by the other party. Any notice, demand, request of other communication to be given in connection with this Agreement must be addressed as set forth at the end of the signature block below or at such other addresses or facsimile numbers as either party may have designated in writing by notice sent to the other party in accordance herewith.

9.04 Payments. Borrower shall make payments to Lender in accordance with the terms and conditions of this Agreement, including the subordination provisions thereof.

9.05 Survival of Representations and Warranties. All agreements, representations, and warranties made by Borrower herein or any other document or certificate delivered to Lender in connection with the transactions contemplated by this Agreement shall survive the delivery of this Agreement, and shall continue in full force and effect so long as any portion of the Accommodations is outstanding.

9.06 Successors and Assigns. This Agreement shall enure to the benefit of and shall be binding upon the Lender and the Borrower and their respective successors and permitted assigns. This Agreement may be assigned by Lender to any affiliate of Lender without the prior consent of Borrower. Notice of any such assignment shall be provided in writing to Borrower.

9.07 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

9.08 Governing Law. This Agreement shall be governed by and interpreted and enforced in accordance with the laws of the province of Alberta and the federal laws of the Canada applicable therein and Borrower hereby irrevocably attorns to the non-exclusive jurisdiction of the courts of the province of Alberta.

9.09 Further Assurances. All parties shall take such further or other actions, including but not limited to the execution, acknowledgement and delivery of documents as may reasonably be necessary and/or requested by the other party for the execution, implementation and continued performance of this Agreement.

*[The remainder of this page is intentionally left blank]*


The Borrower and Lender have each caused this Agreement to be duly executed on the date written above.


**ADDRESSES  
FOR NOTICES:**

**Borrower:**

450 – 1<sup>st</sup> Street S.W.  
Calgary, Alberta  
T2P 5H1  
Attention: Treasurer  
Phone: (403) 920-2000  
Telecopier: (403) 920-2358

**TRANSCANADA KEYSTONE PIPELINE  
LIMITED PARTNERSHIP, by its General  
Partner, TRANSCANADA KEYSTONE  
PIPELINE GP LTD.**

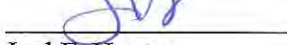
By:   
Name: Joel E. Hunter  
Title: Vice-President, Finance and Treasurer


By:   
Name: Christine R. Johnston  
Title: Vice-President, Law and Corporate  
Secretary

**Lender:**

450 – 1st Street S.W.  
Calgary, Alberta  
T2P 5H1  
Attention: Treasurer  
Phone: (403) 920-2000  
Telecopier: (403) 920-2358

**TRANSCANADA PIPELINES LIMITED**

By:   
Name: Joel E. Hunter  
Title: Vice-President, Finance and Treasurer

By:   
Name: Christine R. Johnston  
Title: Vice-President, Law and Corporate  
Secretary



**Schedule A to the Revolving Credit Agreement dated as of February 28, 2017 between TransCanada Keystone Pipeline Limited Partnership, as Borrower and TransCanada PipeLines Limited, as Lender**

**NOTICE OF BORROWING**

Date:

We refer to the Revolving Credit Agreement dated as of February 28, 2017 between TransCanada Keystone Pipeline Limited Partnership, as Borrower and TransCanada PipeLines Limited, as Lender (the "**Credit Agreement**"). Capitalized terms used herein have the same meaning as in the Credit Agreement.

We hereby give notice of our request for an Accommodation pursuant to Section 2.03 of the Credit Agreement.

Amount of Borrowing is

Loan \$ \_\_\_\_\_

Swingline Loan \$ \_\_\_\_\_

Date of [Loan, Swingline Loan] is \_\_\_\_\_.

Nature of the Borrowing under the syndicated credit facility is by way of a:

<input type="checkbox"/>	Prime Loan	
<input type="checkbox"/>	Swingline Loan	

The current Borrowings outstanding under each Swingline Loan is as follows:

\$ \_\_\_\_\_

We hereby confirm that each condition precedent in Article 5 of the Agreement is satisfied on the date hereof and will be satisfied on the Drawdown Date.

Yours truly,

**TRANSCANADA KEYSTONE PIPELINE  
LIMITED PARTNERSHIP, by its General  
Partner, TRANSCANADA KEYSTONE  
PIPELINE GP LTD.**

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

**Schedule B to the Revolving Credit Agreement dated as of February 28, 2017 between  
TransCanada Keystone Pipeline Limited Partnership, as Borrower and TransCanada PipeLines  
Limited, as Lender**

**NOTICE OF REPAYMENT**

Date:

We refer to the Revolving Credit Agreement dated as of February 28, 2017 between TransCanada  
Keystone Pipeline Limited Partnership, as Borrower and TransCanada PipeLines Limited, as Lender (the  
"**Credit Agreement**"). Capitalized terms used herein have the same meaning as in the Credit Agreement.

We hereby give notice of our request for a

Repayment pursuant to Section 2.05 of the Credit Agreement

Amount of Borrowing to be repaid is

Loan \$ \_\_\_\_\_

Swingline Loan \$ \_\_\_\_\_

Date of repayment is \_\_\_\_\_.

Nature of the Borrowing repaid is:

<input type="checkbox"/>	Prime Loan
<input type="checkbox"/>	Swingline Loan

Yours truly,

**TRANSCANADA KEYSTONE PIPELINE  
LIMITED PARTNERSHIP, by its General  
Partner, TRANSCANADA KEYSTONE  
PIPELINE GP LTD.**

By: \_\_\_\_\_

Name:

Title:

By: \_\_\_\_\_

Name:

Title:

**Schedule C to the Revolving Credit Agreement dated as of February 28, 2017 between  
TransCanada Keystone Pipeline Limited Partnership, as Borrower and TransCanada PipeLines  
Limited, as Lender**

**National Energy Board Order FRO-001-2017**

(see attached)

National Energy  
Board



Office national  
de l'énergie

## ORDER FRO-001-2017

**IN THE MATTER OF** the *National Energy Board Act* (NEB Act) and the regulations made thereunder; and

**IN THE MATTER OF** TransCanada Keystone Pipeline GP Ltd., as general partner on behalf of TransCanada Keystone Pipeline Limited Partnership (Keystone) implementation of financial resource requirements pursuant to section 48.13 of the NEB Act under file OF-Gen-06 FRR.

**BEFORE** the National Energy Board (Board) on 5 January 2017.

**WHEREAS** on 26 February 2016, the Board directed certain companies to file capacity information by 15 April 2016, and file a financial resource requirement plan by 20 May 2016;

**AND WHEREAS** on 13 April 2016, Keystone filed its capacity information with the Board;

**AND WHEREAS** on 13 May 2016 the Board found that Keystone was a company authorized under the NEB Act to construct or operate one or more pipelines that individually or in the aggregate has the capacity to transport at least 250,000 barrels of oil per day (*major oil pipeline*)

**AND WHEREAS** subsection 48.3(1) of the NEB Act requires *major oil pipeline* companies to maintain \$1 billion in financial resources;

**AND WHEREAS** on 19 May 2016, Keystone filed its financial resource requirement plan, with subsequent filings dated 24 August 2016 and 21 October 2016;

**AND WHEREAS** Keystone submitted that its financial resources included a cash pooling arrangement with TransCanada PipeLines Limited (TCPL), supported by TCPL's cash on hand, committed credit facilities, and access to capital markets;

**AND WHEREAS** Keystone submitted that it had insurance coverage of \$500 USD million;

**AND WHEREAS** Keystone proposed entering into a committed credit facility with TCPL (i.e., a line of credit);

.../2

**AND WHEREAS** the Board determined that a line of credit with TCPL is necessary to provide further assurance that TCPL is legally obliged to provide Keystone with direct access to financial resources in the event of a pipeline release;

**THEREFORE, IT IS ORDERED**, pursuant to subsection 48.13(2) of the NEB Act, that:

1. Keystone shall comply with all of the conditions contained in this Order unless the Board otherwise directs.
2. Keystone shall obtain and maintain a line of credit from TCPL, in the amount of at least \$500 million CAD. Keystone shall file with the Board for approval, by 28 February 2017, a copy of this line of credit along with a summary of the terms by which Keystone can utilize the line of credit to access funds. At a minimum, this line of credit must:
  - a. provide Keystone with funds on demand and at its sole discretion;
  - b. be irrevocable;
  - c. be non-transferrable and non-assignable; and
  - d. automatically renew and remain in force unless the Board has granted approval of alternative types of financial resources for Keystone.
3. Keystone shall continue to maintain insurance policies in the amount of at least \$500 million (when converted to CAD). Keystone shall file with the Board, by 28 February 2017, a certificate of insurance detailing its insured coverage types and amounts.
4. Keystone shall notify the Board in writing if there are, or if Keystone has reason to believe that there will be, any material revisions to its financial resources plan. This includes changes to TCPL's financial condition or TCPL's corporate structure such that its ability to provide \$500 million in funds via the line of credit to Keystone may be impaired.
5. Keystone shall provide an update to its plan and file an updated table with the Board consistent with the format requested in NEB IR No. 1.1i) on 10 August 2016, on an annual basis within 30 days of the release of TransCanada Corporation's consolidated annual financial statements.

NATIONAL ENERGY BOARD

*Original signed by L. George for*

Sheri Young  
Secretary of the Board

**TransCanada Keystone Pipeline GP Ltd. as general  
partner on behalf of TransCanada Keystone Pipeline  
Limited Partnership (Keystone)**

**Attachment B  
Keystone Certificate of Insurance**



**Certificate of Insurance**

No.: TCC-2016-20-TCC

Dated: January 30, 2017

This document supersedes any certificate previously issued under this number

This is to certify that the Policy(ies) of insurance listed below ("Policy" or "Policies") have been issued to the Named Insured identified below for the policy period(s) indicated. This certificate is issued as a matter of information only and confers no rights upon the Certificate Holder named below other than those provided by the Policy(ies).

Notwithstanding any requirement, term, or condition of any contract or any other document with respect to which this certificate may be issued or may pertain, the insurance afforded by the Policy(ies) is subject to all the terms, conditions, and exclusions of such Policy(ies). This certificate does not amend, extend, or alter the coverage afforded by the Policy(ies). Limits shown are intended to address contractual obligations of the Named Insured.

Limits may have been reduced since Policy effective date(s) as a result of a claim or claims.

<b>Certificate Holder:</b> To Whom It May Concern	<b>Named Insured and Address:</b> TransCanada Corporation TransCanada Keystone Pipeline GP Ltd.,as general partner on behalf of TransCanada Keystone Pipeline Limited Partnership 450 - 1 Street S.W. c/o Insurance Risk Department Calgary, AB T2P 5H1
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**This certificate is issued regarding:**

TransCanada Keystone Pipeline GP Ltd., as general partner on behalf of TransCanada Keystone Pipeline Limited Partnership implementation of financial resources requirement pursuant to section 48.13 of the NEB Act under file OF-Gen-06 FRR

Type(s) of Insurance	Insurer(s)	Policy Number(s)	Effective/Expiry Dates	Sums Insured Or Limits of Liability	
COMMERCIAL GENERAL LIABILITY • Claims Made • Sudden and Accidental Pollution	Liberty Mutual Insurance Company	GLTOAAD53K016	Jun 01, 2016 to Jun 01, 2017	Per Occurrence	USD 25,000,000
				General Aggregate	USD 50,000,000
EXCESS LIABILITY • Sudden and Accidental Pollution	Associated Electric & Gas Insurance Services Ltd	XL5115205P	Jun 01, 2016 to Jun 01, 2017	Each Occurrence	USD 35,000,000
				General Aggregate	USD 70,000,000
EXCESS LIABILITY • 1st Excess Liability • Excess Sudden & Accidental Pollution	Energy Insurance Mutual	253421-16GL	Jun 01, 2016 to Jun 01, 2017	Each Occurrence	USD 100,000,000
				Aggregate	USD 100,000,000
2ND EXCESS LIABILITY • Excess Sudden & Accidental Pollution	Lloyd's Underwriters	ENGAO1600226	Jun 01, 2016 to Jun 01, 2017	Each Occurrence	USD 50,000,000
				Aggregate	USD 50,000,000
3RD EXCESS LIABILITY • Excess Sudden & Accidental Pollution	Lloyd's Underwriters Swiss Reinsurance Company Limited Temple Insurance Company	ENGAO1600225	Jun 01, 2016 to Jun 01, 2017	Each Occurrence	USD 150,000,000
				Aggregate	USD 150,000,000
4TH EXCESS LIABILITY • Excess Sudden & Accidental Pollution	Great Lakes Reinsurance (UK) PLC	ENGAO1600356	Jun 01, 2016 to Jun 01, 2017	Each Occurrence	USD 25,000,000
				Aggregate	USD 25,000,000
5TH EXCESS LIABILITY • Excess Sudden & Accidental Pollution	Zurich Insurance Company Ltd	ENGAO1600357	Jun 01, 2016 to Jun 01, 2017	Each Occurrence	USD 50,000,000
				Aggregate	USD 50,000,000
6TH EXCESS LIABILITY • Excess Sudden & Accidental Pollution	ACE European Group Limited	ENGAO1600359	Jun 01, 2016 to Jun 01, 2017	Each Occurrence	USD 25,000,000
				Aggregate	USD 25,000,000
7TH EXCESS LIABILITY • Excess Sudden & Accidental Pollution	Temple Insurance Company Lloyd's Underwriters	ENGAO1600325	Jun 01, 2016 to Jun 01, 2017	Each Occurrence	USD 50,000,000
				Aggregate	USD 50,000,000

**Notice of cancellation:**

The insurer(s) affording coverage under the policies described herein will not notify the certificate holder named herein of the cancellation of such coverage.

<b>Marsh Canada Limited</b> 222 - 3rd Avenue SW Livingston Place, Suite 1100 Calgary, AB T2P 0B4 Telephone: 403-476-3421 Fax: 403-294-3896 cheryl.kassai@marsh.com	Marsh Canada Limited   By: _____ Cheryl Kassai
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