

TRANSCANADA CORP
Form 40-F
February 16, 2017

U.S. Securities and Exchange Commission
Washington, D.C. 20549
Form 40-F

.. REGISTRATION STATEMENT PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT
OF 1934

OR
ANNUAL REPORT PURSUANT TO SECTION 13(a) OR 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934

For the fiscal year ended December 31, 2016 Commission File Number 1-31690

TRANSCANADA CORPORATION

(Exact Name of Registrant as specified in its charter)

Canada

(Province or jurisdiction of incorporation or organization)

4922, 4923, 4924, 5172

(Primary Standard Industrial Classification Code Number (if applicable))

Not Applicable

(I.R.S. Employer Identification Number (if applicable))

TransCanada Tower, 450 - 1 Street S.W.

Calgary, Alberta, Canada, T2P 5H1

(403) 920-2000

(Address and telephone number of Registrant's principal executive offices)

TransCanada PipeLine USA Ltd., 700 Louisiana Street, Suite 700

Houston, Texas, 77002-2700; (832) 320-5201

(Name, address (including zip code) and telephone number (including area code)

of agent for service in the United States)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class

Name of each exchange on which registered

Common Shares (including Rights under Shareholder Rights Plan) New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act: None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

For annual reports, indicate by check mark the information filed with this Form:

Annual information form Audited annual financial statements

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

At December 31, 2016, 863,759,075 common shares;

9,498,423 Cumulative Redeemable First Preferred Shares, Series 1;

12,501,577 Cumulative Redeemable First Preferred Shares, Series 2;

8,533,405 Cumulative Redeemable First Preferred Shares, Series 3;

5,466,595 Cumulative Redeemable First Preferred Shares, Series 4;

12,714,261 Cumulative Redeemable First Preferred Shares, Series 5;

1,285,739 Cumulative Redeemable First Preferred Shares Series 6;

24,000,000 Cumulative Redeemable First Preferred Shares Series 7;

18,000,000 Cumulative Redeemable First Preferred Shares Series 9;

10,000,000 Cumulative Redeemable First Preferred Shares, Series 11;

20,000,000 Cumulative Redeemable First Preferred Shares, Series 13; and

40,000,000 Cumulative Redeemable First Preferred Shares, Series 15

were issued and outstanding.

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files). Yes No

The documents (or portions thereof) forming part of this Form 40-F are incorporated by reference into the following registration statements under the Securities Act of 1933, as amended:

Form Registration No.

S-8 333-5916
S-8 333-8470
S-8 333-9130
S-8 333-151736
S-8 333-184074
F-3 33-13564
F-3 333-6132
F-10 333-151781
F-10 333-161929
F-10 333-208585
F-10 333-214971

**AUDITED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS AND
MANAGEMENT'S DISCUSSION & ANALYSIS**

Except sections specifically referenced below which shall be deemed incorporated by reference herein and filed, no other portion of the TransCanada Corporation 2016 Management's discussion and analysis and audited consolidated financial statements to shareholders, except as otherwise specifically incorporated by reference in the TransCanada Corporation Annual information form, shall be deemed filed with the U.S. Securities and Exchange Commission (the "Commission") as part of this report under the Exchange Act.

A. Audited Annual Financial Statements

For audited consolidated financial statements, including the auditors' report, see pages 119 through 194 of the TransCanada Corporation 2016 Management's discussion and analysis and audited consolidated financial statements to shareholders included herein.

B. Management's Discussion and Analysis

For management's discussion and analysis, see pages 5 through 118 of the TransCanada Corporation 2016 Management's discussion and analysis and audited consolidated financial statements to shareholders included herein under the heading "Management's discussion and analysis".

C. Management's Report on Internal Control Over Financial Reporting

For management's report on internal control over financial reporting, see "Management's report on Internal Control over Financial Reporting" that accompanies the audited consolidated financial statements on page 119 of the TransCanada Corporation 2016 Management's discussion and analysis and audited consolidated financial statements to shareholders included herein.

UNDERTAKING

The Registrant undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the Commission staff, and to furnish promptly, when requested to do so by the Commission staff, information relating to: the securities registered pursuant to Form 40-F; the securities in relation to which the obligation to file an annual report on Form 40-F arises; or transactions in said securities.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

For information on disclosure controls and procedures and management's annual report on internal control over financial reporting, see "Other information - Controls and Procedures" in Management's discussion and analysis on page 99 of the TransCanada Corporation 2016 Management's discussion and analysis and audited consolidated financial statements to shareholders.

AUDIT COMMITTEE FINANCIAL EXPERT

The Registrant's board of directors has determined that it has at least one audit committee financial expert serving on its audit committee. Mr. Siim A. Vanaselja, Mr. Kevin E. Benson and Mr. John E. Lowe have been designated audit committee financial experts and are independent, as that term is defined by the New York Stock Exchange's listing standards applicable to the Registrant. The Commission has indicated that the designation of Mr. Vanaselja, Mr. Benson and Mr. Lowe as audit committee financial experts does not make Mr. Vanaselja, Mr. Benson or Mr. Lowe "experts" for any purpose, impose any duties, obligations or liability on Mr. Vanaselja, Mr. Benson or Mr. Lowe that are greater than those imposed on members of the Audit committee and Board of Directors who do not carry this designation or affect the duties, obligations or liability of any other member of the Audit committee.

CODE OF ETHICS

The Registrant has adopted a code of business ethics ("Code") for its directors, officers, employees and contractors. In 2016, the Code was amended to include new rules concerning the avoidance of conflicts of interest, maintaining a harassment, violence and weapons-free workplace and glossary to provide additional clarity thereto. Effective July 1, 2016, TransCanada acquired Columbia Pipeline Group, Inc. (Columbia). Columbia's code of business ethics and compliance program was assessed and determined to be essentially equivalent to TransCanada's Code. Columbia employees will transition to compliance with TransCanada's Code during 2017. The Registrant's Code was filed with the Commission as part of a Form 6-K report on November 8, 2016 and is incorporated herein by reference and available on its website at www.transcanada.com. No waivers have been granted from any provision of the Code during the 2016 fiscal year.

PRINCIPAL ACCOUNTANT FEES AND SERVICES

For information on principal accountant fees and services, see "Audit committee - Pre-approval Policies and Procedures" and "Audit committee - External Auditor Service Fees" on page 37 of the TransCanada Corporation Annual information form.

OFF-BALANCE SHEET ARRANGEMENTS

The Registrant has no off-balance sheet arrangements, as defined in this Form, other than the guarantees and commitments described in Note 27 of the Notes to the audited consolidated financial statements attached to this Form 40-F and incorporated herein by reference.

TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS

For information on tabular disclosure of contractual obligations, see "Contractual obligations" in Management's discussion and analysis on page 88 of the TransCanada Corporation 2016 Management's discussion and analysis and audited consolidated financial statements to shareholders.

IDENTIFICATION OF THE AUDIT COMMITTEE

The Registrant has a separately-designated standing Audit committee. The members of the Audit committee as of February 15, 2017 (unless otherwise indicated) are:

S.A. Vanaselja

K.E. Benson

D.H. Burney

Chair: S. Crétier (effective February 17, 2017)

Members: J.E. Lowe

I. Samarasekera

D.M.G. Stewart

FORWARD-LOOKING INFORMATION

We disclose forward-looking information to help current and potential investors understand management's assessment of our future plans and financial outlook, and our future prospects overall.

Statements that are forward-looking are based on certain assumptions and on what we know and expect today and generally include words like anticipate, expect, believe, may, will, should, estimate or other similar words.

Forward-looking statements in this document include information about the following, among other things:

- planned changes in our business including the divestiture of certain assets
- our financial and operational performance, including the performance of our subsidiaries
- expectations or projections about strategies and goals for growth and expansion
- expected cash flows and future financing options available to us
- expected dividend growth
- expected costs for planned projects, including projects under construction, permitting and in development
- expected schedules for planned projects (including anticipated construction and completion dates)
- expected regulatory processes and outcomes
- expected impact of regulatory outcomes
- expected outcomes with respect to legal proceedings, including arbitration and insurance claims
- expected capital expenditures and contractual obligations
- expected operating and financial results
- the expected impact of future accounting changes, commitments and contingent liabilities
- expected industry, market and economic conditions.

Forward-looking statements do not guarantee future performance. Actual events and results could be significantly different because of assumptions, risks or uncertainties related to our business or events that happen after the date of this document.

Our forward-looking information is based on the following key assumptions, and subject to the following risks and uncertainties:

Assumptions

- planned monetization of our U.S. Northeast power business
- inflation rates, commodity prices and capacity prices
- nature and scope of hedging
- regulatory decisions and outcomes
- the Canadian dollar to U.S. dollar exchange rate remains at or near current levels
- interest rates
- tax rates
- planned and unplanned outages and the use of our pipeline and energy assets
- integrity and reliability of our assets
- access to capital markets
- anticipated construction costs, schedules and completion dates.

Risks and uncertainties

- our ability to realize the anticipated benefits from the acquisition of Columbia Pipeline Group, Inc.

- timing and execution of our planned asset sales
- our ability to successfully implement our strategic initiatives
- whether our strategic initiatives will yield the expected benefits
- the operating performance of our pipeline and energy assets
- amount of capacity sold and rates achieved in our pipeline businesses
- the availability and price of energy commodities
- the amount of capacity payments and revenues we receive from our energy business
- regulatory decisions and outcomes
- outcomes of legal proceedings, including arbitration and insurance claims
- performance and credit risk of our counterparties
- changes in market commodity prices
- changes in the political environment
- changes in environmental and other laws and regulations
- competitive factors in the pipeline and energy sectors
- construction and completion of capital projects
- costs for labour, equipment and materials
- access to capital markets
- interest, tax and foreign exchange rates
- weather
- cyber security
- technological developments
- economic conditions in North America as well as globally.

You can read more about these factors and others in reports we have filed with Canadian securities regulators and the Commission.

As actual results could vary significantly from the forward-looking information, you should not put undue reliance on forward-looking information and should not use future-oriented information or financial outlooks for anything other than their intended purpose. We do not update our forward-looking statements due to new information or future events, unless we are required to by law.

SIGNATURES

Pursuant to the requirements of the Exchange Act, the Registrant certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this annual report to be signed on its behalf by the undersigned, thereto duly authorized, in the City of Calgary, Province of Alberta, Canada.

TRANSCANADA CORPORATION

Per: /s/ DONALD R. MARCHAND

DONALD R. MARCHAND

Executive Vice-President and Chief Financial Officer

Date: February 16, 2017

DOCUMENTS FILED AS PART OF THIS REPORT
EXHIBITS

- 13.1 TransCanada Corporation Annual information form for the year ended December 31, 2016.
- 13.2 Management's discussion and analysis (included on pages 5 through 118 of the TransCanada Corporation 2016 Management's discussion and analysis and audited consolidated financial statements to shareholders).
- 13.3 2016 Audited consolidated financial statements (included on pages 119 through 194 of the TransCanada Corporation 2016 Management's discussion and analysis and audited consolidated financial statements to shareholders), including the auditors' report thereon and the Report of Independent Registered Public Accounting Firm on the effectiveness of TransCanada's internal control over financial reporting as of December 31, 2016.
- 23.1 Consent of KPMG LLP, Independent Registered Public Accounting Firm.
- 31.1 Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2 Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1 Certification of Chief Executive Officer regarding Periodic Report containing Financial Statements.
- 32.2 Certification of Chief Financial Officer regarding Periodic Report containing Financial Statements.
- 99.1 Supplementary Information to the TransCanada Corporation 2016 Management's discussion and analysis.
- 99.2 A copy of the Registrant's Code of Business Ethics Policy as amended (filed with the Securities and Exchange Commission as part of a Form 6-K report on November 8, 2016 and incorporated by reference herein).
- 101.INS XBRL Instance Document.
- 101.SCH XBRL Taxonomy Extension Schema Document.
- 101.CAL XBRL Taxonomy Extension Calculation Linkbase Document.
- 101.DEF XBRL Taxonomy Definition Linkbase Document.
- 101.LAB XBRL Taxonomy Extension Label Linkbase Document.
- 101.PRE XBRL Taxonomy Extension Presentation Linkbase Document.