

# MAKING CONNECTIONS



PEMBINA PIPELINE CORPORATION

Winter Newsletter

2013

Welcome to the Winter 2013 edition of Making Connections

*Pembina uses this newsletter to inform stakeholders, like you, of the various projects and initiatives we are undertaking both corporately and as an active member of your community.*

## CHANGING OF THE GUARD AT PEMBINA

On September 4, Pembina's Chief Executive Officer (CEO), Bob Michaleski, announced his plans to retire at the end of 2013. Bob contributed greatly towards Pembina's success during his 35 year career with the Company.

Bob joined Pembina in 1978 and was appointed Vice President of Finance in 1992. He took on the role of Chief Financial Officer in 1997 and held the position of President and Chief Executive Officer from January 2000 until February 2012, when he transitioned the role of President to Chief Operating Officer (COO) Mick Dilger. Bob will continue to serve as a member of Pembina's Board and Mr. Dilger will take the CEO reins effective January 1, 2014.

"It has been an honour to have led Pembina over the past 14 years. I have been privileged to work with such a supportive and respected Board of Directors, a top-notch management team and fellow employees whose dedication and motivation inspire me every day," said Mr. Michaleski. "The successes of our Company have truly been a team effort and I'm proud of what we have accomplished together. The future for Pembina has never looked brighter and I know the Company we have built is in the best of hands as I transition the role of CEO over to Mick and pursue retirement. Mick has the expertise, business skills and most importantly, the vision, to see Pembina into the future."

Mick Dilger joined Pembina as Vice President, Business Development in 2005 – a role he held until 2008. In November 2008, he was appointed Chief Operating Officer and in 2012 he added the role of President to his portfolio. Mick has over 26 years of experience in the energy industry and has provided leadership in the areas of operational performance and improvement, strategic development, acquisitions and divestitures and finance.

"I am looking forward to all this role brings - both the opportunities and the challenges," said Mick. "During and after the change in leadership, it will be business as usual at Pembina and I am confident the future will look much like the past. As always, our main focus will be on ensuring the safety and reliability of our operations, while executing on our business strategy to help maximize long-term and sustainable returns for our shareholders."

Lorne Gordon, Chairman of the Board summed up the changing of the guard and said, "Bob has had a distinguished career at Pembina and has worked tirelessly on behalf of Pembina's employees, customers and shareholders to deliver on our promises. Bob has overseen Pembina's transformation from an Alberta-based oil pipeline company into one of North America's leading integrated energy transportation and midstream service companies. The success of this transformation is, in part, due to Bob's focus on developing talent and allowing emerging leaders, like Mick, the opportunity to steer Pembina towards new, value-added initiatives."

We wish Bob luck in his retirement and look forward to having Mick serve in his new role.



Bob Michaleski, CEO



Mick Dilger, President and COO



2 Read about:  
our growth projects and the  
exciting opportunities they bring.



3 Discover:  
some of Pembina's  
environmental programs.



4 Learn about:  
our community investment  
program to help the  
communities in which we  
operate continue to be vibrant  
places to live, work and play.

# GROWING WITH THE DEMAND

The oil sands are a vast resource. The petroleum contained in the sands, referred to as bitumen, is extremely thick and must be diluted before it can be transported via pipeline. For Pembina, this creates opportunities for our Oil Sands & Heavy Oil Business Unit (OBU) to provide pipeline solutions for the oil sands and heavy oil producing areas of Alberta, as well as deliver condensate or other diluents closer to the source of production.

To continue to meet the growing needs of oil sands producers, Pembina recently announced that it has entered into an Engineering Support Agreement (ESA) with Statoil Canada Ltd. (Statoil) for diluent and blended bitumen transportation services in the Conklin area of northeast Alberta. Concurrent with the work under the ESA, Pembina and Statoil will proceed with negotiations to conclude long-term agreements for the construction of, and transportation service on, a new pipeline system and associated infrastructure (the Cornerstone Pipeline Project).

The Cornerstone Pipeline Project will consist of two 320 kilometre pipelines and related infrastructure. The pipelines will transport diluent and blended bitumen between Statoil's developments and the Edmonton area, including connectivity to Pembina's Nexus Terminal. The proposed pipeline system will include:

- Parallel pipelines for blended bitumen and diluent products
- Intermediate pump stations
- Terminal facilities near Conklin and Edmonton, AB

Under the ESA, Pembina and Statoil have jointly agreed to spend up to \$35 million to conduct preliminary engineering work and begin stakeholder consultation. Once the work is completed under the ESA, Pembina expects to be in a position to file the necessary applications in Q3 2014.

"Our preliminary capital cost estimate to undertake construction of the two Cornerstone pipelines, a 12" diluent and 24" blended bitumen pipeline system, is approximately \$850 million," said Michael Hantzsch, Vice President, Oil Sands & Heavy Oil. "This size of pipe would allow us to phase-in future expansions down the road with incremental capital. We also may consider up-sizing the pipelines to 20" and 30" respectively, should the work conducted under the ESA indicate there are sufficient volumes."

The Cornerstone Pipeline Project is an exciting new project for Pembina and allows us to continue to meet the growing needs of our customers. We continue to increase our access to diluent sources, both in the Edmonton area via our Midstream business and through expansions of our Gas Services assets and Conventional Pipeline systems. This, combined with our ongoing major pipeline system construction experience, puts us in a strong position to support Statoil and others with their oil sands development.

Pembina values your input. If you have questions, comments or want additional information please contact us at:

**Pembina's Toll-Free Project Line: 1-888-920-1979, or our  
Cornerstone Pipeline project e-mail: [cornerstone@pembina.com](mailto:cornerstone@pembina.com)**

## Proposed Cornerstone Pipeline Project Route



# PEMBINA CELEBRATES GROUND BREAKING IN REDWATER

Pembina's operations in the Redwater area of Alberta continue to grow with the construction of the Redwater Fractionation and Storage Facility 2 (RFS2) project. This expansion is essentially a twinning of our existing facility and is the result of strong demand for incremental fractionation capacity in the area.

In October, Pembina kicked off the construction phase of the project with a ceremonial ground breaking and luncheon.

The ceremony was well attended by local officials, customers, media and industry partners. The event gave us a great opportunity to thank our

local communities while enhancing our existing relationships. Pembina's President and COO, Mick Dilger, thanked the local community for their support and explained the importance of this project to both Pembina and the community.

"Although, it has only been two years that Pembina has owned and operated the Redwater Fractionation and Storage facility, which we fondly refer to as RFS, the facility has played an integral role for several years in providing stable jobs and economic opportunities for the local communities of Redwater, Gibbons and Sturgeon County," said Mick.

The opportunity for Pembina to develop expanded fractionation capabilities at our Redwater facility provides our customers with much needed capacity and services. It also continues to strengthen Pembina's commitment to growing our infrastructure, safe maintenance and operations of the facility and our partnerships with communities where we operate.

Mick Dilger, Pembina President and COO, Mel Smith, Mayor Redwater, Jeff Johnson, MLA Athabasca-Sturgeon-Redwater, Donald Rigney, Mayor Sturgeon County, Bill Nimmo, Mayor Gibbons





## PEMBINA'S FIRST NATIONS ENVIRONMENTAL TECHNICIAN PROGRAM

Kevin Evans of Pembina (far left), with Environmental Technician Program participants.

Supporting training for the future while strengthening relationships for today.

Pembina's consultation efforts with Alberta First Nations' communities led to the development of a program that is benefitting everyone who participates, while strengthening relationships in the process.

The First Nations Environmental Technician Program was developed with the goal of helping First Nations communities build internal capacity to understand the process of pipeline construction and participate in the environmental work that takes place when companies propose a new project.

Program participants work with environmental planners and inspectors to get an understanding of the procedures and construction methods used to install pipelines, while working to protect the environment. Pembina employees and contractors have the opportunity to learn from the First Nations' community representatives regarding the communities' use of the land in the area.

It's a win-win for all involved.

Typically, Pembina works with the community to identify candidates for the training and conducts an interview process. Personal objectives such as protecting the environment, interest in construction, concern about traditional land use, partaking in

hunting, fishing and interest in learning new skills, are all important factors in selecting the candidates for the training.

Since 2009, nearly 70 people have been involved in the training, resulting in 22 community representatives being hired during the construction of five different projects.

The program also helps inform First Nations communities, through the experiences of the participants, on the environmental work that actually goes into preparing and mitigating a pipeline project, while cultivating a positive relationship between the community and Pembina for the project and for activities in the area.



Pembina Staff Enjoying Aboriginal Day

## PEMBINA CELEBRATES ABORIGINAL DAY

On June 20th, in honour of National Aboriginal Day, Pembina held its own Aboriginal Awareness Celebration at the Calgary office. This celebration included traditional food, drumming, dancers, and a blessing from Casey Eagle Speaker, a Blackfoot Elder and a member of the Blood Tribe in Southern Alberta.

# REDUCING EMISSIONS WITH NEW LEAF

Pembina is mindful about reducing its emissions and carbon footprint wherever we can. One of the ways we're doing this is by employing a RAILSERVE LEAF locomotive at our Redwater Fractionation and Storage facility in Redwater, Alberta. RAILSERVE operates Pembina's rail yard at the facility and their LEAF locomotive works to switch rail cars and prepare shipments for transport.

LEAF stands for 'Lower Emissions And Fuel.' Rising fuel costs, environmental concerns, and the desire for more efficient operations have prompted companies

like Pembina to seek alternatives to conventional locomotives for our in-plant rail switching operations.

Other benefits of LEAF include:

- reduced fuel consumption of 45–65% over a conventional locomotive
- reduced nitrogen oxide emissions and particulate matter by 84%
- one-button push start eliminates up to 30 minutes of start-up preparation

- 10% lower decibel output than conventional locomotives
- for every 50 gallons per day of diesel not burned, a LEAF locomotive reduces GHG (Green House Gases) by 400,000 lbs. per year

Pembina currently has three engines working at Redwater, including one LEAF, and is now evaluating the purchase of another to replace an older locomotive in the fleet.



LEAF Locomotive

### CALL BEFORE YOU DIG

To protect people and the environment, and to reduce the risk of pipeline damage, it's important to contact Pembina directly (1-888-428-3222 or [landrequests@pembina.com](mailto:landrequests@pembina.com)) at least three days before you do any type of excavation that might be on or near a pipeline right-of-way. You should also always call your provincial One Call Service at:

**Alberta One Call: 1-800-242-3447**  
**British Columbia One Call: 1-800-474-6886**  
**Ontario One Call: 1-800-400-2255**

# PEMBINA IN THE COMMUNITY

Pembina's community investment decisions are based on our understanding of the unique needs and characteristics of each community. We focus initiatives on supporting organizations that advance education, safety and environment, community building and health and recreation.

## Corunna/Sarnia Girls Hockey

Pembina's community involvement is at work in Corunna, ON where we sponsored the Sarnia Junior Lady Sting Atom C hockey team.

The team had a great season this year: they were quarter-finalists in the Pink-the-Rink tournament in Etobicoke; and, while at the Walter Gretzky tournament in Brantford they won the silver medal. They also finished one point away from making it to the Provincial Championships in Ottawa. We are proud to sponsor such a dedicated team, and wish to congratulate the girls on a fantastic season.



Sarnia Junior Ladies Sting Atom C

## Backpacks for High River

After the Alberta Floods in June, Pembina was committed to lending a hand in recovery efforts. This included providing \$46,000 worth of vacuum services to those affected in some Calgary communities, as well as a \$100,000 donation to the Canadian Red Cross. However, we were determined to do more, and so during the month of August, the Calgary office held a drive for backpacks to donate to kids in High River.

For many of the families facing the start of the school year, it would be difficult to afford to provide their children with all the necessary supplies for the coming year. So, the High River ParentLink Centre stepped in and began a campaign to provide every child going back to school with a backpack. This means they were looking to put together nearly 2,000 backpacks!

Pembina ended up donating 23 backpacks – five were put together by the company and the rest were donated by Calgary office employees. Pembina is very proud to support this worthwhile cause, and wishes to thank everyone who contributed to make this campaign such a great success as we all move towards rebuilding and recovery.



Collected Backpacks

## DO YOU KNOW US BY A SUBSIDIARY NAME?

In British Columbia, Pembina's pipelines are known by our subsidiary company name, **Plateau Pipe Line Ltd.** Crossing the B.C. / Alberta border, we operate under **Pouce Coupé Pipe Line Ltd.**, and our pipelines within the Edmonton / Fort McMurray corridor are operated as **Alberta Oil Sands Pipeline Ltd. (AOSPL)**.



## MAKE YOUR OWN CONNECTION WITH PEMBINA

Pembina Pipeline Corporation 3800, 525 – 8th Ave. SW, Calgary, Alberta T2P 1G1  
[www.pembina.com](http://www.pembina.com) 24-Hour Emergency Contact: 1-800-360-4706 Email: [communityrelations@pembina.com](mailto:communityrelations@pembina.com)

### Reliable | Trusted | Responsible

Committed to being the operator, employer, partner, neighbour and investment of choice in North America's energy infrastructure sector.

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## Medicine Hat Stampede and Exhibition

Pembina is proud to support the Medicine Hat Stampede and Exhibition (MHS&E) with their purchase of a new mobile emergency response vehicle, known as "MERV".



Breck Denton, Manager, Operations Empress

Like Pembina, the MHS&E takes safety seriously and works to ensure top safety standards during various events they host throughout the year. MERV will now be used to transport casualties from areas within the grounds that a ground transport could not access, and will also serve as a response unit for any issue while on the grounds.

"Safety is a top priority for Pembina and so this was a natural fit for us to support in the community," explains Breck Denton, Manager of Operations for Pembina's Empress District.

In 2012, Pembina helped the MHS&E purchase 12 UHF two-way radios that were programmed with the emergency response frequency.

## Pembina Supports Make a Wish Foundation

Pembina believes that communities thrive when they have access to exceptional health care, nutrition and recreational programs. This July, we helped support the Make a Wish Foundation's 10th Annual Fish Day, which offers kids with life-threatening medical conditions a fun opportunity to spend the day fishing with their families. Over 50 kids and their families came out on July 13th to Albert's Pond, south of Sherwood Park. This area is donated by local farmers each year.

Todd Schneider, Supervisor, Safety, Environment & Security East, volunteered to bring out the Pembina BBQ to keep everyone well fed. "What makes this day so special is that it's a community effort; it's coordinated by a group of volunteers who work hard to make this happen every year for the Make a Wish Foundation," explains Todd.



Make a Wish Foundation's 10th Annual Fish Day

## Reading University Sponsorship

Reading University is a three week summer program intended to increase the literacy skills of children in Grade 3 who are not yet reading at grade level.

This past year, Grande Prairie's Conventional and Gas Services Business Units (CBU and GBU) donated a combined \$2,000 to this program, which is 100% community funded.

Reading University was first offered in Grande Prairie in the summer of 2009 with 32 students and one district participating. In 2013, 96 students from across three districts graduated from the program.

Reading University is an early intervention project that addresses literacy outside of the typical classroom setting. Students are bused to and from their "campus". Everything from supplies to healthy lunches are provided. More importantly, the student/teacher ratio is enhanced to one instructor for every five children. This ratio drives results and builds confidence.

Pembina is a proud sponsor of this program.

