

October 26, 2015

TransCanada
Attn: Vaughan Mainline Expansion Project
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Dear Stakeholder:

Subject: Update on TransCanada's Proposed Vaughan Mainline Expansion Project

We are writing to provide an update on the proposed Vaughan Mainline Expansion (VME) Project, as well as additional information arising from recent updates to the National Energy Board's (NEB) filing requirements.

As noted in our previous correspondence, TransCanada PipeLines Limited (TransCanada) is proposing to construct, own and operate the VME Project which would be located in the City of Vaughan. The VME Project is a new natural gas transmission pipeline that would be constructed in order to continue to provide homes, businesses, schools and hospitals in Ontario and Eastern Canada with a safe and reliable source of natural gas.

Proposed Route Update

The proposed VME Project route will connect into TransCanada's approved 914.4 mm (NPS 36) King's North Connection (KNC) pipeline project and the existing TransCanada Line 200-2, 914.4 mm (NPS 36) pipeline northwest of the intersection of Major MacKenzie Drive and Huntington Road. The Project will run north and east before heading south to connect into the existing TransCanada Line 200-3, 1067 mm (NPS 42) pipeline near the existing MLV 201A crossover valve site located southeast of the intersection of Kirby Road and Kipling Avenue. The existing crossover valve MLV 201A and associated crossover piping will be removed. A receiver barrel and associated piping will be installed at the existing TransCanada Maple Compressor Station.

TransCanada has considered a number of routing alternatives as part of the consultation process with interested First Nation and Métis communities and organizations, landowners and stakeholders. An initial proposed route was shared in project materials that were provided to directly impacted landowners in March 2015, broader stakeholders in April 2015 and at a public Open House held on May 13, 2015. During the Open House and at subsequent meetings with landowners and stakeholders, we received important feedback that was considered as part of our ongoing route assessment. When assessing route alternatives, TransCanada considered a number of factors, including the following:

- paralleling other existing linear disturbances to:
 - minimize the introduction of infrastructure to areas in which it currently does not exist
 - maximize amount of temporary work space (TWS) on existing right-of-way (ROW) or other existing disturbances where feasible
 - minimize the amount of new (non-parallel) ROW required;

- minimizing the number and complexity of watercourse crossings;
- avoiding or minimizing effects on identified environmentally sensitive areas (e.g., wetlands);
- avoiding or minimizing fragmentation of parcels;
- avoiding or minimizing routing through areas of unstable terrain;
- avoiding lands of designated status such as parks, cemeteries and known historic sites;
- considering input received from First Nation and Métis communities and organizations, as well as stakeholders such as landowners and regulators, through various engagement activities including mail-outs and Open House events;
- ensuring the facilities are economical to construct and operate;
- ongoing consultation with regulatory agencies to understand issues that might need to be addressed in the routing process;
- avoiding or minimizing routing near current or planned urban development and residences;
- minimizing the number of road crossings, particularly of highways and paved roads; and
- ensuring construction feasibility of watercourse, rail and road crossings along the selected route.

In developing the proposed route, TransCanada attempted, where feasible, to accommodate concerns that were raised. TransCanada believes that the proposed route balances multiple factors that must be considered and represents the best option available for the Project. The proposed VME Project has minimized its impact on existing and imminent land developments in the area where feasible. Based on landowner and stakeholder feedback, as well as data collected during field surveys, TransCanada also made several revisions to the route since it was initially proposed, including the following:

- shifting the alignment across the East Humber River to minimize routing into the “white belt” area located northwest of the intersection of Kipling Avenue and Kirby Road;
- shifting the route further north across Highway 27 to minimize impact on environmentally sensitive features;
- minimize paralleling Highway 27 to minimize impact on future widening of the road
- minimizing impact to lands designated for non-profit community use;
- implementing Horizontal Directional Drilling (HDD) construction method across Nashville Road to minimize impact to environmentally sensitive features;
- changing alignment to follow property boundary north of the KNC tie-in to minimize fragmentation of the parcel; and
- shifting the route to the north across Kipling Avenue to avoid impact to a provincially significant wetland located southwest of the intersection of Kirby Road and Kipling Avenue.

Attachment 1 shows a map with the initial proposed route that was originally provided for consultation, and also shows the current proposed route that was refined as a result of stakeholder feedback. The current proposed route is what we intend to include in our application to the NEB.

Dispute Resolution

TransCanada’s approach to stakeholder consultation is designed to avoid disputes. We work hard to address questions and concerns in a timely manner by providing early notice to

stakeholders who are potentially impacted by TransCanada's projects. We consult with people often and invite feedback, and continue to provide updates throughout the process.

TransCanada's preferred method to address landowner complaints is through direct and respectful discussion with persons potentially impacted by its projects. Issues received or identified during these discussions are systematically tracked and followed up on to promote mutual resolution and positive interest-based outcomes. In the event that mutual resolution through this approach is not achievable, the parties may consider use of NEB's collaborative Appropriate (or alternative) Dispute Resolution (ADR) Process as a means of assistance.

Application Submission

TransCanada intends to file the Project regulatory application with the NEB in early November 2015. To learn more about the NEB, we encourage you to review the updated pamphlet titled *Information for Proposed Pipeline or Power Line Projects that Do Not Involve a Hearing* that is included in Attachment 2 or contact the Board directly.

We look forward to continuing to engage with interested stakeholders throughout the NEB review process and the construction and operation phases of the Project. If you have any questions or comments, please do not hesitate to contact us.

Yours truly,

A handwritten signature in black ink, appearing to read 'N. Jalotjot', with a stylized flourish at the end.

Nelson Jalotjot
Project Manager, TransCanada

Sent on Behalf of the Vaughan Mainline Expansion Project Team