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February 5, 2024

Filed Electronically

Canada Energy Regulator
Suite 210, 517 Tenth Avenue SW
Calgary, AB T2R 0A8

Attention: Ramona Sladic, Secretary of the Commission

Dear Ramona Sladic:

**Re: Foothills Pipe Lines Ltd. (Foothills) - Request for Approval under Subsection 21(6) of the *Northern Pipeline Act* (NPA) (Application)
Response to Information Request No. 1**

Enclosed is Foothills' response to the Commission's Information Request No. 1 received on January 25, 2024.¹

If the Commission has questions about the Application, please contact the undersigned or Eman Tadayoni, Senior Regulatory Project Manager by phone at (403) 920-4512 or by email at eman_tadayoni@tcenergy.com.

Yours truly,
Foothills Pipe Lines Ltd.

Original signed by

Bernard Pelletier
Director, Regulatory Tolls and Tariffs
Canadian Natural Gas Pipelines

¹ Filing ID: C28150.

IR Number:	CER 1.1
Category:	General Matters
Topic:	Justification for Application
Reference:	<ul style="list-style-type: none">i) Foothills, Application for Approval of the Amended and Restated Shareholders Agreement (Amended and Restated Shareholders Agreement) under subsection 21(6) of the Northern Pipeline Act (NPA (Application)), Appendix 2, C27672ii) Foothills, Application, Appendix 1, PDF Pages 6-15 of 37, C27672iii) Foothills, Application, Appendix 2, PDF Pages 16-31 of 37, C27672
Preamble:	<p>Reference i) is Foothills request for approval of the Amended and Restated Shareholders Agreement in accordance with subsection 21(6) of the NPA. This amendment reflects the proposed transfer of the three Foothills subsidiaries: Foothills Pipe Lines (Alta.) Ltd., Foothills Pipelines (South B.C.) Ltd., and Foothills Pipe Lines (Sask.) Ltd. from TransCanada PipeLines Limited to Foothills Pipe Lines Holding Company Ltd.</p> <p>Reference ii) is the Appendix 1 to the Application which is the unexecuted copy of the Amended and Restated Shareholders Agreement.</p> <p>Reference iii) is the Appendix 2 to the Application which is the unofficial consolidation of the shareholder agreement in its current form reflecting all seven previously approved amendments (Unofficial Consolidated Shareholder Agreement).</p>
Request:	<ul style="list-style-type: none">a) Provide an up-to-date blacklined Word version of the Amended and Restated Shareholders Agreement (Reference ii), relative to the Unofficial Consolidated Shareholder Agreement (Reference iii).b) Explain how the Application as a whole, as well as each new proposed amendment to the shareholders agreement, aligns with the NPA, including the objects set out in section 4.c) Provide a copy of the correspondence that was sent to the Foothills Industry Committee, including the rationale and resulting effect of amending the shareholders agreement, as discussed on page 5 of Reference i).

Response:

- a) As a preliminary matter, Foothills has identified some corrections to the Amended and Restated Shareholders Agreement that was provided in reference i). Attachment CER 1.1(a)-1 provides a blackline comparison of the corrected Amended and Restated Shareholders Agreement (Proposed SA) relative to the version included in reference i).

The changes include:

- Corrections to the legal name of the Canadian Energy Regulator in the second whereas clause of the Recitals of the Proposed SA;
- Minor correction and unwinding of amendments to Section 10(h) of the Proposed SA that were not intended; and
- Minor corrections to Section 12 of the Proposed SA.

As for the requested blackline, please see Attachment CER 1.1(a)-2 which provides a blackline of the Proposed SA to the Unofficial Consolidated Shareholder Agreement (herein referred to as the 2003 Consolidated SA).

Due to incompatibility between Word documents and the Commission's electronic filing system, Word versions of Attachments CER 1.1(a)-1 and CER 1.1(a)-2 will concurrently be provided to the Commission through email to: secretary@cer-rec.gc.ca.

- b) The NPA and the objects set out in Section 4 establish a legislative scheme permitting a pipeline to be constructed and operated by companies listed in its Schedule II. The application currently before the Commission (Application) as a whole and the Proposed SA amendments are fully aligned with this scheme.

The Application seeks approval of amendments to the shareholders agreement (SA) as permitted and required by subsection 21(6) of the NPA. As noted in the Application,¹ these amendments to the SA do not and will not change the substantive rights and obligations of the companies set out in Schedule II of the NPA, nor affect its Section 4 objects nor interfere with continued regulatory oversight by the Commission. This is consistent with previous applications to amend the SA, whereby amendments to the ownership and governance provisions of the previous SA were sought and granted as they also did not impact the NPA.

Similar to past requests for amendments, the only changes sought through the Proposed SA are to the ownership and related corporate governance of three of the Schedule II companies, through the Foothills Pipe Lines Holding Company Ltd. (Foothills Holding) ownership of a 49% interest in Foothills Pipe Lines (Alta.) Ltd.,

¹ Filing ID: C27672-1 at PDF Page 4 of 37.

Foothills Pipelines (South B.C.) Ltd., and Foothills Pipe Lines (Sask.) Ltd. (jointly, the Foothills Operating Subsidiaries).

TransCanada PipeLines Limited (TCPL), through its direct 100% ownership interest in Foothills Pipe Lines Ltd. (Foothills), and its 51% indirect ownership interest of the Foothills Operating Subsidiaries through Foothills, will continue to control and operate the Foothills Operating Subsidiaries, as it does today. Further, the ownership interest in Foothills Pipe Lines (North B.C.) Ltd., Foothills Pipe Lines (South Yukon) Ltd. and Foothills Pipe Lines (North Yukon) Ltd. (jointly the Other Foothills Subsidiaries) will not change and are not affected by the proposed amendments contained within the Proposed SA.²

Additional details for each of the amendments or groups of amendments blacklined in Attachment CER 1.1(a)-2 are provided in Table CER 1.1-1. For greater clarity, section references to the Proposed SA are provided in the table as well as references to the sections of the 2003 Consolidated SA where they differ.

Table CER 1.1-1: Amendments Under the Proposed SA and Alignment to the NPA

Reference	Alignment to the NPA and its Objects under Section 4
Name of the SA through the Proposed SA	The format of the Proposed SA has been restructured as a stand-alone amended and restated agreement rather than a consolidation of multiple amending agreements relative to a 1977 memorandum of agreement from August 1977.
Parties Section of the Proposed SA	This section was amended to reflect the parties that will remain as parties to the SA following the proposed amendments.
Recitals of the Proposed SA - up to but excluding Table A	<p>The first whereas clause was added to reflect the history of the original memorandum and past amendments up to the current SA reflective of the Seventh Amending Agreement and all prior amendments. This change ensures that the history of the SA remains clear notwithstanding the change in format mentioned under the "Name of the Agreement" above.</p> <p>The second and third whereas clauses received minor editorial amendments only, without impacting their substance. As noted in the response to part a), corrections were made to this provision in the Proposed SA.</p> <p>The fourth whereas clause was added to expressly incorporate and reiterate the requirements of subsection 21(6) of the NPA.</p> <p>The fifth whereas clause was added to reflect the dissolution of 3399516 Canada Ltd. (TC Subco) that occurred in 2018.</p> <p>The sixth whereas clause was added to reflect the incorporation of the six FPL Subsidiary Companies in 1977 and removes reference to the <i>Canada Business Corporations Act</i> as it is already reflected in the fifth whereas clause. Various abbreviations for entities were removed as they are no longer used in the Proposed SA. The voting structure was revised to reflect the revised ownership structure now included in Table A of the Proposed SA.</p>

² Other than to reflect the dissolution of 3399516 Canada Ltd. in 2018 which previously held a 49% interest in Foothills Pipe Lines (North B.C.) Ltd. as well as a 49% interest in the Foothills Operating Subsidiaries, which has since rolled up to be held directly by TCPL.

Reference	Alignment to the NPA and its Objects under Section 4
	The seventh whereas clause was added to reflect the proposed transfer of the 49% ownership interest in the Foothills Operating Subsidiaries to Foothills Holding.
Recitals of the Proposed SA – Table A	Table A was added to summarize the ownership of each of the six FPL Subsidiary Companies to provide greater clarity. The same information is also presented in Section 4 of the Proposed SA.
Recitals of the Proposed SA - following Table A	<p>In the first whereas clause following Table A, the order of the various FPL Subsidiary Companies was changed to follow an alphabetical order rather than a geographical North to South order. In addition, the long form rather than the abbreviated version of these entities are now used.</p> <p>The final whereas clause was added to reflect the amendment to the SA proposed as a result of the current Application.</p>
<p><i>Definitions</i></p> <p>Section 1 of the Proposed SA</p> <p>Section 1 of the 2003 Consolidated SA</p>	This section was updated to add a definition for the “Agreement”, “Jointly Held Entities” and “Solely Held Entities” and to remove the definition of “control” and “NEB”. The changes related to “Agreement” and “NEB” are non-substantive in nature and simply housekeeping. The rationale for the other amendments are discussed in subsequent sections.
<p><i>Governance (Board/Quorum)</i></p> <p>Section 2 and Section 3 of the Proposed SA</p> <p>Section 2 of the 2003 Consolidated SA</p>	These sections were simplified to align governance and voting rights to the ownership structure of the various Jointly Held Entities. Rather than requiring a specific number of board members, in line with the Jointly Held Entities constating documents, the Proposed SA now contemplates a minimum of 2 and maximum of 9 directors on the Jointly Held Entities, with representation of director appointments from each shareholder of the applicable Jointly Held Entity. Provisions related to quorum were also simplified and nationality restrictions for board members were removed.
<p><i>Corporate Structure Maintenance Representations</i></p> <p>Section 4 of the Proposed SA</p> <p>Section 3 of the 2003 Consolidated SA</p>	This section was updated to follow an alphabetical order for each of the Jointly Held Entities and to reflect the specific ownership previously summarized in Table A. References to specific board member requirements were also removed in accordance with the changes previously noted in Section 2. Similar to Section 3 of the consolidated agreement, this section still restricts voting share transfers of the FPL Subsidiary Companies.
<p><i>Transfer/Sale Restrictions</i></p> <p>Section 5, Section 6 and Section 7 of the Proposed SA</p> <p>Section 4 of the 2003 Consolidated SA</p>	<p>Section 5, 6 and 7 of the Proposed SA reflect the contents of the previous Section 4 of the 2003 Consolidated SA. The purpose of the section is to impose obligations on the respective shareholders of each Foothills Subsidiary Company to not sell/transfer equitable title/control without CER approval. As a result, separate clauses were added to address each Foothills Subsidiary Company’s share structure and shareholdings:</p> <ul style="list-style-type: none"> • Section 5 reiterates the requirement of subsection 21(6) of the NPA, as it applies to the entities jointly held by Foothills and Foothills Holding.³ • Section 6 reiterates the requirement of subsection 21(6) of the NPA, as it applies to the entities jointly held by Foothills and TCPL. • Section 7 reiterates the requirement of subsection 21(6) of the NPA as it applies to the entities wholly held by Foothills.
<p><i>Right of First Refusal</i></p> <p>Not Applicable in Proposed SA</p>	Content related to a right of first refusal has been removed as this right is no longer required in light of the current and proposed ownership structure.

³ Foothills and Foothills Holding are referred to in the Proposed SA as FPL and FPHC, respectively.

Reference	Alignment to the NPA and its Objects under Section 4
Section 5 of the 2003 Consolidated SA	
<p><i>Beneficial Ownership of TCPL not less than 51%</i></p> <p>Section 8 of the Proposed SA</p> <p>Section 6 of the 2003 Consolidated SA</p>	<p>This section was updated to remove references to TC Subco that are no longer applicable. In addition, the Proposed SA maintains the requirement for TCPL to maintain control of Foothills and extends the requirement to all Foothills Subsidiary Companies, unless it receives CER approval. Updates to recognize that the CER has replaced the NEB were also made.</p>
<p><i>CER Audit Rights</i></p> <p>Section 9 of the Proposed SA</p> <p>Section 7 of the 2003 Consolidated SA</p>	<p>This section was updated to reflect its applicability to Foothills Holding as well as Foothills and TCPL following the proposed amendments and to remove TC Subco. Updates to recognize that the CER has replaced the NEB were also made.</p>
<p><i>Commercial Representations</i></p> <p>Section 10 of the Proposed SA</p> <p>Section 8 of the 2003 Consolidated SA</p>	<p>As noted in the response to part s), corrections were made to this section in the Proposed SA, and the content of the response below reflects these corrections.</p> <p>This section was updated to reflect its applicability to Foothills Holding as well as Foothills and TCPL following the proposed amendments and to remove TC Subco and to align the responsibility to design and construct the various portions identified with the owner(s) of each applicable portion. Updates to recognize that the CER has replaced the NEB were also made.</p>
<p><i>Obligations under the NPA</i></p> <p>Section 11 of the Proposed SA</p> <p>Section 9 of the 2003 Consolidated SA</p>	<p>Section 11 of the Proposed SA reflects updates to the name of the SA and abbreviations used in it and continues to reinforce that nothing in the SA derogates from the obligations and responsibilities placed upon each of the FPL Subsidiary Companies pursuant to the NPA.</p>
<p><i>Execution of Instruments/Acts Required to Give Effect to Agreement</i></p> <p>Section 12 of the Proposed SA</p> <p>Section 10 of the 2003 Consolidated SA</p>	<p>This section maintains the prior provisions but reflects updates to point to the updated applicable section and abbreviations used in the Proposed SA. As noted in the response to part a), minor corrections were made to this section in the Proposed SA.</p>
<p><i>No New Securities Issuances</i></p> <p>Section 13 and Section 14 of the Proposed SA</p> <p>Section 11 of the 2003 Consolidated SA</p>	<p>This clause restricts any new issuances of securities if it would significantly change the corporate structure or ownership of the FPL Subsidiary Companies. Accordingly, changes were made to make this provision consistent with the corporate structure information presented in Table A:</p> <ul style="list-style-type: none"> • Section 13 was updated to align voting with the ownership interest of the various Jointly Held Entities. • Section 13 was updated to align voting with the ownership interest of the Solely Held entities. <p>The previous Section 11 addressed the same content in a single section.</p>
<p><i>Time is of Essence</i></p> <p>Section 15 of the Proposed SA</p>	<p>There are no changes to this section.</p>

Reference	Alignment to the NPA and its Objects under Section 4
Section 12 of the 2003 Consolidated SA	
<i>Assignment</i> Section 16 of the Proposed SA Section 13 of the 2003 Consolidated SA	This section was updated to reflect the parties to the Proposed SA and to recognize that the CER has replaced the NEB.
<i>Entire Agreement</i> Section 17 of the Proposed SA No applicable provision in the 2003 Consolidated SA	This section was added to clarify that the Proposed SA supersedes all prior SAs.
<i>Termination</i> Section 18 of the Proposed SA Section 14 of the 2003 Consolidated SA	This section was updated solely to reflect an abbreviation used in the Proposed SA.
Execution Section of the Proposed SA	This section was added to reflect the parties to the Proposed SA.

c) Please see Attachment CER 1.1(c).

Foothills Pipe Lines Ltd.

Foothills Application to Amend the Shareholders Agreement

Attachment CER 1.1(a)-1:

Proposed Shareholders Agreement – Blackline to
Appendix 1 of the Application

AMENDED AND RESTATED SHAREHOLDERS AGREEMENT

DATED this ____ day of _____, 2024

BETWEEN:

TRANSCANADA PIPELINES LIMITED
An amalgamated Canadian Corporation
(hereinafter “**TCPL**”)

And

FOOTHILLS PIPE LINES LTD.
A Canadian Corporation
(hereinafter “**FPL**”)

And

FOOTHILLS PIPE LINES HOLDING COMPANY LTD.
A Canadian Corporation
(hereinafter “**FPHC**”)

WHEREAS TCPL, FPL and 3399516 Canada Ltd. (“**TC Subco**”) were parties to a Shareholders Agreement dated August 4, 1977, as amended previously by Shareholders Agreement Amendment dated August 30, 1977, by Second Amending Agreement date May 4, 1978, by Third Amendment to Shareholders Agreement dated July 16, 1981, by Joinder and Fourth Amending Agreement to Shareholders Agreement dated March 30, 1994, by Fifth Amending Agreement to Foothills Shareholders Agreement dated December 8, 1997, by Sixth Amending Agreement to Foothills Shareholders Agreement dated November 23, 1999, and by Joinder and Seventh Amending Agreement to Foothills Shareholders Agreement dated June 6th, 2003 (the “**Shareholders Agreement**”).

WHEREAS the National Energy Board, now ~~Canada~~ the Canadian Energy Regulator (“**CER**”), delivered a decision on July 4, 1977 (“**Decision**”) to issue Certificates of Public Convenience and Necessity to FPL and its subsidiaries for the construction and operation of the pipelines described in the said Decision (the “**Pipelines**”);

WHEREAS approval of the Governor in Council for the issuance of such Certificates was required and obtained;

WHEREAS the approval of both the CER and the Governor in Council (“**GIC**”) (pursuant to section 21(6) of the *Northern Pipeline Act*) is required with respect to any amendment, termination or alteration of the Shareholders Agreement;

WHEREAS TC Subco, a wholly-owned subsidiary of TCPL, was dissolved on December 18, 2018 and its 49% Class A Common Share interest in FPL was transferred and assigned to TCPL, resulting in TCPL being the sole shareholder of FPL;

WHEREAS on July 18, 1977, FPL incorporated six subsidiary companies (the “**FPL Subsidiary Companies**”) under the Canada Business Corporations Act, as follows:

Foothills Pipe Lines (Alta.) Ltd.	Foothills Pipe Lines (North B.C.) Ltd.
Foothills Pipe Lines (Sask.) Ltd.	Foothills Pipe Lines (North Yukon) Ltd.
Foothills Pipe Lines (South B.C.) Ltd.	Foothills Pipe Lines (South Yukon) Ltd.

WHEREAS pursuant to a Purchase and Sale Agreement dated _____, 2024 and with both CER and GIC consent, TCPL sold, assigned and transferred its 49% interest in Foothills Pipe Lines (Alta.) Ltd., Foothills Pipe Lines (Sask.) Ltd. and Foothills Pipe Lines (South B.C.) Ltd. to FPHC resulting in the following ownership/voting structure of the FPL Subsidiary Companies:

**Table A
Ownership Structure of the FPL Subsidiary Companies**

Jointly Held Entities		
Entity	Shareholder Interest	Interest Held
Foothills Pipe Lines (Alta) Ltd.	FPL (51%) FPHC (49%)	51 Class A Common Shares 49 Class A Common Shares
Foothills Pipe Lines (Sask.) Ltd.	FPL (51%) FPHC (49%)	51 Class A Common Shares 49 Class A Common Shares
Foothills Pipe Lines (South B.C) Ltd.	FPL (51%) FPHC (49%)	51 Class A Common Shares 49 Class A Common Shares
Foothills Pipe Lines (North B.C.) Ltd.	FPL (51%) TCPL (49%)	51 Class A Common Shares 49 Class A Common Shares
Entities with Sole Shareholder		
Entity	Shareholder Interest	Interest Held
Foothills Pipe Lines (South Yukon) Ltd.	FPL (100%)	51 Class A Common Shares
Foothills Pipe Lines (North Yukon) Ltd.	FPL (100%)	51 Class A Common Shares

AND WHEREAS it is proposed that the respective FPL Subsidiary Companies would construct and operate the following pipelines:

Foothills Pipe Lines (Alta.) Ltd. -	pipeline for the transmission of Alaska gas from the British Columbia – Alberta boundary near Boundary Lake to the Alberta-Saskatchewan boundary near Empress, Alberta and to the Alberta-British Columbia boundary near Coleman, Alberta.
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Foothills Pipe Lines (Sask.) Ltd. -	the pipeline from the Alberta-Saskatchewan boundary near Empress, Alberta to the Saskatchewan-United States border near Monchy, Saskatchewan.
Foothills Pipe Lines (South B.C.) Ltd. -	the pipeline from the Alberta-British Columbia boundary near Coleman, Alberta to the British Columbia – United States border near Kingsgate, British Columbia.
Foothills Pipe Lines (North B.C.) Ltd.-	the pipeline for the transmission of Alaska gas from the Yukon Territory – British Columbia boundary to the British Columbia – Alberta boundary near Boundary Lake.
Foothills Pipe Lines (North Yukon) Ltd. -	the pipeline from the MacKenzie River Delta area approximately parallel to the Dempster Highway connecting to the main line of Foothills South Yukon near Dawson City in the Yukon Territory (the “Dempster Link”).
Foothills Pipe Lines (South Yukon) Ltd. -	the pipeline for the transmission of Alaska gas from the Alaska – Yukon Territory border to the Yukon Territory - British Columbia boundary and partially within British Columbia.

AND WHEREAS the parties have determined to amend and restate the Shareholders Agreement in the matter set forth herein.

NOW THEREFORE in consideration of the mutual covenants and promises hereinafter set forth the parties hereto covenant and agree as follows:

Definitions

1. Unless the context otherwise requires, the following expressions shall hereinafter have the meaning as indicated:

“Act”	means the Canada Business Corporations Act.
“affiliate”	of a party means any individual, corporation, partnership, trust or unincorporated organization, directly or indirectly controlling controlled by or under direct or indirect common control with such party.
“Agreement”	means this Amended and Restated Shareholders Agreement.
“Alaska gas”	means the gas produced in the State of Alaska.

“Jointly Held Entities” means those FPL Subsidiary Companies whose shares are held by two or more shareholders as detailed in Table A above.

“Solely Held Entities” means those FPL Subsidiary Companies whose shares are held by one shareholder as detailed in Table A above.

“Yukon” means the Yukon Territory.

2. From and after the date hereof and during the term of this Agreement, as it relates to the Jointly Held Entities, each of FPHC, TCPL and FPL, as applicable, will vote their common shares for the governance of the Jointly Held Entities, in accordance with the Bylaws of same, so that the number of directors to be elected or appointed to the Board of Directors for each of the Jointly Held Entities will be set at a minimum of 2 and a maximum of 9 with representation of director appointments from each of the shareholders of the Jointly Held Entities.
3. A quorum for the transaction of business at any meeting of shareholders for the Jointly Held Entities shall be two persons present in person, each being a representative of a shareholder entitled to vote thereat or a duly appointed proxy for an absent shareholder so entitled and representing in person or by proxy not less than 66 2/3% of the issued and outstanding shares entitled to be voted thereat.
4. TCPL, FPHC and FPL covenant and agree to act and vote and do all such things as shall be necessary to create and maintain or cause to be created and maintained the following structure in respect of each of FPL Subsidiary Companies respectively:
 - a. Foothills Pipe Lines (Alta.) Ltd. – the voting shares shall be owned 51% by FPL and 49% by FPHC;
 - b. Foothills Pipe Lines (Sask.) Ltd. - the voting shares shall be owned 51% by FPL and 49% by FPHC;
 - c. Foothills Pipe Lines (South B.C.) Ltd. - the voting shares shall be owned 51% by FPL and 49% by FPHC;
 - d. Foothills Pipe Lines (North B.C.) Ltd. - the voting shares shall be owned 51% by FPL and 49% by TCPL;
 - e. Foothills Pipe Lines (South Yukon) Ltd. – the voting shares shall be held 100% by FPL; and
 - f. Foothills Pipe Lines (North Yukon) Ltd. - the voting shares shall be held 100% by FPL.

5. Each of FPL and FPHC covenants and agrees that it will not sell, transfer or convey its legal or equitable title in or to all or part of its holding of voting shares in Foothills Pipe Lines (Alta) Ltd., Foothills Pipe Lines (Sask.) Ltd. or Foothills Pipe Lines (South B.C.) Ltd., or enter into any voting trust or other agreement whereby it divests itself of the right to control such shares and the manner in which they are voted without prior approval of the CER and, if applicable, the other shareholders of such FPL Subsidiary Company, which approval may be given with or without conditions attached.
6. Each of FPL and TCPL covenants and agrees that it will not sell, transfer or convey its legal or equitable title in or to all or part of its holding of voting shares in Foothills Pipe Lines (North B.C.) Ltd., or enter into any voting trust or other agreement whereby it divests itself of the right to control such shares and the manner in which they are voted without prior approval of the CER and, if applicable, the other shareholders of Foothills Pipe Lines (North B.C.) Ltd., which approval may be given with or without conditions attached.
7. FPL covenants and agrees that it will not sell, transfer or convey its legal or equitable title in or to all or part of its holding of voting shares in Foothills Pipe Lines (South Yukon) Ltd. or Foothills Pipe Lines (North Yukon) Ltd., or enter into any voting trust or other agreement whereby it divests itself of the right to control such shares and the manner in which they are voted without prior approval of the CER and, if applicable, the other shareholders of such FPL Subsidiary Company, which approval may be given with or without conditions attached.
8. TCPL acknowledges and agrees that it is a fundamental condition of this Agreement that TCPL shall beneficially own and continue to own throughout the term of this Agreement not less than 51% of the issued and outstanding voting shares of FPL or the FPL Subsidiary Companies and that any transfer of shares which could result in any reduction of such percentage would require the approval of the CER.
9. TCPL, FPHC and FPL covenant and agree that the records of FPL and the FPL Subsidiary Companies will be subject to audit by the CER, and hereby declare and acknowledge that the amendments to applications dated August 2, 1977 and assignments dated August 2, 1977 and filed with the NEB were approved by the NEB expressly on the condition that this Clause 9 shall apply to the records of FPL.
10. TCPL, FPHC and FPL covenant and agree each with the other that the following are the principal objectives in respect of the Canadian portion of the Alaska Highway Gas Pipeline Project as described in the said Decision:
 - a. With respect to the portion of the pipeline across Northeastern British Columbia, TCPL or FPL will design and construct such portion in accordance with a Construction Management Agreement and TCPL will operate such portion in accordance with an Operating Agreement; both agreements to be filed with and approved by the CER;

- b. With respect to the portion of the pipeline in Alberta, TCPL or FPL will design and construct such portion in accordance with a Construction Management Agreement and TCPL will operate such portion in accordance with an Operating Agreement, both agreements to be filed with and approved by the CER;
- c. With respect to the portion of the pipeline across Southeastern British Columbia, TCPL or FPL will design and construct such portion in accordance with a Construction Management Agreement and TCPL will operate such portion in accordance with an Operating Agreement; both agreements to be filed with and approved by the CER;
- d. With respect to the portion of pipeline in Saskatchewan, TCPL or FPL will design and construct such portion in accordance with a Construction Management Agreement and TCPL or such other company as may be approved by the CER will operate such portion in accordance with an Operating Agreement, both agreements to be filed with and approved by the CER;
- e. With respect to the portion of pipeline in the Yukon, Foothills Pipe Lines (South Yukon) Ltd. or FPL will design and construct such portion in accordance with a Construction Management Agreement and Foothills Pipe Lines (South Yukon) Ltd. will operate such portion; both agreements to be filed with and approved by the CER;
- f. With respect to the portion of the pipeline from the Mackenzie River Delta area to the main line of Foothills Pipe Lines (South Yukon) Ltd., Foothills Pipe Lines (North Yukon), TCPL or FPL will design and construct such portion in accordance with a Construction Management Agreement and Foothills Pipe Lines (North Yukon) or such other company as may be approved by the CER, will (in accordance with an Operating Agreement in the case of such other company) operate such portion; both agreements to be filed with and approved by the CER;
- g. The use of the Alaska Highway Gas Pipeline Project as a main line to transport initially Alaska gas to points on the 49th parallel and subsequently to transport gas from sources in the Western Canadian Arctic to points of receipt or delivery on any of the pipeline systems existing at the time that delivery of such gas is made;
- h. All commitments and undertakings heretofore given in writing or orally by FPL, ~~FPHC or TCPL~~TCPL, NOVA Corporation or Westcoast Energy Inc., or their respective predecessors in interest, to any duly constituted tribunals or ~~inquires~~ inquiries shall be maintained and complied with by FPL, FPHC, TCPL with and to the extent they are ~~applicable~~ applicable unless FPL, FPHC and TCPL mutually agree to a change and such changes are approved by the CER;
- i. All commitments and undertakings heretofore given by FPL to any duly constituted tribunals or inquiries in respect of Indigenous participation are to be maintained unless FPL, FPHC and TCPL mutually agree to a change and such changes are approved by the CER;

j. There is to be maximum use of Canadian-owned and Canadian-located firms in respect of engineering, construction, provision of materials, supplies and services in connection with the design, construction, maintenance and operation of the Pipelines; and

~~k.~~ Each of TCPL, FPL and FPHC (in each case, both for itself and the FPL Subsidiary Companies) hereby declares and acknowledges that each portion of the pipeline, as set out in sub-clauses (a), (b), (c) and (d) of this Clause 10, and as such portion may exist from time to time by reason of the addition thereto of facilities including looping, and/or compression, although within the provincial boundaries of British Columbia, Alberta and Saskatchewan respectively and to be constructed and operated as therein set out, is nevertheless part of an international and/or interprovincial pipeline and that each such portion is and will be at all times subject to the jurisdiction of the Parliament of Canada and, in particular, subject to the provisions of *the Canadian Energy Regulator Act* and to the regulation and control of the CER, or any successor to that body.

11. Nothing in this Agreement derogates from the obligations and responsibilities placed upon each of the FPL Subsidiary Companies pursuant to the *Northern Pipeline Act*, including the ultimate responsibility for the design, construction and operation of their respective portions of the pipeline (as such term is defined in the *Northern Pipeline Act*).
12. The parties hereto shall from time to time hereafter do such things and execute and deliver such instruments in writing as shall be necessary or desirable in order to comply with the provisions of, and attain the objectives set forth in Clauses 9 and 10 hereof, and to fully perform and carry out the terms of this Agreement and, ~~without limited~~ limiting the generality of the foregoing, the parties hereto shall at all times exercise their ~~respect~~ respective voting and other rights and shall cause their nominee directors to vote and act in connection with FPL and the FPL Subsidiary Companies to give effect to the provisions of this Agreement and to ensure that the person from time to time designated as directors of FPL and the FPL Subsidiary Companies pursuant to this Agreement are elected directors of FPL or such FPL Subsidiary Companies as the case may be and that such directors shall at all times vote and act in conformity with this Agreement and shall not vote or act contrary to the provisions in this Agreement. The parties hereto covenant and agree to vote in favour of any transfer of shares when such transfer is made in accordance with the provisions of this Agreement.
13. The Board of Directors of the Jointly Held Entities shall not, without the written consent of the CER and the Jointly Held Entities' respective shareholders, approve the issuance of, or cause the Jointly Held Entities to issue voting shares, or any securities convertible into or exchangeable or exercisable for voting shares, or any securities with, under the terms thereof, initially or upon the happening of any event or contingency would give the holders thereof voting rights, if such issuance would or could result in:

- a. with respect to Foothills Pipe Lines (Alta) Ltd., Foothills Pipe Lines (Sask.) Ltd., and Foothills Pipe Lines (South B.C) Ltd., FPHC and FPL holding less than 49% and 51%, respectively of the issued and outstanding voting shares; and
 - b. with respect to Foothills Pipe Lines (North B.C.) Ltd., TCPL and FPL holding less than 49% and 51%, respectively of the issued and outstanding voting shares.
14. The Board of Directors of the Solely Held Entities shall not, without the written consent of the CER and their respective shareholders, approve the issuance of, or cause Solely Held Entities to issue voting shares, or any securities convertible into or exchangeable or exercisable for voting shares, or any securities with, under the terms thereof, initially or upon the happening of any event or contingency would give the holders thereof voting rights, if such issuance would or could result in FPL holding less than 100% of such Solely Held Entity's voting shares.
15. Time shall be of the essence of this Agreement.
16. This Agreement shall not be assignable except with the consent of the CER and parties hereto but shall enure to the benefit of and be binding upon the heirs, successors, administrators, executors and permitted assigns of the parties hereto respectively.
17. This Agreement contains the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral or written, with respect to such matter.
18. This Agreement shall terminate upon the mutual agreement of the parties.

Executed at Calgary, Alberta this _____ day of _____, 2024

FOOTHILLS PIPE LINES LTD.

FOOTHILLS PIPE LINES HOLDING COMPANY LTD.

By: _____
Name:
Title:

By: _____
Name:
Title:

By: _____
Name:
Title:

By: _____
Name:
Title:

TRANSCANADA PIPELINES LIMITED

By: _____
Name:
Title:

By: _____
Name:
Title:

Foothills Pipe Lines Ltd.

Foothills Application to Amend the Shareholders Agreement

Attachment CER 1.1(a)-2:

Proposed Shareholders Agreement – Blackline to
2003 Consolidated Shareholder Agreement

Schedule C
UNOFFICIAL CONSOLIDATION

AMENDED AND RESTATED SHAREHOLDERS AGREEMENT

DATED this _____ day of _____, 2024

{THIS UNOFFICIAL CONSOLIDATION HAS BEEN
PREPARED FOR REFERENCE AND CONVENIENCE ONLY}

MEMORANDUM OF AGREEMENT made as of the 4th day of August, 1977, as amended the 30th day of August, 1977, the 4th day of May 1978, the 16th day of July, 1981 the 3rd day of March 1994, the 8th day of December, 1997 and the 23rd day of November, 1999 and the 6th day of June 2003.

BETWEEN:

~~TRANSCANADA PIPELINES LIMITED~~, a company incorporated under the laws of Alberta (“TCPL”)

OF THE FIRST PART

AND

~~3399516 ALBERTA LTD.~~, a company incorporated under the laws of Canada (“TC Subco”)

OF THE SECOND PART

AND:

~~FOOTHILLS PIPE LINES LTD.~~ (formerly Foothills Pipe Lines (Yukon) Ltd., a company incorporated under the laws of Canada (“Foothills”))

OF THE THIRD PART

TRANSCANADA PIPELINES LIMITED
An amalgamated Canadian Corporation
(hereinafter “**TCPL**”)

And

FOOTHILLS PIPE LINES LTD.
A Canadian Corporation
(hereinafter “**FPL**”)

And

FOOTHILLS PIPE LINES HOLDING COMPANY LTD.

A Canadian Corporation

(hereinafter "FPHC")

WHEREAS TCPL, FPL and 3399516 Canada Ltd. ("TC Subco") were parties to a Shareholders Agreement dated August 4, 1977, as amended previously by Shareholders Agreement Amendment dated August 30, 1977, by Second Amending Agreement date May 4, 1978, by Third Amendment to Shareholders Agreement dated July 16, 1981, by Joinder and Fourth Amending Agreement to Shareholders Agreement dated March 30, 1994, by Fifth Amending Agreement to Foothills Shareholders Agreement dated December 8, 1997, by Sixth Amending Agreement to Foothills Shareholders Agreement dated November 23, 1999, and by Joinder and Seventh Amending Agreement to Foothills Shareholders Agreement dated June 6th, 2003 (the "Shareholders Agreement").

WHEREAS the National Energy Board in its written Decision, now the Canadian Energy Regulator ("CER"), delivered a decision on the 4th day of July, 1977 has stated that, subject to the conditions therein contained, it is prepared July 4, 1977 ("Decision") to issue Certificates of Public Convenience and Necessity to Foothills FPL and its subsidiaries for the construction and operation of the pipelines described in the said Decision; (the "Pipelines");

WHEREAS approval of the Governor in Council for the issuance of such Certificates is was required, and obtained;

WHEREAS the approval of both the CER and the Governor in Council ("GIC") (pursuant to Section 44 of the National Energy Board Act section 21(6) of the Northern Pipeline Act) is required with respect to any amendment, termination or alteration of the Shareholders Agreement;

WHEREAS TC Subco, a wholly-owned subsidiary of TCPL, was dissolved on December 18, 2018 and its 49% Class A Common Share interest in FPL was transferred and assigned to TCPL, resulting in TCPL being the sole shareholder of FPL;

WHEREAS on July 18, 1977, Foothills FPL is a company continued incorporated six subsidiary companies (the "FPL Subsidiary Companies") under the Canada Business Corporations Act and all of the issued and outstanding voting shares in the capital of Foothills are owned, as follows:

TCPL — 51 voting shares

TC Subco — 49 voting shares;

WHEREAS Foothills has caused to be incorporated under the Canada Business Corporations Act the following six subsidiary companies:

- 1. Foothills Pipe Lines (Alta.) Ltd.
(hereinafter referred to as "Foothills Alta.")
- 2. Foothills Pipe Lines (North Yukon) Ltd. (hereinafter referred to as "Foothills North Yukon")
- 3. Foothills Pipe Lines (South Yukon) Ltd. (hereinafter referred to as "Foothills South Yukon")
- 4. Foothills Pipe Lines (North B.C.) Ltd. (hereinafter referred to as "Foothills North B.C.")
- 5. Foothills Pipe Lines (South B.C.) Ltd. (hereinafter referred to as "Foothills South B.C.")
- 6. Foothills Pipe Lines (Sask.) Ltd. (hereinafter referred to as "Foothills Sask.")

Foothills Pipe Lines (Alta.) Ltd.
Foothills Pipe Lines (Sask.) Ltd.
Foothills Pipe Lines (South B.C.) Ltd.

Foothills Pipe Lines (North B.C.) Ltd.
Foothills Pipe Lines (North Yukon) Ltd.
Foothills Pipe Lines (South Yukon) Ltd.

WHEREAS pursuant to a Purchase and Sale Agreement dated _____, 2024 and with both CER and GIC consent, TCPL sold, assigned and transferred its 49% interest in Foothills Pipe Lines (Alta.) Ltd., Foothills Pipe Lines (Sask.) Ltd. and Foothills Pipe Lines (South B.C.) Ltd. to FPHC resulting in the following ownership/voting structure of the FPL Subsidiary Companies:

{Table A
Ownership Structure of the said six subsidiary companies being hereinafter referred to as the "FPL Subsidiary companies"; Companies

Jointly Held Entities		
Entity	Shareholder Interest	Interest Held
<u>Foothills Pipe Lines (Alta) Ltd.</u>	FPL (51%) FPHC (49%)	<u>51 Class A Common Shares</u> <u>49 Class A Common Shares</u>
<u>Foothills Pipe Lines (Sask.) Ltd.</u>	FPL (51%) FPHC (49%)	<u>51 Class A Common Shares</u> <u>49 Class A Common Shares</u>
<u>Foothills Pipe Lines (South B.C) Ltd.</u>	FPL (51%) FPHC (49%)	<u>51 Class A Common Shares</u> <u>49 Class A Common Shares</u>
<u>Foothills Pipe Lines (North B.C.) Ltd.</u>	FPL (51%) TCPL (49%)	<u>51 Class A Common Shares</u> <u>49 Class A Common Shares</u>
Entities with Sole Shareholder		
Entity	Shareholder Interest	Interest Held
<u>Foothills Pipe Lines (South Yukon) Ltd.</u>	FPL (100%)	<u>51 Class A Common Shares</u>
<u>Foothills Pipe Lines (North Yukon) Ltd.</u>	FPL (100%)	<u>51 Class A Common Shares</u>

AND WHEREAS it is proposed that the respective FPL Subsidiary companies~~companies~~Companies would construct and operate the following pipelines:

~~Foothills South Yukon~~ — ~~the~~ Pipe Lines (Alta.) Ltd. - pipeline for the transmission of Alaska gas from the ~~Alaska-Yukon Territory border to the Yukon Territory-British Columbia boundary and partially within British Columbia~~

~~Foothills North B.C.~~ — ~~the~~ pipeline for the transmission of Alaska gas from the ~~Yukon Territory-British Columbia boundary to the British Columbia-Alberta boundary near Boundary Lake~~

~~Foothills Alta.~~ — ~~the~~ pipeline for the transmission of Alaska gas from the ~~British Columbia- to the Alberta boundary near Boundary Lake to the Alberta-Saskatchewan boundary near Empress, Alberta and to the Alberta-British Columbia boundary near Coleman, Alberta.~~

Foothills Pipe Lines (Sask.) Ltd. - the pipeline from the Alberta-Saskatchewan boundary near Empress, Alberta to the Saskatchewan-United States border near Monchy, Saskatchewan.

Foothills Pipe Lines (South B.C.) Ltd. - the pipeline from the Alberta-British Columbia boundary near Coleman, Alberta to the British

Columbia- United States border near Kingsgate, British Columbia.

Foothills Pipe Lines (North Yukon- B.C.) Ltd.- the pipeline for the transmission of Alaska gas from the Mackenzie Yukon Territory – British Columbia boundary to the British Columbia – Alberta boundary near Boundary Lake.

Foothills Pipe Lines (North Yukon) Ltd. - the pipeline from the MacKenzie River Delta area approximately parallel to the Dempster Highway connecting to the main line of Foothills South Yukon near Dawson City in the Yukon Territory (the "Dempster Link").

Foothills Pipe Lines (South Yukon) Ltd. - the pipeline for the transmission of Alaska gas from the Alaska – Yukon Territory border to the Yukon Territory - British Columbia boundary and partially within British Columbia.

AND WHEREAS the parties have determined to amend and restate the Shareholders Agreement in the matter set forth herein.

~~NOW THEREFORE THIS AGREEMENT WITNESSETH that~~ in consideration of the mutual covenants and promises hereinafter set forth the parties hereto covenant and agree ~~each with the other~~ as follows:

Definitions

1. Unless the context otherwise requires, the following expressions shall hereinafter have the meaning as indicated:

"Act" means the Canada Business Corporations Act.

"affiliate" of a party means any individual, corporation, partnership, trust or unincorporated organization, directly or indirectly controlling, controlled by or under direct or indirect common control with such party.

"Agreement" means this Amended and Restated Shareholders Agreement.

"Alaska gas" means the gas produced in the State of Alaska.

"control" means the power, directly or indirectly, to direct or cause the direction of the management and policies whether through the ownership of voting securities, by contract or otherwise

"NEB" means the National Energy Board

"Jointly Held Entities" means those FPL Subsidiary Companies whose shares are held by two or more shareholders as detailed in Table A above.

"Solely Held Entities" means those FPL Subsidiary Companies whose shares are held by one shareholder as detailed in Table A above.

"Yukon" means the Yukon Territory.

2. (a) ~~From and after the date hereof and during the term of this agreement~~ Agreement, as it relates to the Jointly Held Entities, each of FPHC, TCPL and TC Subco shall each FPL, as applicable, will vote their common shares in the capital stock of Foothills for the governance of the Jointly Held Entities, in accordance with the Bylaws of same, so that the Board of Directors ~~number of Foothills shall in due course consist of 7 directors including (initially and from time to time) to be elected or appointed to the Board of Directors for each of the Jointly Held Entities will be set at a minimum of 2 and a maximum of 9 with representation of director appointments from each of the shareholders of the Jointly Held Entities. time by way of replacement or succession)~~ the following:

(i) ~~4 officers or directors of TCPL, including and the Executive Vice President of TCPL;~~

(ii) ~~3 officers or directors of TC Subco.~~

~~four other Canadian citizens.~~

- (b) ~~The quorum of the Board of Directors of Foothills shall be four directors; Provided That such quorum shall include one director nominated by TCPL (who shall also be an officer of TCPL) and one director nominated by TC Subco (who shall also be an officer of TC Subco); Provided Further That if a quorum is not attained at a meeting of directors because of the absence of one director nominated by TCPL and/or one director nominated by TC Subco, the meeting shall be adjourned to a date 7 days later at the same time and place and notice of the adjourned meeting shall be given forthwith to all directors, setting out the reason for adjournment and at the adjourned meeting, provided a quorum of any four directors is present, the foregoing provision that the quorum shall include one director nominated by TCPL~~

and one director nominated by TC Subco, shall not apply to such adjourned meeting.

3. ~~(c) Each such nominee for a directorship referred to in sub clause (a) above, shall be a Canadian citizen resident in Canada, Provided That if at any time and from time to time any such nominee elected to the Board of Directors of Foothills ceases to be a Canadian citizen or resigns from the Board of Directors or ceases to be a director for any other reason, such nominee shall be replaced as a director with a nominee (designated by the party or parties who nominated such replaced nominee) complying with the foregoing qualifications and TCPL and TC Subco shall so act and vote so that such replacement nominee is elected or appointed to the Board of Directors of Foothills(a) — TCPL and TC Subco~~ A quorum for the transaction of business at any meeting of shareholders for the Jointly Held Entities shall be two persons present in person, each being a representative of a shareholder entitled to vote thereat or a duly appointed proxy for an absent shareholder so entitled and representing in person or by proxy not less than 66 2/3% of the issued and outstanding shares entitled to be voted thereat.

4. ~~3. TCPL and TC Subco, FPHC and FPL covenant and agree to act and vote and cause Foothills to act and vote and do all such things, and Foothills covenants and agrees to act and vote and do all such things,~~ as shall be necessary to create and maintain or cause to be created and maintained the following structure in respect of each of the FPL Subsidiary Companies respectively:

(i) ~~Foothills Pipe Lines (Alta.-) Ltd. – the voting shares shall be owned 51% by FPL and 49% by FPHC; Foothills and 49% by TCPL; the directors of Foothills Alta. shall be seven who shall be nominated (initially and from time to time by way of replacement or succession) as follows:~~ Pipe Lines (Sask.) Ltd. - the voting shares shall be owned 51% by FPL and 49% by FPHC;

2 by Foothills

1 by TCPL

(ii) ~~Foothills North Yukon~~ Pipe Lines (South B.C.) Ltd. - the voting shares shall be owned at least 51% by Foothills FPL and other Canadian Participants may own 49% or such lesser amount as may be determined by Foothills, TCPL and TC Subco; the directors of Foothills North Yukon shall be not less than seven nor more than eleven and shall be selected in such a manner as to provide that a majority of the board shall be directors nominated by Foothills and that the remaining directors shall provide appropriate representation for other participants including permanent residents, native or others, of the Yukon." by FPHC;

(iii) ~~Foothills South Yukon – the voting shares shall be initially owned 100% by Foothills but in the event other persons or corporations participate in ownership, the percentage owned by Foothills shall never be less than 51%, the directors of Foothills South Yukon shall be eleven to be selected in such manner as to provide representation from permanent residents, native or others of the Yukon.~~

(iv) ~~Foothills North B.C. Foothills Pipe Lines (North B.C.) Ltd.~~ - the voting shares shall be owned 51% by Foothills and 49% by TCPL; ~~the directors of Foothills North B.C. shall be seven which shall be nominated (initially and from time to time by way of replacement or succession) as follows:~~FPL and 49% by TCPL;

~~2 by Foothills
1 by TCPL~~

(v) ~~Foothills Pipe Lines (South B.C.—Yukon) Ltd.~~ — the voting shares shall be ~~owned 51%~~held 100% by ~~Foothills~~FPL; and 49% by TCPL; ~~the directors of Foothills South B.C. shall be seven which shall be nominated (initially and from time to time by way of replacement or succession) as follows:~~

~~2 by Foothills
1 by TCPL~~

(vi) ~~Foothills Sask. Pipe Lines (North Yukon) Ltd.~~ - the voting shares shall be ~~owned at least 51% by Foothills~~ 49% by TCPL; ~~the directors of Foothills Sask. shall 3 of which shall be nominated (initially and from time to time by way of replacement or succession) as follows:~~

~~2 by Foothills
1 by TCPL~~

held 100% by FPL.

5. ~~4. Each of TC Subco FPL and TCPL covenant~~FPHC covenants and agree each with the other~~agrees that neither it will not sell, transfer or convey its legal or equitable title in or to all or part of its holdings~~holding of voting shares in Foothills Pipe Lines (Alta) Ltd., Foothills Pipe Lines (Sask.) Ltd. or Foothills Pipe Lines (South B.C.) Ltd., or enter into any voting trust or other agreement whereby it divests itself of the right to control such shares and the manner in which they are voted without prior approval of the CER and, if applicable, the other shareholders of such FPL Subsidiary Company, which approval may be given with or without conditions attached.

6. ~~Each to the other of FPL and TCPL covenants and agrees that it will not sell, transfer or convey its legal or equitable title in or to all or part of its holding of voting shares in Foothills Pipe Lines (North B.C.) Ltd., or to any third party nor enter into any voting trust or other arrangement~~agreement whereby it divests itself of the right to control such shares and the manner in which they are voted without the prior approval of the NEB/CER and, if applicable, the other shareholders of Foothills Pipe Lines (North B.C.) Ltd., which approval may be given with or without conditions attached.

7. ~~5. Subject to the provisions of Clause 4, each of TC Subco FPL covenants and TCPL further covenant and agree, each with the other, agrees that neither shall reduce its holdings of it will not sell, transfer or convey its legal or equitable title in or to all or part of its holding of voting shares in Foothills to that number of voting shares in Pipe Lines (South Yukon) Ltd. or Foothills which would result in such party holding less than 33-1/3% of the issued and outstanding voting shares of Foothills without the prior written consent of the other and if either such party seeks to directly or~~

~~indirectly sell, transfer or otherwise dispose of voting shares so that such party would hold less than 33-1/3% then the following procedures shall apply:~~

- ~~(a) The shareholder party (the "Selling Party") desiring to sell or otherwise dispose of voting shares which if such shares were sold or otherwise disposed of would result in the Selling Party owning less than 33-1/3% of the issued and outstanding voting shares of Foothills, shall first offer such shares ("subject shares") to the other shareholder party (the "Offeree Party") by notice in writing (the "Offering Notice") specifying the number of shares proposed to be sold or disposed of, the consideration proposed to be paid, the terms of the proposed sale Pipe Lines (North Yukon) Ltd., or other disposition and, if known, the proposed purchaser, whereupon the Offeree Party may, at its option exercised by an acceptance in writing delivered to the Selling Party within fifteen (15) days after receipt of the said Offering Notice, purchase either (i) all of the subject shares at the price and on the terms contained in the Offering Notice, or (ii) that number of the subject shares which would result in TC Subco and TCPL continuing to collectively own at least 51% of the outstanding voting shares at the pro rata offering price for such number of shares. If the consideration proposed to be paid is other than cash, the Selling Party shall set out in its Offering Notice the bona fide cash equivalent of such consideration and such cash equivalent shall be the offering price. If the Offeree Party fails to accept either (i) or (ii) above or accepts (ii) above within the said period of fifteen days then the Selling party may sell or dispose of~~

~~(A) all the subject shares if the Offeree Party did not exercise either (i) or (ii) above, or~~

~~(B) the remainder of the subject shares if the Offeree Party exercised (ii) above~~

~~to any third party within thirty (30) days of the expiry of the said fifteen (15) day period at a price not less than the price specified in the said Offering Notice and upon terms no more favourable than those specified in the said Offering Notice, and subject further to the condition that such third party shall enter into an~~

~~any voting trust or other agreement with all the then holders of voting shares of Foothills in form and substance satisfactory to such holders, to the same effect as this Agreement with such changes as may be necessary to provide for the additional shareholder or whereby it divests itself of the right to control such shares and the~~

manner in which they are voted without prior approval of the CER and, if applicable, the other shareholders resulting from of such sale or disposal.

- ~~(b) If the Selling Party fails to sell or dispose of the subject shares offered by the said Offering Notice within the said thirty (30) day period as referred to above, such right to sell or dispose of such shares shall expire and the Selling Party FPL Subsidiary Company, which approval may not then sell or dispose of any voting shares unless and until it has again complied in full be given with the provisions of this Clause 5, and so on from time to time.~~

The foregoing provisions of this Clause 5 shall not apply to the sale or other disposition of voting shares to an affiliate of such shareholder party provided that upon such sale or other disposition such affiliate shall enter into an agreement with the parties hereto in form and substance satisfactory to the parties hereto, providing that such affiliate shall be bound by, and become party to, the provisions hereof and with the same force and effect as though an original signatory thereto and for the purposes of this Clause 5 such affiliate and the party from which such affiliate acquired such shares shall be deemed to be one party and shall be bound by their without conditions of Clause 4 attached.

8. ~~6. TC Subco and TCPL acknowledge and agree~~ TCPL acknowledges and agrees that it is a fundamental condition of this Agreement that TCPL and TC Subco collectively shall beneficially own and continue to own throughout the term of this Agreement not less than 51% of the issued and outstanding voting shares of Foothills FPL or the FPL Subsidiary Companies and that any transfer of shares which could result in any reduction of such percentage would require the consent of TCPL and TC Subco and the approval of the NEBCER.
9. ~~7. TC Subco and TCPL, FPHC and TCPL and Foothills FPL~~ TCPL and Foothills FPL covenant and agree that the records of Foothills FPL and the FPL Subsidiary Companies will be subject to audit by the NEBCER, and hereby declare and acknowledge that the amendments to applications dated August 2, 1977 and the assignments dated August 2, 1977 and filed with the NEB were approved by the NEB expressly on the condition that this Clause ~~7~~ 9 shall apply to the records of Foothills FPL.
10. ~~8. TC Subco and TCPL, FPHC and FPL~~ TCPL and FPL covenant and agree each with the other that the following are the principal objectives in respect of the Canadian portion of the Alaska Highway Gas Pipeline Project as described in the said Decision:
- a. (a) With respect to the portion of the pipeline across Northeastern British Columbia, TCPL or Foothills FPL will design and construct such portion in accordance with a Construction Management Agreement and TCPL will operate such portion in accordance with an Operating Agreement; both agreements to be filed with and approved by the NEBCER;
- b. (b) With respect to the portion of the pipeline in Alberta, TCPL or Foothills FPL will design and construct such portion in accordance with a Construction Management Agreement and TCPL will operate such portion in accordance with an Operating Agreement, both agreements to be filed with and approved by the CERNEB;

- c. ~~(c)~~With respect to the portion of the pipeline across Southeastern British Columbia, TCPL or ~~Foothills~~FPL will design and construct such portion in accordance with a Construction Management Agreement and TCPL will operate such portion in accordance with an Operating Agreement; both agreements to be filed with and approved by the ~~NEB~~-CER;
- d. ~~(d)~~With respect to the portion of pipeline in Saskatchewan, TCPL or ~~Foothills~~FPL will design and construct such portion in accordance with a Construction Management Agreement and TCPL or such other company as may be approved by the CER will operate such portion in accordance with an Operating Agreement, both agreements to be filed with and approved by the ~~NEB~~-CER;
- e. ~~(e)~~With respect to the portion of pipeline in the Yukon, Foothills Pipe Lines (South Yukon) Ltd. or ~~Foothills~~FPL will design and construct such portion in accordance with a Construction Management Agreement and Foothills Pipe Lines (South Yukon) Ltd. will operate such portion; both agreements to be filed with and approved by the ~~NEB~~-CER;
- f. ~~(f)~~With respect to the portion of the pipeline from the MacKenzie River Delta area to the main line of Foothills Pipe Lines (South Yukon,) Ltd., Foothills Pipe Lines (North Yukon), TCPL or ~~Foothills~~FPL will design and construct such portion in accordance with a Construction Management Agreement and Foothills Pipe Lines (North Yukon,) or such other company as may be approved by the ~~NEB~~CER, will (in accordance with an Operating Agreement in the case of such other company) operate such portion; both agreements to be filed with and approved by the ~~NEB~~-CER;
- g. ~~(g)~~The use of the Alaska Highway Gas Pipeline Project as a main line to transport initially Alaska gas to points on the 49th parallel and subsequently to transport gas from sources in the Western Canadian Arctic to points of receipt or delivery on any of the pipeline systems existing at the time that delivery of such gas is made;
- h. ~~(h)~~All commitments and undertakings heretofore given in writing or orally by ~~Foothills~~FPL, TCPL, NOVA Corporation or Westcoast Energy Inc., or their respective predecessors in interest, to any duly constituted tribunals or inquiries shall be maintained and complied with by ~~Foothills~~FPL, FPHC, TCPL with and to the extent they are applicable unless ~~Foothills~~FPL, FPHC and TCPL and ~~TC Subco~~ mutually agree to a change and such changes are approved by the ~~NEB~~CER;
- i. ~~(i)~~All commitments and undertakings heretofore given by ~~Foothills~~FPL to any duly constituted tribunals or inquiries in respect of ~~Indian~~Indigenous participation are to be maintained unless ~~Foothills~~FPL, ~~TC Subco~~FPHC and TCPL mutually agree to a change and such changes are approved by the ~~NEB~~and CER;
- j. ~~(j)~~There is to be maximum use of Canadian-owned and Canadian-located firms in respect of engineering, construction, provision of materials, supplies and services in connection with the design, construction, maintenance and operation of the Pipelines; and

Each of TCPL, TC Subco and Foothills FPL and FPHC (in each case, both for itself and the FPL Subsidiary Companies) hereby declares and acknowledges that each portion of the pipeline, as set out in sub-clauses (a), (b), (c) and (d) of this Clause 10, and as such portion may exist from time to time by reason of the addition thereto of facilities including looping, and/or compression, although within the provincial boundaries of British Columbia, Alberta and Saskatchewan respectively and to be constructed and operated as therein set out, is nevertheless part of an international and/or interprovincial pipeline and that each such portion is and will be at all times subject to the jurisdiction of the Parliament of Canada and, in particular, subject to the provisions of the ~~National~~ Canadian Energy Board Regulator Act and to the regulation and control of the ~~NEB CER~~, or any ~~Successors~~ successor to that body.

11. ~~9.~~ Nothing in ~~the this~~ Agreement, ~~as amended from time to time~~, derogates from the obligations and responsibilities placed upon each of the FPL Subsidiary Companies pursuant to the *Northern Pipeline Act*, including the ultimate responsibility for the design, construction and operation of their respective portions of the pipeline (as such term is defined in the *Northern Pipeline Act*).
12. ~~10.~~ The parties hereto shall from time to time hereafter do such things and execute and deliver such instruments in writing as shall be necessary or desirable in order to comply with the provisions of, and attain the objectives set forth in Clauses ~~79~~ and ~~810~~ hereof, and to fully perform and carry out the terms of this Agreement and, without limiting the generality of the foregoing, the parties hereto shall at all times exercise their respective voting and other rights and shall cause their nominee directors to vote and act in connection with ~~Foothills FPL~~ and the FPL Subsidiary Companies to give effect to the provisions of this Agreement and to ensure that the ~~persons~~ person from time to time designated as directors of ~~Foothills FPL~~ and the FPL Subsidiary Companies pursuant to this Agreement are elected ~~as~~ directors of ~~Foothills FPL~~ or such FPL Subsidiary Companies as the case may be and that such directors shall at all times vote and act in conformity with this Agreement and shall not vote or act contrary to the provisions in this Agreement. The parties hereto covenant and agree to vote in favour of any transfer of shares when such transfer is made in accordance with the provisions of this Agreement.
13. ~~11.~~ The Board of Directors of ~~Foothills~~ the Jointly Held Entities shall not, without the written consent of ~~TC Subco, TCPL~~ the NEB CER and the Jointly Held Entities' respective shareholders, approve the issuance of, or cause ~~Foothills~~ the Jointly Held Entities to issue ~~any~~ voting shares, or any securities convertible into or exchangeable or exercisable for voting shares, or any securities ~~which~~ with, under the terms thereof, initially or upon the happening of any event or contingency would give the holders thereof voting rights, if such issuance would or could result in:
 - a. with respect to Foothills Pipe Lines (Alta) Ltd., Foothills Pipe Lines (Sask.) Ltd., and Foothills Pipe Lines (South B.C) Ltd., FPHC and FPL holding less than 49% and 51%, respectively of the issued and outstanding voting shares; and

b. with respect to Foothills Pipe Lines (North B.C.) Ltd., TCPL and FPL holding less than 49% and 51%, respectively of the issued and outstanding voting shares.

14. The Board of Directors of the Solely Held Entities shall not, without the written consent of the CER and their respective shareholders, approve the issuance of, or cause Solely Held Entities to issue voting shares, or any securities convertible into or exchangeable or exercisable for voting shares, or any securities with, under the terms thereof, initially or upon the happening of any event or contingency would give the holders thereof voting rights, if such issuance would or could result in ~~TC Subco and TCPL collectively owning beneficially FPL holding less than 51-100% of the issued and outstanding~~ such Solely Held Entity's voting shares ~~of Foothills.~~

15. ~~12-~~Time shall be of the essence of this Agreement.

16. ~~13-~~This Agreement shall not be assignable except with the consent of ~~TCPL and TC Subco~~ the ~~NEB-CER and the parties hereto~~ but shall ensure to the benefit of and be binding upon the heirs, ~~executors~~ successors, administrators, ~~successors~~ executors and permitted assigns of the parties hereto respectively.

17. This Agreement contains the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral or written, with respect to such matter.

18. ~~14-~~This Agreement shall terminate ~~-upon the mutual agreement of the Parties~~ parties.

~~IN WITNESS WHEREOF the parties hereto have executed this Agreement, all as of the day and year first above written.~~

~~3399516 CANADA LTD.~~

~~TRANSCANADA PIPELINES LIMITED~~

~~FOOTHILLS PIPE LINES LTD.~~

Executed at Calgary, Alberta this _____ day of _____, 2024

FOOTHILLS PIPE LINES LTD.

FOOTHILLS PIPE LINES HOLDING COMPANY LTD.

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

By: _____
Name:
Title:

By: _____
Name:
Title:

TRANSCANADA PIPELINES LIMITED

By: _____
Name:
Title:

By: _____
Name:
Title:

LTD.

Foothills Pipe Lines Ltd.
Foothills Application to Amend the Shareholders Agreement

Attachment CER 1.1(c):
Foothills Industry Committee Presentation




Amendment to the Shareholders: Foothills Pipe Lines Ltd.

FOOTHILLS INDUSTRY COMMITTEE (FHIC)
AUGUST 22, 2023

CONFIDENTIAL INFORMATION - FOR DISCUSSION PURPOSES OF THE
FOOTHILLS INDUSTRY COMMITTEE (FHIC)



Amendment to the Shareholders

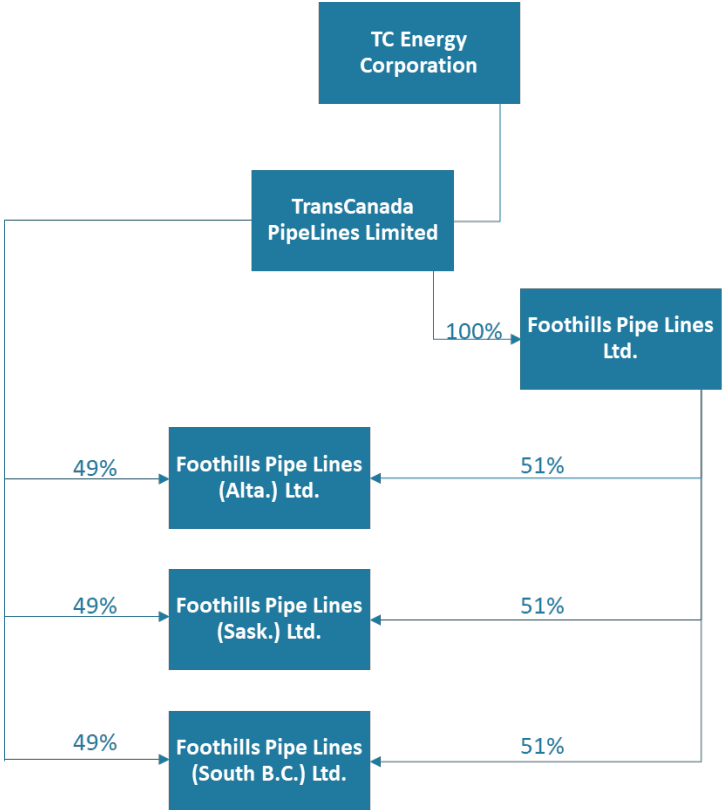
- ❖ TransCanada Pipelines Limited is reorganizing its interest in the three subsidiary companies of Foothills that have existing infrastructure into a NEW Foothills Company (Foothills NewCo)
- ❖ An amendment to the Shareholders Agreement is required for this change
 - ❖ Approval required pursuant to Section 21(6) of the Northern Pipeline Act (NPA) 
 - ❖ No CER Act approval required
 - ❖ The certificates to operate the Foothills system will remain unchanged
- ❖ The reorganization of TCPL's ownership of the Foothills system will have no impact to the operations, taxes, governance, tolls, services, tariff, etc. of the Foothills System
 - ❖ All that will change is the way TC holds its ownership of Foothills
- ❖ This change would facilitate the potential future minority ownership of the Foothills system via shares of Foothills NewCo, including possible participation from Indigenous groups which would support reconciliation efforts

Every certificate of public convenience and necessity declared to be issued by this Act is subject to the condition that Westcoast Transmission Company Limited, Alberta Gas Trunk Line Company Limited and Foothills Pipe Lines (Yukon) Ltd. shall not, without the prior approval of the Governor in Council and the Commission of the Regulator, terminate, alter or amend the shareholders agreement entered into by those companies dated August 4, 1977 as amended prior to February 3, 1978.

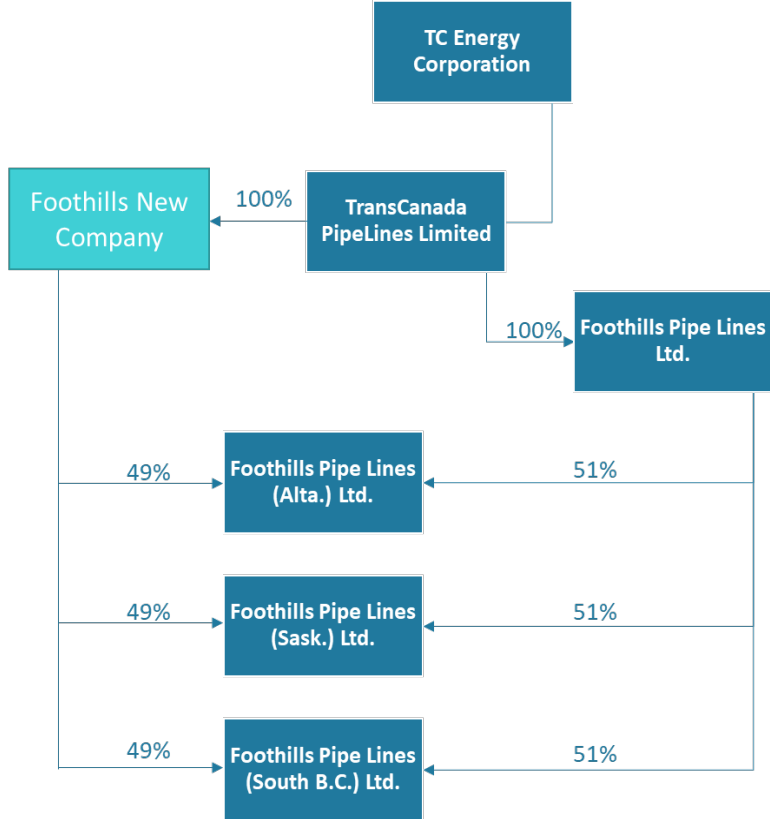
– Section 21(6) of the Northern Pipeline Act

Ownership Structure

CURRENT STRUCTURE



NEW STRUCTURE



Next Steps

Members are asked to advise us of any questions or concerns by **August 29, 2023**. The feedback sought is outside of the confidentiality of the Foothills Industry Committee

- FHPL is required to include in the Application a summary of the commercial third-party concerns that were raised and how they were addressed. High level feedback received will be reflected in the Application, with no specific attribution to particular parties

Application pursuant to section 21(6) of the NPA is currently anticipated late Q3 2023



CONTACTS



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