EXHIBIT 1

http://business.financialpost.com/commodities/energy/pembina-pipelines-new-purpose-get-canadas-oil-and-gas-to-the-rest-of-the-world

Pembina Pipeline's new purpose: Get Canada's oil and gas to the rest of the world

CEO shifts to getting hydrocarbons to the U.S. and Asia, especially in light of Canada's infrastructure problems, which he thinks will only get worse

By Claudia Cattaneo
February 16, 2018
Last Updated
February 20, 2018

Political priorities come and go, especially when it comes to energy these days, and Pembina Pipeline Corp. has been adding value one piece of infrastructure at a time since the days of Louis St. Laurent.

Its most recent growth spurt, much of it through the oil and gas downturn, has boosted its enterprise value to $26.7 billion, from $14.4 billion in 2014 when current chief executive Mick Dilger took over, and from $3 billion 10 years ago.

With that kind of pedigree, you could do worse than pay attention to Dilger, who believes it would be better for governments to help improve the value of existing resources rather than chase new energy sources.

Canada, he points out, sits on some of the world's best and largest deposits of natural gas, which could be the bridge fuel to both help solve the climate change challenge by replacing coal and turn the country into a green superpower.

"How bad does it have to get in Canada before people care?" Dilger said in an interview in the company's Calgary headquarters. "Monies don't come from governments. They come from adding value, and maybe parts of Canada have had it too good and we need some pain before people start to wake up. It's also frustrating to me because I am mindful of the environment."

Pembina is little known outside Western Canada, partly because it rarely seeks publicity, partly because much of its business has been in energy-friendly Alberta.

It grew from a single oil pipeline built in 1954 by Alberta's Mannix dynasty to transport oil from the Pembina oil discovery in Drayton Valley, Alta. The company is now widely held — the Mannix family remains a shareholder — and is now Canada's third-largest pipeline company after Enbridge Inc. and TransCanada Corp.

Pembina has achieved its lofty position by building or buying infrastructure to serve its oil and gas customers in Western Canada, specifically pipelines linked to the oilsands in Alberta and shale discoveries such as the Montney and the Duvernay, storage tanks, fractionation plants that separate light hydrocarbon mixtures into individual substances, and gas-processing facilities.

The next projects in its core geography continue to reflect its time-tested mantra: do the most with the molecules you have.

The projects include a proposed $4-billion petrochemical plant in Sturgeon County in Alberta's Heartland with equal partner Petrochemical Industries Co. of Kuwait, and a $250-million liquefied petroleum gas export terminal in Prince Rupert, B.C.

"We think we have a purpose beyond what we have done, which is to play our part alongside other sector companies to **get our hydrocarbons to the rest of the world**," Dilger said.

But its next game-changing project could be in the United States. Pembina is making progress on reviving the US $10-billion Jordan Cove Energy Project, a liquefied natural gas export terminal on the Oregon coast to process Western Canadian gas, which is in great demand in Asia, but prices have languished because of a lack of export infrastructure.

"We think we have a purpose beyond what we have done, which is to play our part alongside other sector companies to get our hydrocarbons to the rest of the world"

-Mick Dilger-

Jordan Cove was part of Pembina's acquisition of Veresen Inc. last year, part of a $100-billion U.S. buying spree by Canada's top three pipeline companies over the past three years.

In addition to Pembina's purchase of Veresen, whose assets are half in the U.S., Enbridge bought Spectra Energy Corp. and TransCanada purchased Columbia Pipeline Group Inc.

The U.S. is where Pembina's larger competitors have already spread out to get around Canada's infrastructure gridlock and to take advantage of the more favourable business environment down south.

"That is $100-billion worth of money that could have been spent in Canada," said Dilger, a 54-year-old accountant by trade. "Think about that: the royalties, the jobs. The trend is, as their economy gets more pro business and pro-development, and ours goes the other way, capital will flee Canada. Those are all irrefutable conclusions to the way we are going, versus the way they are going."

The struggling but advanced Jordan Cove LNG project was denied an export permit by the U.S. Federal Energy Regulatory Commission two years ago because of a lack of customers even during a period of weak LNG prices, but Pembina has since filed a new permit application and expects a ruling this November.

An artist's rendering of the Jordan Cove project. Handout/Jordan Cove Energy

"We believe (the project) filed a winning application this time," Dilger said. "They had tremendous local support and federal support. I am not trying to predict what is going to happen in 2023 with commodity prices. But today, the price of gas in Tokyo is US $11. The price of gas in Alberta on a bad day is like $1. It costs you $5 to $6 to get it there. So there is a massive arbitrage today. I don't know what it's going to be in 2023, but there is a lot of interest right now."

Pembina is trying to secure customers and finish pipeline engineering, but if everything works out, the company will be in a position to make a final investment decision as soon as the end of 2018, Dilger said, which might mean the project could be completed in 2023.

"Pembina was smart to keep the project alive because the LNG market is coming to them now," said Dan Tsubouchi, chief market strategist at Stream Asset Financial Management, who believes global LNG demand is recovering a lot faster than previously anticipated.

Buying Veresen also gave Pembina two strategic Canadian gas export assets: a 50 per cent interest in the Alliance natural gas pipeline from Western Canada to Chicago (the rest is owned by Enbridge), and a roughly 43 per cent stake in a natural-gas-processing venture, Aux Sable.

But Dilger worries Canada's energy infrastructure problems will only get worse because of reforms announced by Ottawa last week to modernize the regulatory and environmental reviews of energy projects.

For example, allowing anyone in Canada to have an opinion on whether a major project should go ahead politicizes reviews and puts the country down a "very dangerous" path, he said.

There are three LNG projects making progress on the B.C. coast — LNG Canada led by Royal Dutch Shell PLC with partners PetroChina, Korea Gas Corp. and Mitsubishi Corp. of Japan; Woodfibre LNG, owned by the RGE Group of companies based in Singapore; and Kitimat LNG, a joint venture between Chevron Corp. and Australia's Woodside Petroleum Ltd. — but politics and high costs have been a long-running challenge.

Jordan Cove, meanwhile, would process up to 1.3 billion cubic feet a day of both Western Canadian gas or U.S. Rockies gas into LNG for export to Asia, but it's not the only energy export project that could take Canadian energy in the U.S. to reach Asian markets.

The proposed Eagle Spirit oil pipeline is also moving forward with plans to establish a tanker terminal in Alaska to export Canadian oil and get around the federal Liberal government's tanker ban.

Dilger believes Jordan Cove has a higher chance of success under Pembina than it had under Veresen because it has the money to finance it, the expertise to build both the plant and a 400-kilometre pipeline through tough terrain, and the relationships with Western Canadian producers and Asian customers to make it viable.

Some day, Pembina would like to build an LNG facility on the B.C. coast, too, Dilger said, but Jordan Cove has key advantages: it is cheaper to build a pipeline to receive Western Canadian gas from existing networks than build over the Canadian Rockies; its location near larger population centres means there is labour available to build it; and shorter travel time to Asian markets versus the U.S. Gulf Coast means lower transportation costs for its LNG.

Another priority is the expansion of the Alliance pipeline, one of Canada's large gas export highways into the Chicago hub.

Pembina will move ahead with Veresen's plans to expand the system by up to 500 million cubic feet a day, adding to the current level of 1.8 billion cubic feet a day, by using compression. A binding open season for interested shippers is under way.

"The best market in North America right now is Chicago," Dilger said, "I'd like to see Canadian gas get there and get some higher netbacks."

The Veresen acquisition diversified Pembina's assets into gas and into a new region, he said, but it also fits with the company's integrated business model, which he said is better than having disparate energy businesses geographically.

As for moving into new energy sources such as wind and solar, Dilger doesn't see the value proposition for his company, adding: "How's that working for Ontario so far?"

###