

Second Quarter 2017 Conference Call

August 2, 2017





Brandon Anderson, President

Janine Watson, VP and General Manager

Nathan Brown, Controller and Principal Financial Officer

Rhonda Amundson, Manager Investor Relations



Forward Looking Information and Non-GAAP Measures



This presentation may include forward-looking statements regarding future events and the future financial performance of TC PipeLines, LP. Words such as “believes,” “expects,” “intends,” “forecasts,” “projects,” and similar expressions identify forward-looking statements. All forward-looking statements are based on the Partnership’s current beliefs as well as assumptions made by and information currently available to the Partnership. These statements reflect the Partnership’s current views with respect to future events. The Partnership assumes no obligation to update any such forward-looking statement to reflect events or circumstances occurring after the date hereof. Important factors that could cause actual results to materially differ from the Partnership’s current expectations include our ability to identify, negotiate and finance potential business opportunities, market conditions, and other risks inherent in an investment in us as discussed in the Partnership’s filings with the Securities and Exchange Commission, including the Partnership’s Annual Report on Form 10-K for the year ended December 31, 2016, as updated and supplemented by subsequent filings with the SEC and the Partnership’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2017.

We use the non-GAAP financial measures “EBITDA” and “Distributable cash flow” as a supplement to our GAAP financial statements. “EBITDA” is an approximate measure of our operating cash flow during the current earnings period. “Distributable cash flow” provides a measure of distributable cash generated during the current earnings period. These measures are performance measures presented to assist investors in the evaluation of our business performance. We believe these measures provide additional meaningful information in evaluating our financial performance and cash generating capacity. These non-GAAP financial measures are provided as a supplement to GAAP financial results and are not meant to be considered in isolation or as a substitute for financial results prepared in accordance with GAAP. A reconciliation to the most closely related GAAP measures is included in our most recent Management’s Discussion and Analysis filed with the SEC. These measures do not have any standardized meaning prescribed by GAAP. They are, therefore, considered to be non-GAAP measures and are unlikely to be comparable to similarly titled measures presented by other entities.



- **Net income attributable to controlling interests of \$55 million**
- **Distributable cash flow of \$82 million**
- **Cash distributions paid of \$68 million or \$0.94 per common unit**
- **Declared cash distribution of \$1.00 per common unit**
 - Increase of 6 cents per common unit or 6 percent over Q1 2017 distribution
 - 18th consecutive year of increasing distributions for the Partnership
- **Completed acquisition of a 49.3% interest in Iroquois Gas Transmission System (Iroquois) from TransCanada together with its remaining 11.8% interest in PNGTS**
 - Financed through a combination of debt and equity consistent with investment grade ratings
 - On May 25, 2017 closed a \$500 million public offering of 10-year notes at a rate of 3.90 percent
 - Utilization of ATM program expected to complete the funding of the equity portion over time



- **Continued solid performance from our portfolio of assets**

- GTN revenues continued to benefit from higher contracting resulting from increased gas flows out of Alberta and Canada
- Consistent solid second quarter performance from Great Lakes and Northern Border
 - Northern Border substantially contracted through March of 2020
- Continued stable performance from the remainder of our assets

- **Regulatory Update**

- Great Lakes Section 4 FERC rate case filing on March 31, 2017
 - Customer discussions in process to seek a mutually beneficial settlement resolution

- **Outlook**

- Expect our assets to perform consistently due to high contract levels
- PNGTS opportunities for recontracting and expansion
- GTN to benefit from upstream debottlenecking activities over time
- Great Lakes to potentially benefit from additional contracting related to TransCanada Mainline's long-term, fixed price agreement with customers – subject to Canadian regulatory approval

Second Quarter 2017 Financial Results

(unaudited, millions of dollars except per common unit amounts)



	Three months ended	
	30-Jun	
	2017	2016
Net income attributable to controlling interests	55	55 ^(a)
Net income per common unit – <i>basic and diluted</i> ^(b)	\$0.73	\$0.76 ^(c)
Cash distributions paid	(68)	(60)
Class B distributions paid	-	-
Cash distributions declared per common unit	\$1.00	\$0.94
EBITDA ^(d)	100	99 ^(a)
Distributable cash flow ^(d)	82	78 ^(a)
Weighted average common units outstanding (millions) ^(e)	68.9	65.5
Common units outstanding, end of period (millions) ^(e)	69.0	65.9

(a) Recast information to consolidate PNGTS for all periods presented as a result of the additional 11.81 percent in PNGTS that was acquired from TransCanada on June 1, 2017, increasing the Partnership's ownership interest in PNGTS to 61.71 percent. Prior to this transaction, the Partnership owned a 49.9 percent interest in PNGTS that was acquired from TransCanada on January 1, 2016.

(b) Net income per common unit is computed by dividing net income attributable to controlling interests, after deduction of net income attributable to PNGTS' former parent and amounts attributable to the General Partner and Class B units, by the weighted average number of common units outstanding.

(c) Net income per common unit prior to recast.

(d) EBITDA and Distributable cash flow are non-GAAP financial measures. The reconciliations of these measures to the most directly comparable GAAP measure, Net Income, are available on our website under the supplemental schedules published as part of our second quarter earnings release.

(e) Under the ATM program, the Partnership issued 345,172 units during the three months ended June 30, 2017.

Second Quarter 2017 Financial Results

(unaudited, millions of dollars)



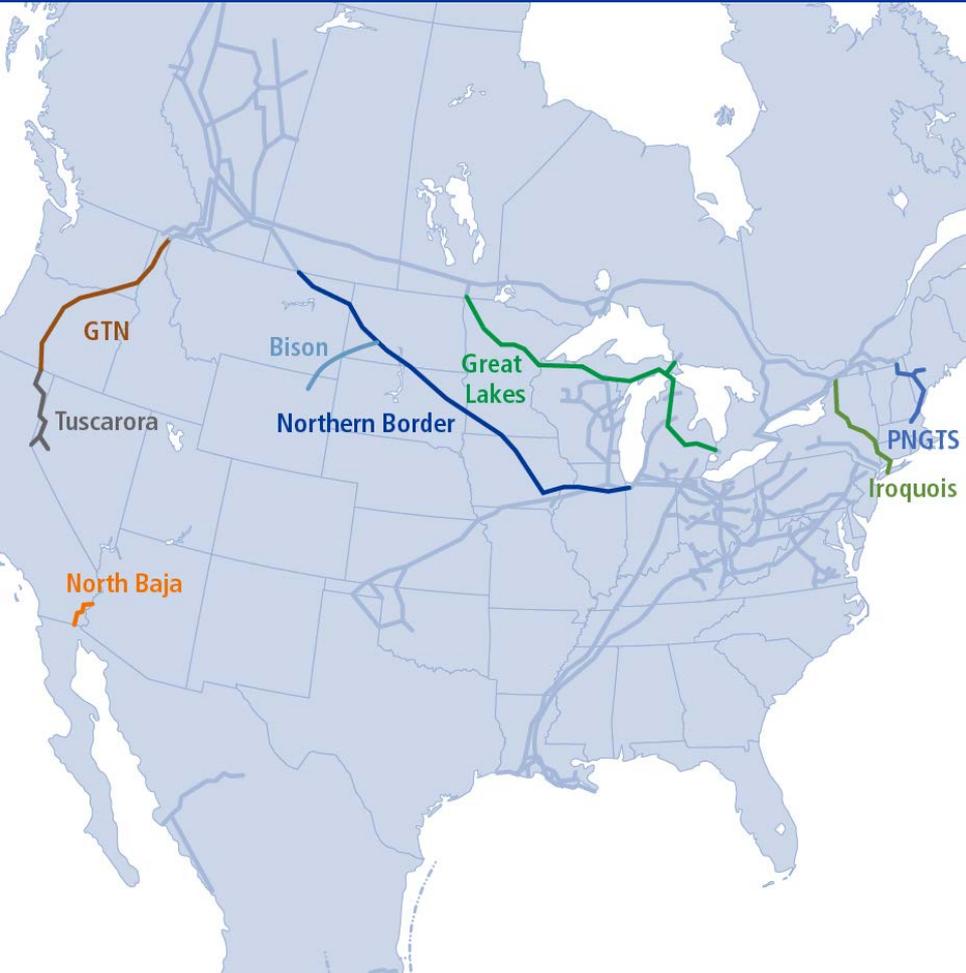
	Three months ended	
	30-Jun	
	2017	2016 ^(a)
Transmission revenues	101	101
Equity earnings from unconsolidated affiliates	24	20
Operating, maintenance and administrative	(26)	(23)
Depreciation	(25)	(24)
Financial charges and other	(19)	(17)
Net income	55	57
Net income attributable to non-controlling interest	-	(2)
Net income attributable to controlling interests	55	55

(a) Financial information was recast to consolidate PNGTS for all periods presented as a result of the additional 11.81 percent in PNGTS that was acquired from TransCanada on June 1, 2017, increasing the Partnership's ownership interest in PNGTS to 61.71 percent. Prior to the recast, net income attributable to controlling interests was \$54 million for the three months ended June 30, 2016, reflecting our 49.9 percent ownership in PNGTS. After the recast, net income attributable to controlling interests increased to \$55 million for the three months ended June 30, 2016, reflecting our 61.7 percent ownership in PNGTS. Net income attributable to PNGTS' former parent of \$1 million, reflecting the 11.81 percent interest not then owned by the Partnership for the three months ended June 30, 2016, reconciles the net income as previously reported with that after the recast.



- **Investment grade credit ratings**
 - Solid capital structure
 - Indicative of quality assets within portfolio
- **Liquidity and flexibility**
 - Credit facility of \$500 million; \$335 million available as at August 1, 2017
 - Right to request increase in credit facility by \$500 million
- **Solid distribution coverage**

TC PipeLines – Well Positioned for Growth



Stable cash flow from pipeline asset base

- Reliable and resilient infrastructure

Disciplined investment approach

- Focused on optimizing the value of existing portfolio
- Execution of business opportunities within our footprint

Potential dropdowns from TransCanada

- Completed dropdown acquisition of 49.3% interest in Iroquois and 11.8% interest in PNGTS from TransCanada
- TransCanada views TC PipeLines as a core element of its strategy and a meaningful financing option as it executes its sizable capital growth program



Track Record of Stable and Growing Cash Distributions

- 18 consecutive years of distribution increases
- 6% increase in quarterly distribution in July, 2017
- With anticipated growth, expect future distribution increases



Low-Risk Energy Infrastructure Assets

- Diverse portfolio of FERC-regulated interstate natural gas pipelines
- Backed by long-term, ship-or-pay contracts
- Investment grade credit ratings



Growth Opportunities

- MLP of industry leader TransCanada Corporation
- Dropdowns from TransCanada and organic expansion opportunities could provide future growth



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