

Condensed consolidated statement of income

(unaudited - millions of Canadian \$)	three months ended September 30		nine months ended September 30	
	2023	2022	2023	2022
Revenues				
Canadian Natural Gas Pipelines	1,303	1,234	3,829	3,497
U.S. Natural Gas Pipelines	1,473	1,449	4,558	4,295
Mexico Natural Gas Pipelines	213	179	625	487
Liquids Pipelines	715	691	1,935	2,051
Power and Energy Solutions	236	246	751	606
	3,940	3,799	11,698	10,936
Income (Loss) from Equity Investments	305	322	856	763
Impairment of Equity Investment	(1,244)	—	(2,100)	—
Operating and Other Expenses				
Plant operating costs and other	1,271	1,342	3,544	3,521
Commodity purchases resold	178	128	373	429
Property taxes	218	214	667	634
Depreciation and amortization	690	653	2,061	1,914
Goodwill impairment charge	—	—	—	571
	2,357	2,337	6,645	7,069
Financial Charges				
Interest expense	865	666	2,418	1,866
Allowance for funds used during construction	(164)	(116)	(443)	(254)
Foreign exchange (gains) losses, net	45	277	(231)	317
Interest income and other	(63)	(35)	(121)	(93)
	683	792	1,623	1,836
Income (Loss) before Income Taxes	(39)	992	2,186	2,794
Income Tax Expense (Recovery)				
Current	97	106	321	473
Deferred	37	12	409	114
	134	118	730	587
Net Income (Loss)	(173)	874	1,456	2,207
Net income (loss) attributable to non-controlling interests	1	8	18	28
Net Income (Loss) Attributable to Controlling Interests and to Common Shares	(174)	866	1,438	2,179

See accompanying Notes to the Condensed consolidated financial statements.

Condensed consolidated statement of comprehensive income

(unaudited - millions of Canadian \$)	three months ended September 30		nine months ended September 30	
	2023	2022	2023	2022
Net Income (Loss)	(173)	874	1,456	2,207
Other Comprehensive Income (Loss), Net of Income Taxes				
Foreign currency translation adjustments	430	1,510	(63)	1,872
Change in fair value of net investment hedges	(13)	(67)	12	(75)
Change in fair value of cash flow hedges	15	(20)	(3)	(8)
Reclassification to net income of (gains) losses on cash flow hedges	25	15	66	30
Reclassification to net income of actuarial (gains) losses on pension and other post-retirement benefit plans	—	2	—	6
Other comprehensive income (loss) on equity investments	142	(2)	135	343
	599	1,438	147	2,168
Comprehensive Income (Loss)	426	2,312	1,603	4,375
Comprehensive income (loss) attributable to non-controlling interests	8	16	20	38
Comprehensive Income (Loss) Attributable to Controlling Interests and to Common Shares	418	2,296	1,583	4,337

See accompanying Notes to the Condensed consolidated financial statements.

Condensed consolidated statement of cash flows

(unaudited - millions of Canadian \$)	three months ended September 30		nine months ended September 30	
	2023	2022	2023	2022
Cash Generated from Operations				
Net income (loss)	(173)	874	1,456	2,207
Depreciation and amortization	690	653	2,061	1,914
Goodwill impairment charge	—	—	—	571
Deferred income taxes	37	12	409	114
(Income) loss from equity investments	(305)	(322)	(856)	(763)
Impairment of equity investment	1,244	—	2,100	—
Distributions received from operating activities of equity investments	329	267	927	709
Employee post-retirement benefits funding, net of expense	3	(11)	(19)	(22)
Equity allowance for funds used during construction	(103)	(78)	(283)	(176)
Unrealized (gains) losses on financial instruments	57	241	(255)	337
Expected credit loss provision	(2)	71	(117)	71
Other	(55)	(69)	3	(95)
(Increase) decrease in operating working capital	100	126	(24)	(502)
Net cash provided by operations	1,822	1,764	5,402	4,365
Investing Activities				
Capital expenditures	(2,042)	(1,837)	(5,945)	(4,608)
Capital projects in development	(18)	(11)	(122)	(33)
Contributions to equity investments	(1,229)	(746)	(3,246)	(2,380)
Loans to affiliate (issued) repaid, net	—	101	250	(11)
Acquisitions, net of cash acquired	—	—	(302)	—
Other distributions from equity investments	—	1,205	16	2,436
Keystone XL contractual recoveries	2	95	7	568
Deferred amounts and other	(42)	60	(33)	29
Net cash (used in) provided by investing activities	(3,329)	(1,133)	(9,375)	(3,999)
Financing Activities				
Notes payable issued (repaid), net	(2,401)	458	(6,055)	672
Long-term debt issued, net of issue costs	7,434	(2)	15,887	2,508
Long-term debt repaid	(2,150)	(1,287)	(2,610)	(1,313)
Junior subordinated notes issued, net of issue costs	—	—	—	1,008
Advances from parent issued (repaid), net	(20)	(108)	(56)	(964)
Dividends on common shares	(958)	(885)	(2,825)	(2,623)
Distributions to non-controlling interests	(11)	(10)	(47)	(33)
Distributions on Class C Interests	—	(7)	(42)	(30)
Common shares issued	375	1,740	1,003	1,740
Other	—	6	—	23
Net cash (used in) provided by financing activities	2,269	(95)	5,255	988
Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents	117	94	70	108
Increase (Decrease) in Cash and Cash Equivalents	879	630	1,352	1,462
Cash and Cash Equivalents				
Beginning of period	1,100	1,510	627	678
Cash and Cash Equivalents				
End of period	1,979	2,140	1,979	2,140

See accompanying Notes to the Condensed consolidated financial statements.

Condensed consolidated balance sheet

(unaudited - millions of Canadian \$)	September 30, 2023	December 31, 2022
ASSETS		
Current Assets		
Cash and cash equivalents	1,979	627
Accounts receivable	3,544	3,609
Inventories	1,229	936
Other current assets	2,857	2,152
	9,609	7,324
Plant, Property and Equipment	net of accumulated depreciation of \$36,320 and \$34,629, respectively	75,940
Net Investment in Leases	2,388	1,895
Equity Investments	10,001	9,535
Restricted Investments	2,420	2,108
Regulatory Assets	2,224	1,910
Goodwill	12,846	12,843
Other Long-Term Assets	2,725	2,770
	122,623	114,325
LIABILITIES		
Current Liabilities		
Notes payable	244	6,262
Accounts payable and other	6,969	7,166
Due to parent	2,341	2,397
Dividends payable	964	915
Accrued interest	832	668
Current portion of long-term debt	2,114	1,898
	13,464	19,306
Regulatory Liabilities	4,733	4,520
Other Long-Term Liabilities	1,164	1,017
Deferred Income Tax Liabilities	8,427	7,648
Long-Term Debt	52,731	39,645
Junior Subordinated Notes	10,497	10,495
	91,016	82,631
EQUITY		
Common shares, no par value	28,678	27,675
Issued and outstanding:	September 30, 2023 – 993 million shares December 31, 2022 – 973 million shares	
Additional paid-in capital	804	798
Retained earnings (Deficit)	704	2,140
Accumulated other comprehensive income (loss)	1,100	955
Controlling Interests	31,286	31,568
Non-Controlling Interests	321	126
	31,607	31,694
	122,623	114,325

Commitments, Contingencies and Guarantees (Note 16)

Variable Interest Entities (Note 17)

Subsequent Event (Note 18)

See accompanying Notes to the Condensed consolidated financial statements.

Condensed consolidated statement of equity

(unaudited - millions of Canadian \$)	three months ended September 30		nine months ended September 30	
	2023	2022	2023	2022
Common Shares				
Balance at beginning of period	28,303	25,594	27,675	25,594
Proceeds from shares issued	375	1,740	1,003	1,740
Balance at end of period	28,678	27,334	28,678	27,334
Additional Paid-In Capital				
Balance at beginning of period	804	793	798	788
Issuance of stock options	—	3	6	8
Balance at end of period	804	796	804	796
Retained Earnings (Deficit)				
Balance at beginning of period	1,844	4,523	2,140	4,979
Net income (loss) attributable to controlling interests	(174)	866	1,438	2,179
Common share dividends	(966)	(912)	(2,874)	(2,681)
Balance at end of period	704	4,477	704	4,477
Accumulated Other Comprehensive Income (Loss)				
Balance at beginning of period	508	(706)	955	(1,434)
Other comprehensive income (loss) attributable to controlling interests	592	1,430	145	2,158
Balance at end of period	1,100	724	1,100	724
Equity Attributable to Controlling Interests				
	31,286	33,331	31,286	33,331
Equity Attributable to Non-Controlling Interests				
Balance at beginning of period	324	123	126	125
Non-controlling interests on acquisition of Texas Wind Farms	—	—	222	—
Net income (loss) attributable to non-controlling interests	1	8	18	28
Other comprehensive income (loss) attributable to non-controlling interests	7	8	2	10
Distributions declared to non-controlling interests	(11)	(9)	(47)	(33)
Balance at end of period	321	130	321	130
Total Equity	31,607	33,461	31,607	33,461

See accompanying Notes to the Condensed consolidated financial statements.

Notes to Condensed consolidated financial statements

(unaudited)

1. BASIS OF PRESENTATION

These Condensed consolidated financial statements of TransCanada PipeLines Limited (TCPL or the Company) have been prepared by management in accordance with U.S. GAAP. The accounting policies applied are consistent with those outlined in TCPL's annual audited Consolidated financial statements for the year ended December 31, 2022, except as described in Note 2, Accounting changes. Capitalized and abbreviated terms that are used but not otherwise defined herein are identified in the 2022 audited Consolidated financial statements.

These Condensed consolidated financial statements reflect adjustments, all of which are normal recurring adjustments that are, in the opinion of management, necessary to reflect fairly the financial position and results of operations for the respective periods. These Condensed consolidated financial statements do not include all disclosures required in the annual financial statements and should be read in conjunction with the 2022 audited Consolidated financial statements. Certain comparative figures have been adjusted to reflect the current period's presentation.

Earnings for interim periods may not be indicative of results for the fiscal year in certain of the Company's segments primarily due to:

- Natural gas pipelines segments – the timing of regulatory decisions and negotiated rate case settlements as well as seasonal fluctuations in short-term throughput volumes on U.S. pipelines and marketing activities
- Liquids Pipelines – fluctuations in throughput volumes on the Keystone Pipeline System and marketing activities
- Power and Energy Solutions – the impacts of seasonal weather conditions on customer demand, market supply and prices of natural gas and power as well as maintenance outages in certain of the Company's investments in electrical power generation plants and Canadian non-regulated natural gas storage facilities, and marketing activities.

In addition to the factors mentioned above, revenues and segmented earnings are impacted by fluctuations in foreign exchange rates, mainly related to the Company's U.S. dollar-denominated operations and Mexican peso-denominated exposure.

Use of Estimates and Judgments

In preparing these Condensed consolidated financial statements, TCPL is required to make estimates and assumptions that affect both the amount and timing of recording assets, liabilities, revenues and expenses since the determination of these items may be dependent on future events. The Company uses the most current information available and exercises careful judgment in making these estimates and assumptions. In the opinion of management, these Condensed consolidated financial statements have been properly prepared within reasonable limits of materiality and within the framework of the Company's significant accounting policies included in the annual audited Consolidated financial statements for the year ended December 31, 2022, except as described in Note 2, Accounting changes.

Asset divestiture program

As part of the \$5+ billion asset divestiture program announced in 2022, on October 4, 2023, TCPL successfully completed the sale of a 40 per cent equity interest in Columbia Gas Transmission, LLC (Columbia Gas) and Columbia Gulf Transmission, LLC (Columbia Gulf). In conjunction with the process leading up to the sale, the Company performed a quantitative goodwill impairment test as at June 30, 2023. Refer to Note 18, Subsequent event, for additional information on this sale transaction.

The estimated fair value measurements used in the Company's goodwill impairment analysis are classified as Level III. In the determination of the fair value utilized in the quantitative goodwill impairment test for the Columbia reporting unit, the Company performed a discounted cash flow analysis using projections of future cash flows and applied a risk-adjusted discount rate and terminal value multiple which involved significant estimates and judgments. It was determined that the fair value of the Columbia reporting unit exceeded its carrying value, including goodwill. Although goodwill was not impaired, the estimated fair value in excess of the carrying value was reduced to less than 10 per cent. There is a risk that reductions in future cash flow forecasts and adverse changes in other key assumptions could result in a future impairment of a portion of the goodwill balance relating to Columbia.

2. ACCOUNTING CHANGES

Future Accounting Changes

Leases

In March 2023, the FASB issued new guidance that clarified the accounting for leasehold improvements associated with common control leases. This new guidance is effective January 1, 2024 and can be applied either prospectively or retrospectively, with early application permitted. The Company will adopt the guidance on a prospective basis starting January 1, 2024.

3. SEGMENTED INFORMATION

three months ended September 30, 2023 (unaudited - millions of Canadian \$)	Canadian Natural Gas Pipelines	U.S. Natural Gas Pipelines	Mexico Natural Gas Pipelines	Liquids Pipelines	Power and Energy Solutions	Corporate ¹	Total
Revenues	1,303	1,473	213	715	236	—	3,940
Intersegment revenues	—	25	—	—	—	(25) ²	—
	1,303	1,498	213	715	236	(25)	3,940
Income (loss) from equity investments	5	63	48	17	172	—	305
Impairment of equity investment	(1,244)	—	—	—	—	—	(1,244)
Plant operating costs and other ³	(454)	(417)	(28)	(222)	(139)	(11) ²	(1,271)
Commodity purchase resold	—	(26)	—	(145)	(7)	—	(178)
Property taxes	(73)	(114)	—	(29)	(2)	—	(218)
Depreciation and amortization	(336)	(222)	(23)	(83)	(26)	—	(690)
Segmented Earnings (Losses)	(799)	782	210	253	234	(36)	644
Interest expense							(865)
Allowance for funds used during construction							164
Foreign exchange gains (losses), net							(45)
Interest income and other							63
Income (Loss) before Income Taxes							(39)
Income tax (expense) recovery							(134)
Net Income (Loss)							(173)
Net (income) loss attributable to non-controlling interests							(1)
Net Income (Loss) Attributable to Controlling Interests and to Common Shares							(174)

1 Includes intersegment eliminations.

2 The Company records intersegment sales at contracted rates. For segmented reporting, these transactions are included as Intersegment revenues in the segment providing the service and Plant operating costs and other in the segment receiving the service. These transactions are eliminated on consolidation. Intersegment profit is recognized when the product or service has been provided to third parties or otherwise realized.

3 The Mexico Natural Gas Pipelines segment includes a recovery of \$2 million on the ECL provision with respect to the net investment in leases associated with the in-service TGNH pipelines.

three months ended September 30, 2022	Canadian Natural Gas Pipelines	U.S. Natural Gas Pipelines	Mexico Natural Gas Pipelines	Liquids Pipelines	Power and Energy Solutions	Corporate¹	Total
(unaudited - millions of Canadian \$)							
Revenues	1,234	1,449	179	691	246	—	3,799
Intersegment revenues	—	35	—	—	—	(35) ²	—
	1,234	1,484	179	691	246	(35)	3,799
Income (loss) from equity investments	5	61	39	14	203	—	322
Plant operating costs and other ³	(450)	(497)	(85)	(201)	(135)	26 ²	(1,342)
Commodity purchase resold	—	—	—	(123)	(5)	—	(128)
Property taxes	(76)	(107)	—	(30)	(1)	—	(214)
Depreciation and amortization	(304)	(227)	(20)	(83)	(19)	—	(653)
Segmented Earnings (Losses)	409	714	113	268	289	(9)	1,784
Interest expense							(666)
Allowance for funds used during construction							116
Foreign exchange gains (losses), net							(277)
Interest income and other							35
Income (Loss) before Income Taxes							992
Income tax (expense) recovery							(118)
Net Income (Loss)							874
Net (income) loss attributable to non-controlling interests							(8)
Net Income (Loss) Attributable to Controlling Interests and to Common Shares							866

1 Includes intersegment eliminations.

2 The Company records intersegment sales at contracted rates. For segmented reporting, these transactions are included as Intersegment revenues in the segment providing the service and Plant operating costs and other in the segment receiving the service. These transactions are eliminated on consolidation. Intersegment profit is recognized when the product or service has been provided to third parties or otherwise realized.

3 The Mexico Natural Gas Pipelines segment includes a \$71 million ECL provision with respect to the net investment in leases associated with the in-service TGNH pipelines.

nine months ended September 30, 2023	Canadian Natural Gas Pipelines	U.S. Natural Gas Pipelines	Mexico Natural Gas Pipelines	Liquids Pipelines	Power and Energy Solutions	Corporate¹	Total
(unaudited - millions of Canadian \$)							
Revenues	3,829	4,558	625	1,935	751	—	11,698
Intersegment revenues	—	76	—	—	22	(98) ²	—
	3,829	4,634	625	1,935	773	(98)	11,698
Income (loss) from equity investments	15	227	52	49	513	—	856
Impairment of equity investment	(2,100)	—	—	—	—	—	(2,100)
Plant operating costs and other ³	(1,317)	(1,218)	36	(610)	(459)	24 ²	(3,544)
Commodity purchase resold	—	(26)	—	(331)	(16)	—	(373)
Property taxes	(226)	(348)	—	(89)	(4)	—	(667)
Depreciation and amortization	(983)	(693)	(67)	(252)	(66)	—	(2,061)
Segmented Earnings (Losses)	(782)	2,576	646	702	741	(74)	3,809
Interest expense							(2,418)
Allowance for funds used during construction							443
Foreign exchange gains (losses), net							231
Interest income and other							121
Income (Loss) before Income Taxes							2,186
Income tax (expense) recovery							(730)
Net Income (Loss)							1,456
Net (income) loss attributable to non-controlling interests							(18)
Net Income (Loss) Attributable to Controlling Interests and to Common Shares							1,438

1 Includes intersegment eliminations.

2 The Company records intersegment sales at contracted rates. For segmented reporting, these transactions are included as Intersegment revenues in the segment providing the service and Plant operating costs and other in the segment receiving the service. These transactions are eliminated on consolidation. Intersegment profit is recognized when the product or service has been provided to third parties or otherwise realized.

3 The Mexico Natural Gas Pipelines segment includes a recovery of \$105 million on the ECL provision with respect to the net investment in leases associated with the in-service TGNH pipelines and a recovery of \$12 million on the ECL provision for contract assets related to certain other Mexico natural gas pipelines.

nine months ended September 30, 2022	Canadian Natural Gas Pipelines	U.S. Natural Gas Pipelines	Mexico Natural Gas Pipelines	Liquids Pipelines	Power and Energy Solutions	Corporate¹	Total
(unaudited - millions of Canadian \$)							
Revenues	3,497	4,295	487	2,051	606	—	10,936
Intersegment revenues	—	103	—	—	12	(115) ²	—
	3,497	4,398	487	2,051	618	(115)	10,936
Income (loss) from equity investments	14	199	96	41	385	28 ³	763
Plant operating costs and other ⁴	(1,246)	(1,320)	(112)	(545)	(397)	99 ²	(3,521)
Commodity purchase resold	—	—	—	(414)	(15)	—	(429)
Property taxes	(227)	(316)	—	(88)	(3)	—	(634)
Depreciation and amortization	(886)	(655)	(76)	(244)	(53)	—	(1,914)
Goodwill impairment charge	—	(571)	—	—	—	—	(571)
Segmented Earnings (Losses)	1,152	1,735	395	801	535	12	4,630
Interest expense							(1,866)
Allowance for funds used during construction							254
Foreign exchange gains (losses), net ³							(317)
Interest income and other							93
Income (Loss) before Income Taxes							2,794
Income tax (expense) recovery							(587)
Net Income (Loss)							2,207
Net (income) loss attributable to non-controlling interests							(28)
Net Income (Loss) Attributable to Controlling Interests and to Common Shares							2,179

- 1 Includes intersegment eliminations.
- 2 The Company records intersegment sales at contracted rates. For segmented reporting, these transactions are included as Intersegment revenues in the segment providing the service and Plant operating costs and other in the segment receiving the service. These transactions are eliminated on consolidation. Intersegment profit is recognized when the product or service has been provided to third parties or otherwise realized.
- 3 Income (loss) from equity investments includes the Company's proportionate share of Sur de Texas foreign exchange gains (losses) on the peso-denominated loans from affiliates which are fully offset in Foreign exchange gains (losses), net by the corresponding foreign exchange gains (losses) on an affiliate receivable balance until March 15, 2022, when it was fully repaid upon maturity.
- 4 The Mexico Natural Gas Pipelines segment includes a \$71 million ECL provision with respect to the net investment in leases associated with the in-service TGNH pipelines.

Total Assets by Segment

(unaudited - millions of Canadian \$)	September 30, 2023	December 31, 2022
Canadian Natural Gas Pipelines	29,036	27,456
U.S. Natural Gas Pipelines	50,781	50,038
Mexico Natural Gas Pipelines	11,552	9,231
Liquids Pipelines	16,355	15,587
Power and Energy Solutions	9,577	8,272
Corporate	5,322	3,741
	122,623	114,325

4. REVENUES

Disaggregation of Revenues

The following tables summarize total Revenues for the three and nine months ended September 30, 2023 and 2022:

three months ended September 30, 2023 (unaudited - millions of Canadian \$)	Canadian Natural Gas Pipelines	U.S. Natural Gas Pipelines	Mexico Natural Gas Pipelines	Liquids Pipelines	Power and Energy Solutions	Total
Revenues from contracts with customers						
Capacity arrangements and transportation	1,296	1,206	113	555	—	3,170
Power generation	—	—	—	—	109	109
Natural gas storage and other ^{1,2}	7	208	30	1	86	332
	1,303	1,414	143	556	195	3,611
Sales-type lease income	—	—	70	—	—	70
Other revenues ³	—	59	—	159	41	259
	1,303	1,473	213	715	236	3,940

- 1 The Canadian Natural Gas Pipelines segment includes \$7 million of fee revenues from an affiliate related to development and construction of the Coastal GasLink pipeline project which is 35 per cent owned by TCPL.
- 2 The Mexico Natural Gas Pipelines segment includes \$24 million of revenues generated from non-lease components for the provision of operating and maintenance services with respect to sales-type leases on the in-service TGNH pipelines.
- 3 Other revenues include income from the Company's marketing activities and financial instruments. Refer to Note 13, Risk management and financial instruments, for additional information on financial instruments. Additionally, other revenues include \$29 million of operating lease income.

three months ended September 30, 2022 (unaudited - millions of Canadian \$)	Canadian Natural Gas Pipelines	U.S. Natural Gas Pipelines	Mexico Natural Gas Pipelines	Liquids Pipelines	Power and Energy Solutions	Total
Revenues from contracts with customers						
Capacity arrangements and transportation	1,220	1,072	103	515	—	2,910
Power generation	—	—	—	—	140	140
Natural gas storage and other ¹	14	357	21	—	69	461
	1,234	1,429	124	515	209	3,511
Sales-type lease income	—	—	55	—	—	55
Other revenues ²	—	20	—	176	37	233
	1,234	1,449	179	691	246	3,799

- 1 The Canadian Natural Gas Pipelines segment includes \$14 million of fee revenues from an affiliate related to development and construction of the Coastal GasLink pipeline project which is 35 per cent owned by TCPL.
- 2 Other revenues include income from the Company's marketing activities and financial instruments. Refer to Note 13, Risk management and financial instruments, for additional information on financial instruments. Additionally, other revenues include \$29 million of operating lease income.

nine months ended September 30, 2023 (unaudited - millions of Canadian \$)	Canadian Natural Gas Pipelines	U.S. Natural Gas Pipelines	Mexico Natural Gas Pipelines	Liquids Pipelines	Power and Energy Solutions	Total
Revenues from contracts with customers						
Capacity arrangements and transportation	3,806	3,709	331	1,529	—	9,375
Power generation	—	—	—	—	342	342
Natural gas storage and other ^{1,2}	23	656	92	2	300	1,073
	3,829	4,365	423	1,531	642	10,790
Sales-type lease income	—	—	202	—	—	202
Other revenues ³	—	193	—	404	109	706
	3,829	4,558	625	1,935	751	11,698

- 1 The Canadian Natural Gas Pipelines segment includes \$23 million of fee revenues from an affiliate related to development and construction of the Coastal GasLink pipeline project which is 35 per cent owned by TCPL.
- 2 The Mexico Natural Gas Pipelines segment includes \$73 million of revenues generated from non-lease components for the provision of operating and maintenance services with respect to sales-type leases on the in-service TGNH pipelines.
- 3 Other revenues include income from the Company's marketing activities and financial instruments. Refer to Note 13, Risk management and financial instruments, for additional information on financial instruments. Additionally, other revenues include \$91 million of operating lease income.

nine months ended September 30, 2022 (unaudited - millions of Canadian \$)	Canadian Natural Gas Pipelines	U.S. Natural Gas Pipelines	Mexico Natural Gas Pipelines	Liquids Pipelines	Power and Energy Solutions	Total
Revenues from contracts with customers						
Capacity arrangements and transportation	3,444	3,303	396	1,488	—	8,631
Power generation	—	—	—	—	330	330
Natural gas storage and other ¹	53	980	36	3	274	1,346
	3,497	4,283	432	1,491	604	10,307
Sales-type lease income	—	—	55	—	—	55
Other revenues ²	—	12	—	560	2	574
	3,497	4,295	487	2,051	606	10,936

- 1 The Canadian Natural Gas Pipelines segment includes \$53 million of fee revenues from an affiliate related to development and construction of the Coastal GasLink pipeline project which is 35 per cent owned by TCPL.
- 2 Other revenues include income from the Company's marketing activities and financial instruments. Refer to Note 13, Risk management and financial instruments, for additional information on financial instruments. Additionally, other revenues include \$90 million of operating lease income.

Contract Balances

(unaudited - millions of Canadian \$)	September 30, 2023	December 31, 2022	Affected line item on the Condensed consolidated balance sheet
Receivables from contracts with customers	1,543	1,907	Accounts receivable
Contract assets	211	155	Other current assets
Long-term contract assets	455	355	Other long-term assets
Contract liabilities ¹	89	62	Accounts payable and other
Long-term contract liabilities	10	32	Other long-term liabilities

1 During the nine months ended September 30, 2023, \$56 million (2022 – \$43 million) of revenues were recognized that were included in contract liabilities at the beginning of the period.

Contract assets and long-term contract assets primarily relate to the Company's right to revenues for services completed but not invoiced at the reporting date on long-term committed capacity natural gas pipelines contracts. The change in contract assets is primarily related to the transfer to Accounts receivable when these rights become unconditional and the customer is invoiced, as well as the recognition of additional revenues that remain to be invoiced. Contract liabilities and long-term contract liabilities primarily represent unearned revenue for contracted services.

Future Revenues from Remaining Performance Obligations

As at September 30, 2023, future revenues from long-term pipeline capacity arrangements and transportation as well as natural gas storage and other contracts extending through 2055 are approximately \$22.4 billion, of which approximately \$1.9 billion is expected to be recognized during the remainder of 2023.

5. COASTAL GASLINK

Subordinated Loan Agreement

Committed capacity under the subordinated loan agreement between TCPL and Coastal GasLink LP was \$1.3 billion at December 31, 2022 and increased to \$3.4 billion at September 30, 2023 to align with the Company's expected funding requirements.

Any amounts outstanding on the loan will be repaid by Coastal GasLink LP to TCPL, once final project costs are known, which will be determined after the pipeline is placed in service. Coastal GasLink LP partners, including TCPL, will contribute equity to Coastal GasLink LP to ultimately fund Coastal GasLink LP's repayment of this subordinated loan to TCPL. The Company expects that these additional equity contributions will be predominantly funded by TCPL.

Amounts drawn on this loan subsequent to the amended agreements executed in July 2022 are accounted for as in-substance equity contributions and are presented as Contributions to equity investments on the Company's Condensed consolidated statement of cash flows. Interest and principal repayments on this loan, which are expected to be predominantly funded by TCPL, will be accounted for as an equity investment distribution to the Company once received.

In the nine months ended September 30, 2023, \$2,020 million was drawn on the loan and \$250 million was repaid.

In October 2023, an additional \$125 million was drawn on the subordinated loan and will be assessed for impairment in future reporting periods along with future draws on this loan.

Impairment of Equity Investment in Coastal GasLink LP

With the expectation that additional equity contributions under the subordinated loan agreement will be predominantly funded by TCPL, the Company completed a valuation assessment and concluded that the fair value of its investment in Coastal GasLink LP was below its carrying value at September 30, 2023 and that this was an other-than-temporary impairment. As a result, a pre-tax impairment charge of \$1,244 million (\$1,179 million after tax) and \$2,100 million (\$2,017 million after tax) was recognized for the three and nine months ended September 30, 2023, respectively, in Impairment of equity investment in the Condensed consolidated statement of income in the Canadian Natural Gas Pipelines segment, which reduced the carrying values of the investment in Coastal GasLink LP and the loan receivable from affiliate to nil at September 30, 2023. The impairment charge reflected the net impact of the \$2,020 million draw and the \$250 million repayment on the subordinated loan for the nine months ended September 30, 2023, along with TCPL's proportionate share of unrealized gains and losses on interest rate derivatives in Coastal GasLink LP and other changes to the equity investment. The impairment of the subordinated loan resulted in unrealized non-taxable capital losses that are not recognized.

The fair value of TCPL's investment in Coastal GasLink LP at September 30, 2023 was estimated using a 40-year discounted cash flow model consistent with the Company's fair value assessment at December 31, 2022. Refer to TCPL's 2022 Consolidated financial statements for additional information.

The Company will continue to assess for other-than-temporary declines in the fair value of its investment in Coastal GasLink LP, and the extent of any future impairment charges, if any, will depend on the outcome of the valuation assessment performed at the respective reporting date.

6. INCOME TAXES

Effective Tax Rates

The effective income tax rates were 33 per cent and 21 per cent for the nine months ended September 30, 2023 and 2022, respectively. The increase in effective income tax rate was mostly due to unrealized non-taxable capital losses from the impairment of TCPL's investment in Coastal GasLink LP, partially offset by the settlement of Mexico income tax assessments and the non-tax deductible portion of the Great Lakes goodwill impairment in 2022.

7. RELATED PARTY TRANSACTIONS

Related party transactions are conducted in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Due to Parent

TC Energy

TCPL has an unsecured \$4.5 billion demand revolving credit facility with TC Energy with an outstanding balance of \$2,341 million as at September 30, 2023 (December 31, 2022 – \$2,397 million) that is reflected in Due to parent on the Company's Condensed consolidated balance sheet. TC Energy and TCPL agreed to advance funds on a non-interest bearing basis.

8. KEYSTONE ENVIRONMENTAL PROVISION

In December 2022, a pipeline incident occurred in Washington County, Kansas on the Keystone Pipeline System. At December 31, 2022, the Company accrued an environmental remediation liability of \$650 million, before expected insurance recoveries and not including potential fines and penalties which continue to be indeterminable. At June 30, 2023, the cost estimate for the incident was adjusted to \$794 million based on a review of costs and commitments incurred and, at September 30, 2023, remains unchanged. The accrual reflects certain assumptions and, therefore, it is reasonably possible that the Company will incur additional costs. To the extent costs beyond the amounts accrued are incurred, they will be evaluated under the Company's existing insurance policies. For the nine months ended September 30, 2023, amounts paid for the environmental remediation liability were \$584 million (2022 – nil). The remaining balance reflected in Accounts payable and other and Other long-term liabilities on the Company's Condensed consolidated balance sheet was \$216 million and \$8 million, respectively at September 30, 2023 (December 31, 2022 – \$650 million and nil, respectively).

At September 30, 2023, the expected recovery of the remaining estimated environmental remediation costs recorded in Other current assets and Other long-term assets were \$337 million and \$33 million, respectively (December 31, 2022 – \$410 million and \$240 million, respectively) and includes \$36 million accrued during the nine months ended September 30, 2023, which is expected to be recoverable from TCPL's wholly-owned captive insurance subsidiary. This amount was recorded in Interest income and other in the Condensed consolidated statement of income. During the nine months ended September 30, 2023, the Company received \$396 million (2022 – nil) from its insurance policies related to the costs for environmental remediation. Restoration activities are ongoing and expected to continue into 2024.

9. NOTES PAYABLE AND LONG-TERM DEBT

Notes Payable

On August 25, 2023, TCPL fully repaid and retired its 364-day \$1.5 billion senior unsecured term loan bearing interest at a floating rate entered into in November 2022.

On August 31, 2023, Columbia Pipelines Holding Company LLC entered a US\$1.0 billion senior unsecured revolving credit facility that matures August 2026. At September 30, 2023, unused capacity was US\$1.0 billion.

Long-Term Debt Issued

Long-term debt issued by the Company in the nine months ended September 30, 2023 included the following:

(unaudited - millions of Canadian \$, unless otherwise noted)					
Company	Issue date	Type	Maturity date	Amount	Interest rate
TransCanada Pipelines Limited					
	May 2023	Senior Unsecured Term Loan ¹	May 2026	US 1,024	Floating
	March 2023	Senior Unsecured Notes	March 2026 ²	US 850	6.20%
	March 2023	Senior Unsecured Notes	March 2026 ²	US 400	Floating
	March 2023	Medium Term Notes	July 2030	1,250	5.28%
	March 2023	Medium Term Notes	March 2026 ²	600	5.42%
	March 2023	Medium Term Notes	March 2026 ²	400	Floating
Columbia Pipelines Operating Company LLC³					
	August 2023	Senior Unsecured Notes	November 2033	US 1,500	6.04%
	August 2023	Senior Unsecured Notes	November 2053	US 1,250	6.54%
	August 2023	Senior Unsecured Notes	August 2030	US 750	5.93%
	August 2023	Senior Unsecured Notes	August 2043	US 600	6.50%
	August 2023	Senior Unsecured Notes	August 2063	US 500	6.71%
Columbia Pipelines Holding Company LLC³					
	August 2023	Senior Unsecured Notes	August 2028	US 700	6.04%
	August 2023	Senior Unsecured Notes	August 2026	US 300	6.06%
TC Energía Mexicana, S. de R.L. de C.V.					
	January 2023	Senior Unsecured Term Loan	January 2028	US 1,800	Floating
	January 2023	Senior Unsecured Revolving Credit Facility	January 2028	US 500	Floating
Gas Transmission Northwest LLC					
	June 2023	Senior Unsecured Notes	June 2030	US 50	4.92%

1 This loan was fully repaid and retired in September 2023. Related unamortized debt issue costs of \$3 million were included in Interest expense in the Condensed consolidated statement of income.

2 Callable at par in March 2024 or at any time thereafter.

3 On October 4, 2023, TCPL completed the sale of a 40 per cent equity interest in Columbia Gas and Columbia Gulf. Refer to Note 18, Subsequent event, for additional information.

Long-Term Debt Repaid/Retired

Long-term debt repaid by the Company in the nine months ended September 30, 2023 included the following:

(unaudited - millions of Canadian \$, unless otherwise noted)				
Company	Repayment date	Type	Amount	Interest rate
TransCanada PipeLines Limited				
	September 2023	Senior Unsecured Term Loan ¹	US 1,024	Floating
	July 2023	Medium Term Notes	750	3.69%
Nova Gas Transmission Ltd.				
	April 2023	Debentures	US 200	7.88%
TC Energía Mexicana, S. de R.L. de C.V.				
	Various	Senior Unsecured Revolving Credit Facility	US 120	Floating

1 In second quarter 2023, the Company entered into a US\$1,024 million senior unsecured term loan and the full amount was drawn. The loan was fully repaid and retired in September 2023. Related unamortized debt issue costs of \$3 million were included in Interest expense in the Condensed consolidated statement of income.

On October 16, 2023, TCPL retired US\$625 million of senior unsecured notes bearing interest at a fixed rate of 3.75 per cent.

Capitalized Interest

In the three and nine months ended September 30, 2023, TCPL capitalized interest related to capital projects of \$53 million and \$125 million, respectively (2022 – \$5 million and \$11 million, respectively).

10. COMMON SHARES

During the nine months ended September 30, 2023, TCPL issued the following common shares to TC Energy, resulting in 993 million shares outstanding at September 30, 2023 (December 31, 2022 — 973 million):

- 4.7 million shares on January 31, 2023 for proceeds of \$266 million
- 6.5 million shares on April 28, 2023 for proceeds of \$362 million
- 8.3 million shares on July 31, 2023 for proceeds of \$375 million.

11. OTHER COMPREHENSIVE INCOME (LOSS) AND ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

Components of other comprehensive income (loss), including the portion attributable to non-controlling interests and related tax effects, are as follows:

three months ended September 30, 2023 (unaudited - millions of Canadian \$)	Before tax amount	Income tax (expense) recovery	Net of tax amount
Foreign currency translation adjustments	412	18	430
Change in fair value of net investment hedges	(17)	4	(13)
Change in fair value of cash flow hedges	18	(3)	15
Reclassification to net income of (gains) losses on cash flow hedges	32	(7)	25
Other comprehensive income (loss) on equity investments	190	(48)	142
Other Comprehensive Income (Loss)	635	(36)	599

three months ended September 30, 2022 (unaudited - millions of Canadian \$)	Before tax amount	Income tax (expense) recovery	Net of tax amount
Foreign currency translation adjustments	1,430	80	1,510
Change in fair value of net investment hedges	(89)	22	(67)
Change in fair value of cash flow hedges	(23)	3	(20)
Reclassification to net income of (gains) losses on cash flow hedges	13	2	15
Reclassification to net income of actuarial (gains) losses on pension and other post-retirement benefit plans	3	(1)	2
Other comprehensive income (loss) on equity investments	(4)	2	(2)
Other Comprehensive Income (Loss)	1,330	108	1,438

nine months ended September 30, 2023 (unaudited - millions of Canadian \$)	Before tax amount	Income tax (expense) recovery	Net of tax amount
Foreign currency translation adjustments	(72)	9	(63)
Change in fair value of net investment hedges	16	(4)	12
Change in fair value of cash flow hedges	(5)	2	(3)
Reclassification to net income of (gains) losses on cash flow hedges	86	(20)	66
Other comprehensive income (loss) on equity investments	181	(46)	135
Other Comprehensive Income (Loss)	206	(59)	147

nine months ended September 30, 2022 (unaudited - millions of Canadian \$)	Before tax amount	Income tax (expense) recovery	Net of tax amount
Foreign currency translation adjustments	1,770	102	1,872
Change in fair value of net investment hedges	(100)	25	(75)
Change in fair value of cash flow hedges	(6)	(2)	(8)
Reclassification to net income of (gains) losses on cash flow hedges	37	(7)	30
Reclassification to net income of actuarial (gains) losses on pension and other post-retirement benefit plans	8	(2)	6
Other comprehensive income (loss) on equity investments	455	(112)	343
Other Comprehensive Income (Loss)	2,164	4	2,168

The changes in AOCI by component, net of tax, are as follows:

three months ended September 30, 2023					
(unaudited - millions of Canadian \$)	Currency translation adjustments	Cash flow hedges	Pension and other post-retirement benefit plans adjustments	Equity investments	Total
AOCI balance at July 1, 2023	(22)	(86)	(44)	660	508
Other comprehensive income (loss) before reclassifications ¹	410	15	—	147	572
Amounts reclassified from AOCI	—	25	—	(5)	20
Net current period other comprehensive income (loss)	410	40	—	142	592
AOCI balance at September 30, 2023	388	(46)	(44)	802	1,100

1 Other comprehensive income (loss) before reclassifications on currency translation adjustments is net of non-controlling interest gains of \$7 million.

nine months ended September 30, 2023					
(unaudited - millions of Canadian \$)	Currency translation adjustments	Cash flow hedges	Pension and other post-retirement benefit plans adjustments	Equity investments	Total
AOCI balance at January 1, 2023	441	(109)	(44)	667	955
Other comprehensive income (loss) before reclassifications ¹	(53)	(3)	—	148	92
Amounts reclassified from AOCI ²	—	66	—	(13)	53
Net current period other comprehensive income (loss)	(53)	63	—	135	145
AOCI balance at September 30, 2023	388	(46)	(44)	802	1,100

1 Other comprehensive income (loss) before reclassifications on currency translation adjustments is net of non-controlling interest gains of \$2 million.

2 Losses related to cash flow hedges reported in AOCI and expected to be reclassified to net income in the next 12 months are estimated to be \$18 million (\$14 million after tax) at September 30, 2023. These estimates assume constant commodity prices, interest rates and foreign exchange rates over time; however, the amounts reclassified will vary based on the actual value of these factors at the date of settlement.

Details about reclassifications out of AOCI into the Condensed consolidated statement of income are as follows:

(unaudited - millions of Canadian \$)	three months ended September 30		nine months ended September 30		Affected line item in the Condensed consolidated statement of income ¹
	2023	2022	2023	2022	
Cash flow hedges					
Commodities	(29)	(10)	(77)	(24)	Revenues (Power and Energy Solutions)
Interest rate	(3)	(3)	(9)	(13)	Interest expense
	(32)	(13)	(86)	(37)	Total before tax
	7	(2)	20	7	Income tax (expense) recovery
	(25)	(15)	(66)	(30)	Net of tax
Pension and other post-retirement benefit plans					
Amortization of actuarial gains (losses)	—	(3)	—	(8)	Plant operating costs and other ²
	—	1	—	2	Income tax (expense) recovery
	—	(2)	—	(6)	Net of tax
Equity investments					
Equity income (loss)	6	1	17	3	Income from equity investments
	(1)	(1)	(4)	(1)	Income tax (expense) recovery
	5	—	13	2	Net of tax

1 All amounts in parentheses indicate expenses to the Condensed consolidated statement of income.

2 These AOCI components are included in the computation of net benefit cost. Refer to Note 12, Employee post-retirement benefits, for additional information.

12. EMPLOYEE POST-RETIREMENT BENEFITS

The net benefit cost recognized for the Company's pension benefit plans and other post-retirement benefit plans is as follows:

(unaudited - millions of Canadian \$)	three months ended September 30				nine months ended September 30			
	Pension benefit plans		Other post-retirement benefit plans		Pension benefit plans		Other post-retirement benefit plans	
	2023	2022	2023	2022	2023	2022	2023	2022
Service cost ¹	23	36	1	2	69	108	2	4
Other components of net benefit cost¹								
Interest cost	39	32	4	4	118	94	12	10
Expected return on plan assets	(59)	(59)	(4)	(3)	(176)	(178)	(12)	(10)
Amortization of actuarial (gains) losses	—	3	—	—	—	8	—	1
Amortization of regulatory asset	—	3	—	—	—	9	—	1
	(20)	(21)	—	1	(58)	(67)	—	2
Net Benefit Cost	3	15	1	3	11	41	2	6

1 Service cost and other components of net benefit cost are included in Plant operating costs and other in the Condensed consolidated statement of income.

13. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Risk Management Overview

TCPL has exposure to market risk and counterparty credit risk and has strategies, policies and limits in place to manage the impact of these risks on its earnings, cash flows and, ultimately, shareholder value.

Counterparty Credit Risk

TCPL's exposure to counterparty credit risk includes its cash and cash equivalents, accounts receivable and certain contractual recoveries, available-for-sale assets, the fair value of derivative assets, net investment in leases and contract assets.

Market events causing disruptions in global energy demand and supply may contribute to economic uncertainties impacting a number of TCPL's customers. While the majority of the Company's credit exposure is to large creditworthy entities, TCPL maintains close monitoring and communication with those counterparties experiencing greater financial pressures. Refer to TCPL's 2022 audited Consolidated financial statements for more information about the factors that mitigate the Company's counterparty credit risk exposure.

The Company reviews financial assets carried at amortized cost for impairment using the lifetime expected loss of the financial asset at initial recognition and throughout the life of the financial asset. TCPL uses historical credit loss and recovery data, adjusted for management's judgment regarding current economic and credit conditions, along with reasonable and supportable forecasts to determine any impairment, which is recognized in Plant operating costs and other.

For the three and nine months ended September 30, 2023, the Company recorded a recovery of \$2 million and \$105 million, respectively (2022 – an expense of \$71 million and \$71 million, respectively) on the ECL provision before tax with respect to the net investment in leases associated with the in-service TGNH pipelines and a recovery of nil and \$12 million, respectively (2022 – nil and nil, respectively) on the ECL provision for contract assets related to certain other Mexico natural gas pipelines. At September 30, 2023, the balance of the ECL provision was \$46 million (December 31, 2022 – \$149 million) with respect to the net investment in leases associated with the in-service TGNH pipelines and \$1 million (December 31, 2022 – \$14 million) related to certain other Mexico natural gas pipelines. The ECL provision is driven primarily by a probability of default measure for the counterparty that is published by an external third party. There was significant volatility in the probability of default during first half of 2023 which, when combined with the size and contract term of the Company's net investment in leases, resulted in a significant change in the provision in the nine months ended September 30, 2023. The Company's net investment in leases at September 30, 2023 included the lateral section of the Villa de Reyes pipeline, which was placed into service in August 2023.

At September 30, 2023, the Company had no significant credit losses, other than the ECL provisions noted above, and there were no significant credit risk concentrations or amounts past due or impaired.

TCPL has significant credit and performance exposure to financial institutions that hold cash deposits and provide committed credit lines and letters of credit that help manage the Company's exposure to counterparties and provide liquidity in commodity, foreign exchange and interest rate derivative markets. TCPL's portfolio of financial sector exposure consists primarily of highly-rated investment grade, systemically important financial institutions. The Company had no direct exposure to the U.S. regional bank failures in early 2023; however, it continues to monitor potential impacts on its portfolio of financial sector counterparties.

Net Investment in Foreign Operations

The Company hedges a portion of its net investment in foreign operations (on an after-tax basis) with U.S. dollar-denominated debt, cross-currency interest rate swaps and foreign exchange options as appropriate.

The fair values and notional amounts for the derivatives designated as a net investment hedge were as follows:

(unaudited - millions of Canadian \$, unless otherwise noted)	September 30, 2023		December 31, 2022	
	Fair value ^{1,2}	Notional amount	Fair value ^{1,2}	Notional amount
U.S. dollar foreign exchange options (maturing 2023 to 2024)	(2)	US 1,600	(22)	US 3,600
U.S. dollar cross-currency interest rate swaps (maturing 2023 to 2025)	(7)	US 300	(5)	US 300
	(9)	US 1,900	(27)	US 3,900

1 Fair value equals carrying value.

2 No amounts have been excluded from the assessment of hedge effectiveness.

The notional amounts and fair values of U.S. dollar-denominated debt designated as a net investment hedge were as follows:

(unaudited - millions of Canadian \$, unless otherwise noted)	September 30, 2023	December 31, 2022
Notional amount	31,100 (US 23,000)	32,500 (US 24,000)
Fair value	28,300 (US 20,900)	30,800 (US 22,700)

Non-Derivative Financial Instruments

Fair value of non-derivative financial instruments

Available-for-sale assets are recorded at fair value which is calculated using quoted market prices where available. Certain non-derivative financial instruments included in Cash and cash equivalents, Accounts receivable, Other current assets, Restricted investments, Net investment in leases, Other long-term assets, Notes payable, Accounts payable and other, Due to parent, Dividends payable, Accrued interest and Other long-term liabilities have carrying amounts that approximate their fair value due to the nature of the item or the short time to maturity. Each of these instruments are classified in Level II of the fair value hierarchy, except for the Company's LMCI equity securities which are classified in Level I.

Credit risk has been taken into consideration when calculating the fair value of non-derivative financial instruments.

Balance sheet presentation of non-derivative financial instruments

The following table details the fair value of non-derivative financial instruments, excluding those where carrying amounts approximate fair value and would be classified in Level II of the fair value hierarchy:

(unaudited - millions of Canadian \$)	September 30, 2023		December 31, 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Long-term debt, including current portion ^{1,2}	(54,845)	(51,194)	(41,543)	(39,505)
Junior subordinated notes	(10,497)	(9,106)	(10,495)	(9,415)
	(65,342)	(60,300)	(52,038)	(48,920)

1 Long-term debt is recorded at amortized cost, except for US\$1.8 billion (December 31, 2022 – US\$1.6 billion) that is attributed to hedged risk and recorded at fair value.

2 Net income (loss) for the three and nine months ended September 30, 2023 included unrealized gains of \$86 million and \$99 million, respectively (2022 – unrealized gains of \$73 million and \$71 million, respectively) for fair value adjustments attributable to the hedged interest rate risk associated with interest rate swap fair value hedging relationships on US\$1.8 billion of long-term debt at September 30, 2023 (December 31, 2022 – US\$1.6 billion). There were no other unrealized gains or losses from fair value adjustments to the non-derivative financial instruments.

Available-for-sale assets summary

The following tables summarize additional information about the Company's restricted investments that were classified as available-for-sale assets:

(unaudited - millions of Canadian \$)	September 30, 2023		December 31, 2022	
	LMCI restricted investments	Other restricted investments ¹	LMCI restricted investments	Other restricted investments ¹
Fair values of fixed income securities ^{2,3}				
Maturing within 1 year	1	36	—	54
Maturing within 1-5 years	12	246	—	106
Maturing within 5-10 years	1,233	—	1,153	—
Maturing after 10 years	76	—	77	—
Fair value of equity securities ^{2,4}	814	—	749	—
	2,136	282	1,979	160

- 1 Other restricted investments have been set aside to fund insurance claim losses to be paid by the Company's wholly-owned captive insurance subsidiary.
- 2 Available-for-sale assets are recorded at fair value and included in Other current assets and Restricted investments on the Company's Condensed consolidated balance sheet.
- 3 Classified in Level II of the fair value hierarchy.
- 4 Classified in Level I of the fair value hierarchy.

(unaudited - millions of Canadian \$)	September 30, 2023		September 30, 2022	
	LMCI restricted investments ¹	Other restricted investments ²	LMCI restricted investments ¹	Other restricted investments ²
Net unrealized gains (losses) in the period				
three months ended	(87)	(3)	—	(2)
nine months ended	8	1	(300)	(8)
Net realized gains (losses) in the period ³				
three months ended	(1)	—	(10)	—
nine months ended	(18)	—	(26)	—

- 1 Unrealized and realized gains (losses) arising from changes in the fair value of LMCI restricted investments impact the subsequent amounts to be collected through tolls to cover future pipeline abandonment costs. As a result, the Company records these gains and losses as regulatory liabilities or regulatory assets.
- 2 Unrealized and realized gains (losses) on other restricted investments are included in Interest income and other in the Condensed consolidated statement of income.
- 3 Realized gains (losses) on the sale of LMCI restricted investments are determined using the average cost basis.

Derivative Instruments

Fair value of derivative instruments

The fair value of foreign exchange and interest rate derivatives has been calculated using the income approach which uses period-end market rates and applies a discounted cash flow valuation model. The fair value of commodity derivatives has been calculated using quoted market prices where available. In the absence of quoted market prices, third-party broker quotes or other valuation techniques have been used. The fair value of options has been calculated using the Black-Scholes pricing model. Credit risk has been taken into consideration when calculating the fair value of derivative instruments. Unrealized gains and losses on derivative instruments are not necessarily representative of the amounts that will be realized on settlement.

In some cases, even though the derivatives are considered to be effective economic hedges, they do not meet the specific criteria for hedge accounting treatment or are not designated as a hedge and are accounted for at fair value with changes in fair value recorded in net income in the period of change. This may expose the Company to increased variability in reported earnings because the fair value of the derivative instruments can fluctuate significantly from period to period.

The recognition of gains and losses on derivatives for Canadian natural gas regulated pipeline exposures is determined through the regulatory process. Gains and losses arising from changes in the fair value of derivatives accounted for as part of rate-regulated accounting, including those that qualify for hedge accounting treatment, are expected to be refunded or recovered through the tolls charged by the Company. As a result, these gains and losses are deferred as regulatory liabilities or regulatory assets and are refunded to or collected from the rate payers in subsequent years when the derivative settles.

Balance sheet presentation of derivative instruments

The balance sheet classification of the fair value of derivative instruments was as follows:

at September 30, 2023 (unaudited - millions of Canadian \$)	Cash flow hedges	Fair value hedges	Net investment hedges	Held for trading	Total fair value of derivative instruments ¹
Other current assets					
Commodities ²	5	—	—	1,273	1,278
Foreign exchange	—	—	2	33	35
	5	—	2	1,306	1,313
Other long-term assets					
Commodities ²	5	—	—	134	139
Foreign exchange	—	—	—	13	13
	5	—	—	147	152
Total Derivative Assets	10	—	2	1,453	1,465
Accounts payable and other					
Commodities ²	(11)	—	—	(1,189)	(1,200)
Foreign exchange	—	—	(8)	(54)	(62)
Interest rate	—	(34)	—	—	(34)
	(11)	(34)	(8)	(1,243)	(1,296)
Other long-term liabilities					
Commodities ²	—	—	—	(105)	(105)
Foreign exchange	—	—	(3)	(5)	(8)
Interest rate	—	(129)	—	—	(129)
	—	(129)	(3)	(110)	(242)
Total Derivative Liabilities	(11)	(163)	(11)	(1,353)	(1,538)
Total Derivatives	(1)	(163)	(9)	100	(73)

1 Fair value equals carrying value.

2 Includes purchases and sales of power, natural gas, liquids and emission credits.

at December 31, 2022 (unaudited - millions of Canadian \$)	Cash flow hedges	Fair value hedges	Net investment hedges	Held for trading	Total fair value of derivative instruments ¹
Other current assets					
Commodities ²	—	—	—	597	597
Foreign exchange	—	—	6	11	17
	—	—	6	608	614
Other long-term assets					
Commodities ²	—	—	—	62	62
Foreign exchange	—	—	2	15	17
Interest rate	—	12	—	—	12
	—	12	2	77	91
Total Derivative Assets	—	12	8	685	705
Accounts payable and other					
Commodities ²	(72)	—	—	(584)	(656)
Foreign exchange	—	—	(31)	(158)	(189)
Interest rate	—	(26)	—	—	(26)
	(72)	(26)	(31)	(742)	(871)
Other long-term liabilities					
Commodities ²	(2)	—	—	(75)	(77)
Foreign exchange	—	—	(4)	(20)	(24)
Interest rate	—	(50)	—	—	(50)
	(2)	(50)	(4)	(95)	(151)
Total Derivative Liabilities	(74)	(76)	(35)	(837)	(1,022)
Total Derivatives	(74)	(64)	(27)	(152)	(317)

1 Fair value equals carrying value.

2 Includes purchases and sales of power, natural gas and liquids.

The majority of derivative instruments held for trading have been entered into for risk management purposes and all are subject to the Company's risk management strategies, policies and limits. These include derivatives that have not been designated as hedges or do not qualify for hedge accounting treatment but have been entered into as economic hedges to manage the Company's exposures to market risk.

Derivatives in fair value hedging relationships

The following table details amounts recorded on the Condensed consolidated balance sheet in relation to cumulative adjustments for fair value hedges included in the carrying amount of the hedged liabilities:

(unaudited - millions of Canadian \$)	Carrying amount		Fair value hedging adjustments ¹	
	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
Long-term debt	(2,273)	(2,101)	163	64

1 At September 30, 2023 and December 31, 2022, adjustments for discontinued hedging relationships included in these balances were nil.

Notional and maturity summary

The maturity and notional amount or quantity outstanding related to the Company's derivative instruments excluding hedges of the net investment in foreign operations was as follows:

at September 30, 2023						
(unaudited)	Power	Natural gas	Liquids	Emission credits	Foreign exchange	Interest rate
Net sales (purchases) ^{1,2}	8,550	73	2	125	—	—
Millions of U.S. dollars	—	—	—	—	5,622	1,800
Millions of Mexican pesos	—	—	—	—	19,000	—
Maturity dates	2023-2044	2023-2029	2023-2024	2023	2023-2026	2030-2034

- 1 Volumes for power, natural gas, liquids and emission credit derivatives are in GWh, Bcf, MMBbls and thousand metric tonnes CO₂, respectively.
- 2 In 2023, the Company entered into contracts to sell 50 MW of power commencing in 2025 with terms ranging from 15 to 20 years and provided from specified renewable sources in the Province of Alberta.

at December 31, 2022						
(unaudited)	Power	Natural gas	Liquids	Foreign exchange	Interest rate	
Net sales (purchases) ¹	673	(96)	11	—	—	—
Millions of U.S. dollars	—	—	—	5,997	1,600	—
Millions of Mexican pesos	—	—	—	9,747	—	—
Maturity dates	2023-2026	2023-2027	2023-2024	2023-2026	2030-2032	—

- 1 Volumes for power, natural gas and liquids derivatives are in GWh, Bcf and MMBbls, respectively.

Unrealized and Realized Gains (Losses) on Derivative Instruments

The following summary does not include hedges of the net investment in foreign operations:

(unaudited - millions of Canadian \$)	three months ended September 30		nine months ended September 30	
	2023	2022	2023	2022
Derivative Instruments Held for Trading¹				
Unrealized gains (losses) in the period				
Commodities	(17)	42	113	(16)
Foreign exchange	(40)	(283)	142	(321)
Realized gains (losses) in the period				
Commodities	249	165	579	561
Foreign exchange	(29)	(1)	110	27
Derivative Instruments in Hedging Relationships				
Realized gains (losses) in the period				
Commodities	(8)	(21)	(20)	(39)
Interest rate	(13)	2	(29)	—

- 1 Realized and unrealized gains (losses) on held-for-trading derivative instruments used to purchase and sell commodities are included on a net basis in Revenues. Realized and unrealized gains (losses) on foreign exchange held-for-trading derivative instruments are included on a net basis in Foreign exchange (gains) losses, net in the Condensed consolidated statement of income.

Derivatives in cash flow hedging relationships

The components of OCI (Note 11) related to the change in fair value of derivatives in cash flow hedging relationships before tax and including the portion attributable to non-controlling interests were as follows:

(unaudited - millions of Canadian \$, pre-tax)	three months ended September 30		nine months ended September 30	
	2023	2022	2023	2022
Gains (losses) in fair value of derivative instruments recognized in OCI ¹				
Commodities	18	(23)	(5)	(42)
Interest rate	—	—	—	36
	18	(23)	(5)	(6)

1 No amounts have been excluded from the assessment of hedge effectiveness.

Effect of fair value and cash flow hedging relationships

The following table details amounts presented in the Condensed consolidated statement of income in which the effects of fair value or cash flow hedging relationships were recorded:

(unaudited - millions of Canadian \$)	three months ended September 30		nine months ended September 30	
	2023	2022	2023	2022
Fair Value Hedges				
Interest rate contracts ¹				
Hedged items	(24)	(10)	(70)	(12)
Derivatives designated as hedging instruments	(13)	1	(29)	2
Cash Flow Hedges				
Reclassification of gains (losses) on derivative instruments from AOCI to Net income (loss) ^{2,3}				
Commodities ⁴	(29)	(10)	(77)	(24)
Interest rate ¹	(3)	(3)	(9)	(13)

1 Presented within Interest expense in the Condensed consolidated statement of income.

2 Refer to Note 11, Other comprehensive income (loss) and Accumulated other comprehensive income (loss), for the components of OCI related to derivatives in cash flow hedging relationships.

3 There are no amounts recognized in earnings that were excluded from effectiveness testing.

4 Presented within Revenues (Power and Energy Solutions) in the Condensed consolidated statement of income.

Offsetting of derivative instruments

The Company enters into derivative contracts with the right to offset in the normal course of business as well as in the event of default. TCPL has no master netting agreements; however, similar contracts are entered into containing rights to offset. The Company has elected to present the fair value of derivative instruments with the right to offset on a gross basis on the Condensed consolidated balance sheet. The following tables show the impact on the presentation of the fair value of derivative instrument assets and liabilities had the Company elected to present these contracts on a net basis:

at September 30, 2023 (unaudited - millions of Canadian \$)	Gross derivative instruments	Amounts available for offset ¹	Net amounts
Derivative instrument assets			
Commodities	1,417	(1,172)	245
Foreign exchange	48	(34)	14
	1,465	(1,206)	259
Derivative instrument liabilities			
Commodities	(1,305)	1,172	(133)
Foreign exchange	(70)	34	(36)
Interest rate	(163)	—	(163)
	(1,538)	1,206	(332)

1 Amounts available for offset do not include cash collateral pledged or received.

at December 31, 2022 (unaudited - millions of Canadian \$)	Gross derivative instruments	Amounts available for offset ¹	Net amounts
Derivative instrument assets			
Commodities	659	(591)	68
Foreign exchange	34	(33)	1
Interest rate	12	(4)	8
	705	(628)	77
Derivative instrument liabilities			
Commodities	(733)	591	(142)
Foreign exchange	(213)	33	(180)
Interest rate	(76)	4	(72)
	(1,022)	628	(394)

1 Amounts available for offset do not include cash collateral pledged or received.

With respect to the derivative instruments presented above, the Company provided cash collateral of \$133 million and letters of credit of \$96 million at September 30, 2023 (December 31, 2022 – \$138 million and \$68 million, respectively) to its counterparties. At September 30, 2023, the Company held cash collateral of less than \$1 million and \$31 million letters of credit (December 31, 2022 – less than \$1 million and \$10 million, respectively) from counterparties on asset exposures.

Credit-risk-related contingent features of derivative instruments

Derivative contracts entered into to manage market risk often contain financial assurance provisions that allow parties to the contracts to manage credit risk. These provisions may require collateral to be provided if a credit-risk-related contingent event occurs, such as a downgrade in the Company's credit rating to non-investment grade. The Company may also need to provide collateral if the fair value of its derivative financial instruments exceeds pre-defined exposure limits.

Based on contracts in place and market prices at September 30, 2023, the aggregate fair value of all derivative instruments with credit-risk-related contingent features that were in a net liability position was \$4 million (December 31, 2022 – \$19 million), for which the Company has provided no collateral in the normal course of business. If the credit-risk-related contingent features in these agreements were triggered on September 30, 2023, the Company would have been required to provide collateral equal to the fair value of the related derivative instruments discussed above. Collateral may also need to be provided should the fair value of derivative instruments exceed pre-defined contractual exposure limit thresholds.

The Company has sufficient liquidity in the form of cash and undrawn committed revolving credit facilities to meet these contingent obligations should they arise.

Fair Value Hierarchy

The Company's financial assets and liabilities recorded at fair value have been categorized into three categories based on a fair value hierarchy.

Levels	How fair value has been determined
Level I	Quoted prices in active markets for identical assets and liabilities that the Company has the ability to access at the measurement date. An active market is a market in which frequency and volume of transactions provides pricing information on an ongoing basis.
Level II	This category includes interest rate and foreign exchange derivative assets and liabilities where fair value is determined using the income approach and commodity derivatives where fair value is determined using the market approach. Inputs include published exchange rates, interest rates, interest rate swap curves, yield curves and broker quotes from external data service providers.
Level III	This category includes long-dated commodity transactions in certain markets where liquidity is low. The Company uses the most observable inputs available or alternatively long-term broker quotes or negotiated commodity prices that have been contracted for under similar terms in determining an appropriate estimate of these transactions. Where appropriate, these long-dated prices are discounted to reflect the expected pricing from the applicable markets. There is uncertainty caused by using unobservable market data which may not accurately reflect possible future changes in fair value.

The fair value of the Company's derivative assets and liabilities measured on a recurring basis, including both current and non-current portions, were categorized as follows:

at September 30, 2023				
(unaudited - millions of Canadian \$)	Quoted prices in active markets (Level I)	Significant other observable inputs (Level II) ¹	Significant unobservable inputs (Level III) ¹	Total
Derivative instrument assets				
Commodities	1,159	245	13	1,417
Foreign exchange	—	48	—	48
Derivative instrument liabilities				
Commodities	(1,080)	(201)	(24)	(1,305)
Foreign exchange	—	(70)	—	(70)
Interest rate	—	(163)	—	(163)
	79	(141)	(11)	(73)

¹ There were no transfers from Level II to Level III for the nine months ended September 30, 2023.

In 2023, the Company entered into contracts to sell 50 MW of power commencing in 2025 with terms ranging from 15 to 20 years and provided from specified renewable sources in the Province of Alberta. The fair value of these contracts is classified in Level III of the fair value hierarchy and is based on the assumption that the contract volumes will be sourced approximately 80 per cent from wind generation, 10 per cent from solar generation and 10 per cent from the market.

at December 31, 2022				
(unaudited - millions of Canadian \$)	Quoted prices in active markets (Level I)	Significant other observable inputs (Level II) ¹	Significant unobservable inputs (Level III) ¹	Total
Derivative instrument assets				
Commodities	515	142	2	659
Foreign exchange	—	34	—	34
Interest rate	—	12	—	12
Derivative instrument liabilities				
Commodities	(478)	(242)	(13)	(733)
Foreign exchange	—	(213)	—	(213)
Interest rate	—	(76)	—	(76)
	37	(343)	(11)	(317)

1 There were no transfers from Level II to Level III for the year ended December 31, 2022.

The following table presents the net change in fair value of derivative assets and liabilities classified as Level III of the fair value hierarchy:

(unaudited - millions of Canadian \$)	three months ended September 30		nine months ended September 30	
	2023	2022	2023	2022
Balance at beginning of period	(16)	(15)	(11)	(6)
Net gains (losses) included in Net income (loss)	6	(3)	1	(11)
Net gains (losses) included in OCI	1	(1)	—	(2)
Transfers to Level II	(2)	2	(1)	2
Settlements	—	1	—	1
Balance at End of Period¹	(11)	(16)	(11)	(16)

1 For the three and nine months ended September 30, 2023, there were unrealized gains of \$6 million and \$1 million, respectively, recognized in Revenues attributed to derivatives in the Level III category that were held at September 30, 2023 (2022 – unrealized losses of \$3 million and \$11 million, respectively).

14. ACQUISITIONS

Texas Wind Farms

On March 15, 2023, TCPL closed the acquisition of 100 per cent of the Class B Membership Interests in the 155 MW Fluvanna Wind Farm (Fluvanna) located in Scurry County, Texas for US\$99 million, before post-closing adjustments. On June 14, 2023, the Company closed the acquisition of 100 per cent of the Class B Membership Interests in the 148 MW Blue Cloud Wind Farm (Blue Cloud) located in Bailey County, Texas for US\$125 million, before post-closing adjustments. The Fluvanna and Blue Cloud assets have tax equity investors that own 100 per cent of the Class A Membership Interests, to which a percentage of earnings, tax attributes and cash flows are allocated.

TCPL determined it has a controlling financial interest in both projects and has consolidated the acquired entities as voting interest entities. The tax equity investors' interests were recorded as non-controlling interests at their estimated fair values of \$106 million (US\$80 million) for Fluvanna and \$116 million (US\$87 million) for Blue Cloud. These transactions are accounted for as asset acquisitions and therefore did not result in the recognition of goodwill.

TCPL has determined that the use of the Hypothetical Liquidation at Book Value (HLBV) method of allocating earnings between the Company and the tax equity investors is appropriate as the earnings, tax attributes and cash flows from Fluvanna and Blue Cloud are allocated to its Class A and Class B Membership Interest owners on a basis other than ownership percentages. Using the HLBV method, the Company's earnings from the projects is calculated based on how the projects would allocate and distribute cash if the net assets were sold at their carrying amounts on the reporting date under the provisions of the tax equity agreements.

15. PROPOSED SPINOFF

Proposed Spinoff of Liquids Business

On July 27, 2023, TC Energy announced plans to separate into two independent, investment-grade, publicly listed companies through the spinoff of its Liquids Pipelines business (the Transaction) and on November 8, 2023 the Company communicated that the name of the new Liquids Pipelines business will be South Bow Corporation. TC Energy expects that the Transaction will be completed in the second half of 2024, subject to TC Energy shareholder and court approvals, as well as the receipt of favourable tax rulings from Canadian and U.S. tax authorities, receipt of necessary regulatory approvals, and satisfaction of other customary closing conditions. Upon completion of the Transaction, TCPL will de-consolidate the Liquids Pipelines business. Under the proposed Transaction, TC Energy shareholders will retain their current ownership in TC Energy's common shares and receive a pro-rata allocation of common shares in South Bow Corporation.

For the three and nine months ended September 30, 2023, the Company incurred pre-tax separation costs of \$15 million (\$11 million after tax) with respect to the Transaction, which included employee-related transaction costs, legal, tax, audit and other consulting fees.

16. COMMITMENTS, CONTINGENCIES AND GUARANTEES

Commitments

Capital expenditure commitments at September 30, 2023 have decreased by approximately \$0.3 billion from those reported at December 31, 2022, reflecting normal course fulfillment of construction contracts, partially offset by new contractual commitments entered into for the construction of the Southeast Gateway pipeline and other capital projects.

Contingencies

TCPL and its subsidiaries are subject to various legal proceedings, arbitrations and actions arising in the normal course of business. While the final outcome of such legal proceedings and actions cannot be predicted with certainty, it is the opinion of management that the resolution of such normal course proceedings and actions will not have a material impact on the Company's consolidated financial position or results of operations.

2016 Columbia Pipeline Acquisition Lawsuit

On June 30, 2023, the Delaware Chancery Court (the Court) issued a ruling against TCPL and other named defendants in a class action lawsuit brought on behalf of the former shareholders of Columbia Pipeline Group Inc. (Columbia) related to the acquisition of Columbia by TCPL in July 2016. The Court determined that Columbia's then CEO and CFO breached their fiduciary duties and made material disclosure omissions and that TCPL was aware and took advantage of those breaches. The Court awarded shareholders damages in the amount of US\$1 per share. The final award is yet to be determined but is expected to be in the range of US\$400 million, plus interest at the statutory rate. Liability for this award will be allocated between Columbia's former executives and TCPL in a subsequent proceeding before the Court that will determine proportionate responsibility and account for the prior settlement. Until this allocation is known, the amount that TCPL is liable for cannot be reasonably estimated, therefore, the Company has not accrued a provision for this claim as at September 30, 2023.

TCPL will not be responsible for the full amount of the award, but its proportionate share will not be known until the allocation hearing is completed. The Company strongly disagrees with the ruling and intends to appeal once the final judgment is entered and the allocation is determined. The same Court had previously confirmed, after trial in an appraisal rights action filed in 2016, that the US\$25.50 per share that TCPL paid Columbia shareholders was fair value.

Guarantees

TCPL and its partner on the Sur de Texas pipeline, IEnova, have jointly guaranteed the financial performance of the entity which owns the pipeline. Such agreements include a guarantee and a letter of credit which are primarily related to the delivery of natural gas.

TCPL and its joint venture partner on Bruce Power, BPC Generation Infrastructure Trust, have each severally guaranteed certain contingent financial obligations of Bruce Power related to a lease agreement and contractor and supplier services.

The Company and its partners in certain other jointly-owned entities have either (i) jointly and severally, (ii) jointly or (iii) severally guaranteed the financial performance of these entities. Such agreements include guarantees and letters of credit which are primarily related to construction services and the payment of liabilities. For certain of these entities, any payments made by TCPL under these guarantees in excess of its ownership interest are to be reimbursed by its partners.

The carrying value of these guarantees has been included in Other long-term liabilities on the Condensed consolidated balance sheet. Information regarding the Company's guarantees is as follows:

(unaudited - millions of Canadian \$)	Term	September 30, 2023		December 31, 2022	
		Potential exposure ¹	Carrying value	Potential exposure ¹	Carrying value
Sur de Texas	Renewable to 2053	100	—	100	—
Bruce Power	Renewable to 2065	88	—	88	—
Other jointly-owned entities	to 2043	80	3	81	3
		268	3	269	3

1 TCPL's share of the potential estimated current or contingent exposure.

17. VARIABLE INTEREST ENTITIES

Consolidated VIEs

A significant portion of the Company's assets are held through VIEs in which the Company holds a 100 per cent voting interest, the VIE meets the definition of a business and the VIE's assets can be used for general corporate purposes. The consolidated VIEs whose assets cannot be used for purposes other than for the settlement of the VIE's obligations, or are not considered a business, were as follows:

(unaudited - millions of Canadian \$)	September 30, 2023	December 31, 2022
ASSETS		
Current Assets		
Cash and cash equivalents	47	60
Accounts receivable	79	98
Inventories	34	32
Other current assets	11	14
	171	204
Plant, Property and Equipment	4,142	3,997
Equity Investments	703	748
Regulatory Assets	7	—
Goodwill	450	449
	5,473	5,398
LIABILITIES		
Current Liabilities		
Accounts payable and other	203	234
Accrued interest	23	18
Current portion of long-term debt	72	31
	298	283
Regulatory Liabilities	84	78
Other Long-Term Liabilities	9	1
Deferred Income Tax Liabilities	16	16
Long-Term Debt	2,133	2,136
	2,540	2,514

Non-Consolidated VIEs

The carrying value of these VIEs and the maximum exposure to loss as a result of the Company's involvement with these VIEs are as follows:

(unaudited - millions of Canadian \$)	September 30, 2023	December 31, 2022
Balance Sheet Exposure		
Equity investments		
Bruce Power	6,274	5,783
Other pipeline equity investments	1,124	1,148
Off-Balance Sheet Exposure¹		
Bruce Power	1,728	2,025
Coastal GasLink ²	1,355	3,300
Other pipeline equity investments	58	58
Maximum Exposure to Loss	10,539	12,314

1 Includes maximum potential exposure to guarantees and future funding commitments.

2 TCPL is contractually obligated to fund the capital costs to complete the Coastal GasLink pipeline by funding the remaining equity requirements of Coastal GasLink LP through capacity on the subordinated loan agreement with Coastal GasLink LP until final project costs are determined. At September 30, 2023, the total capacity committed by TCPL under this subordinated loan agreement was \$3,375 million (December 31, 2022 – \$1,262 million). In the nine months ended September 30, 2023, \$2,020 million was drawn on the subordinated loan, reducing the Company's funding commitment under the subordinated loan agreement to \$1,355 million. Refer to Note 5, Coastal GasLink, for further information.

18. SUBSEQUENT EVENT

Columbia Gas and Columbia Gulf Monetization

On October 4, 2023, TCPL successfully completed the sale of a 40 per cent equity interest in Columbia Gas and Columbia Gulf to Global Infrastructure Partners (GIP) for proceeds of \$5.3 billion (US\$3.9 billion). Columbia Gas and Columbia Gulf are held by a newly formed entity with GIP. Preceding the close of the equity sale, on August 8, 2023, Columbia Pipelines Operating Company LLC and Columbia Pipelines Holding Company LLC issued US\$4.6 billion and US\$1.0 billion of long-term, senior unsecured debt, respectively, with all proceeds paid to TCPL. The net proceeds from the offerings were used to repay existing intercompany indebtedness with TCPL entities and directed towards reducing leverage. Refer to Note 9, Notes payable and Long-term debt, for additional information.

The Company continues to have a controlling interest in Columbia Gas and Columbia Gulf and will remain the operator of these pipelines. TCPL and GIP will each fund their proportionate share of annual maintenance, modernization and sanctioned growth capital expenditures through internally generated cash flows, debt financing within the Columbia entities, or from proportionate contributions from TCPL and GIP.