

CAPACITY ALLOCATION PROCEDURES

1. GENERAL

1.1 The purpose of these Capacity Allocation Procedures is to establish the procedures by which a potential Shipper requesting firm service, or an existing Shipper requesting an increase in ~~Maximum Daily Delivery Quantity~~ MDDQ, or an existing Shipper who does not have renewal rights pursuant to section 10 of Rate Schedule ~~T-4FT~~, Firm Transportation Service (all hereinafter referred to as “Prospective Shipper”) shall each be afforded the rights to obtain firm service under Rate Schedule ~~T-4FT~~, Firm Transportation Service or Rate Schedule STFT, Short Term Firm Transportation Service. Any upper case term not defined herein shall have the meaning given to it in the General Terms and Conditions.

1.2 In Zones ~~6, and 7 and 8~~ of Company’s transportation system, ~~Available Existing~~ Capacity will be offered sequentially by date and time to Prospective Shippers in the queue until the capacity is fully committed. In Zones ~~8 and 9~~, ~~Available Existing~~ Capacity, STFT Capacity and ~~service on new facilities~~ Expansion Capacity will be offered to successful ~~Bidders Prospective Shippers~~ in a bidding process (an “Open Season”) as outlined in section 4.

1.3 When new facilities are required to meet the requests for service by Prospective Shippers and such Prospective Shippers have met or have entered into binding agreements to meet the criteria in section ~~5.3.4 or 4.3~~, Company will, in a timely manner, apply for and, if approved and subject to obtaining the necessary financing, construct such facilities.

~~1.4 Subject to the procedure set out in subsection 3.3, Prospective Shipper’s position in the queue shall not be affected by the volume, date of commencement of service, term of service or distance along Company’s transportation system the gas is to be transported.~~

~~1.5 Company will make available to any party, upon request, a copy of the current firm service queue in Zones 6, 7 and 8 which will contain the following information:~~

~~(a) The name of each Prospective Shipper in the queue;~~

- ~~(b) The position in the queue of each Prospective Shipper;~~
- ~~(c) The date Prospective Shipper's request for service was received by Company;~~
- ~~(d) The Maximum Daily Delivery Quantity of gas to be transported for each Prospective Shipper; and~~
- ~~(e) The term of service, including the commencement and termination dates for each Prospective Shipper.~~

~~1.6 Positions in the queue are not transferable or assignable to any person.~~

2. APPLICABILITY

Subject to sections 10 and 11 of Rate Schedule ~~F-1FT~~, Firm Transportation Service, these Capacity Allocation Procedures are applicable to all requests by Prospective Shipper for firm service under Rate Schedule ~~F-1FT~~, Firm Transportation Service and Rate Schedule STFT, Short Term Firm Transportation Service.

3. PROCEDURES FOR ZONES 6, AND 7 AND 8

3.1 General

3.1.1 There will be a single queue for Prospective Shippers requesting firm service under Rate Schedule ~~F-1FT~~, Firm Transportation Service for Zones 6, and 7 and 8 of Company's transportation system.

3.1.2 To enter the queue, Prospective Shipper shall make a request in writing ("Request for Service") to Company stating:

- (a) The name, address and authorized representative of Prospective Shipper;
- (b) The proposed ~~Maximum Daily Delivery Quantity~~ MDDQ;

- (c) The term for which firm service is requested, including the commencement and termination dates; and
- (d) The proposed Receipt and Delivery Points.

3.1.3 Prospective Shippers will be accepted into the queue in the order of the date and time that a Request for Service containing all of the information set out in subsection 3.1.2 is received by Company. Company's determination shall be final both as to the date and time the Request for Service is received by Company and as to whether a Request for Service contains all of the information set out in subsection 3.1.2. Company will, within 10 days of receipt of Shipper's ~~R~~Request for Service, notify Prospective Shipper in writing of either the date and time of its acceptance into the queue or any deficiency required to be remedied prior to acceptance into the queue.

3.1.4 Subject to the procedure set out in subsection 3.3, Prospective Shipper's position in the queue shall not be affected by the volume, date of commencement of service, term of service or distance along Company's transportation system the gas is to be transported.

3.1.5 Company will make available to any party, upon request, a copy of the current firm service queue in Zones 6 and 7 which will contain the following information:

- (a) The name of each Prospective Shipper in the queue;
- (b) The position in the queue of each Prospective Shipper;
- (c) The date Prospective Shipper's request for service was received by Company;
- (d) The MDDQ of gas to be transported for each Prospective Shipper; and
- (e) The term of service, including the commencement and termination dates for each Prospective Shipper.

3.1.6 Positions in the queue are not transferable or assignable to any person

3.2 ~~Available-Existing~~ Capacity

Where Company determines that ~~Available-Existing~~ Capacity is available in Zones 6, ~~or 7-or-8~~, Company shall offer to Prospective Shipper in the queue a portion of the ~~Available-Existing~~ Capacity equal to the lesser of the balance of the ~~Available-Existing~~ Capacity remaining, after taking into consideration offers to be made to Prospective Shippers having a higher priority in the queue, and the ~~Maximum Daily Delivery Quantity~~ MDDQ set forth in such Prospective Shipper's Request for Service, and shall include with such offer, within 10 days of the notification of acceptance into the queue set out in subsection 3.1.3, copies of a ~~Precedent Agreement~~ Service Agreement, Firm Transportation Service for execution by such Prospective Shipper. Company's offer is subject to section 3.4 and the terms and conditions set forth in the ~~Precedent Agreement~~ Service Agreement, Firm Transportation Service. Prospective Shipper may accept Company's offer by completing, duly executing and returning to Company all copies of the ~~Precedent Agreement~~ Service Agreement, Firm Transportation Service, ~~incorporating only such amendments as may have been made with Company's prior agreement~~, within ~~60 days of the date such Prospective Shipper receives an offer of Available Capacity from Company~~ a time period specified by Company. The failure by Prospective Shipper to return all copies of the ~~Precedent Agreement~~ Service Agreement, Firm Transportation Service fully executed by Prospective Shipper within the time limited above shall be deemed to be a rejection by Prospective Shipper of Company's offer. In the event that Prospective Shipper rejects or is deemed to have rejected Company's offer of ~~Available-Existing~~ Capacity, such Prospective Shipper will be removed from the queue unless acceptance of Company's offer would have required such Prospective Shipper to commence service prior to the service commencement date specified in such Prospective Shipper's Request for Service or the capacity or term offered was less than that specified in such Prospective Shipper's Request for Service, in which case such Prospective Shipper shall maintain its position in the queue. ~~Prospective Shipper that fails to meet the conditions precedent set forth in the Precedent Agreement and execute a Service Agreement, Firm Service within the time period provided in the~~

~~Precedent Agreement shall move to the last position in the queue.~~ Any unallocated capacity will be offered to the next Prospective Shipper in the queue.

3.3 Expansion Capacity

3.3.1 Where Company determines that the ~~Available Existing~~ Capacity is insufficient to meet the Request for Service from Prospective Shippers in the queue and that the demand for service is sufficient to consider an expansion of existing facilities (“New Facilities”), Company shall advise each Prospective Shipper in the queue of the minimum term required for service through the New Facilities (“Minimum Term”) which shall, unless circumstances dictate otherwise, be ~~12-10~~ years. Company may request each Prospective Shipper in the queue to complete and return to Company, within 30 days of the receipt by Prospective Shipper, a Project Status Summary in the form set forth in Appendix A to these Capacity Allocation Procedures. Any Prospective Shipper whose Request for Service does not indicate that such Prospective Shipper requires service for the Minimum Term will be required to confirm in writing to Company, within the time period provided for completing and returning the Project Status Summary, that such Prospective Shipper agrees to take service for a term not less than the Minimum Term. Prospective Shippers who fail within the time period provided to complete and return a Project Status Summary and, if applicable, provide confirmation that such Prospective Shippers agree to take service for a term not less than the Minimum Term will move to the bottom of the queue. In the event that two or more Prospective Shippers fail to complete and return the Project Status Summary and Minimum Term confirmation, if applicable, within the time period provided, such Prospective Shippers shall retain the same priority each had in relation to the other, on the date Company advises Prospective Shippers of the Minimum Term, when such Prospective Shippers are moved to the bottom of the queue.

3.3.2 Subsequent to receipt by Company of a completed Project Status Summary and, if applicable, confirmation that Prospective Shipper agrees to take service for a term not less than the Minimum Term, Company shall forward to Prospective Shipper

copies of a Precedent Agreement setting forth the terms and conditions, including conditions precedent, upon which service is offered to such Prospective Shipper through the New Facilities and subject to the Prospective Shipper satisfying the conditions set out in section 3.4. Prospective Shipper may accept Company's offer by completing, duly executing and returning all copies of the Precedent Agreement, incorporating only such amendments as have been made with Company's prior agreement, within 60 days of the receipt of the Precedent Agreement by Prospective Shipper. The failure by Prospective Shipper to return all copies of the Precedent Agreement, fully executed by Prospective Shipper within the time period provided above, shall be deemed to be a rejection by Prospective Shipper of Company's offer. In the event that Prospective Shipper rejects or is deemed to have rejected Company's offer, such Prospective Shipper will be removed from the queue. Prospective Shipper that fails to meet the conditions precedent set forth in the Precedent Agreement and execute a Service Agreement, Firm Transportation Service within the time period provided in the Precedent Agreement shall move to the last position in the queue. Company reserves the right at any time to reconsider a proposal to proceed to add New Facilities in the event that Company determines that the addition of New Facilities is no longer justified in view of changed circumstances.

3.4 ACCESS CRITERIA

3.4.1 Prior to execution of a Service Agreement, Firm Transportation Service and during the term of the Service Agreement, Firm Transportation Service Prospective Shipper must satisfy the following criteria:

- (a) Where there is Existing Capacity to provide the requested level of service under Rate Schedule FT, Firm Transportation Service, Prospective Shipper shall:
 - (i) Demonstrate to the satisfaction of Company that it has appropriate upstream and downstream transportation arrangements;

- (ii) Provide financial information to Company to demonstrate Prospective Shipper's creditworthiness; and
- (iii) Provide a Financial Assurance, if requested by Company, pursuant to subsection 5.8 of the General Terms and Conditions of this Gas Transportation Tariff; and
- (b) Where New Facilities are required to provide the requested firm transportation service, in addition to the requirements in subsection 3.4.1(a), Prospective Shipper shall:
 - (i) Provide evidence to the satisfaction of Company that Prospective Shipper's intended market is secure and long term and that Prospective Shipper's gas sales arrangements are sufficient to enable financing of the New Facilities;
 - (ii) Provide evidence to the satisfaction of Company that Prospective Shipper has a secure and long term source of supply sufficient to permit Prospective Shipper to fulfill its obligations under its gas sales arrangements during the term of firm service requested;
 - (iii) Provide evidence to the satisfaction of Company that Prospective Shipper has obtained or will be able to obtain all associated regulatory approvals for the full term of firm service requested; and
 - (iv) Provide an agreement which sets forth the Financial Assurances that may be requested by Company pursuant to subsection 5.8 of the General Terms and Conditions of this Gas Transportation Tariff (the "Financial Assurance").

3.4.2 Prior to the commencement of service and during the term of a Service Agreement, Firm Transportation Service:

- (a) Prospective Shipper or Shipper shall provide evidence satisfactory to Company that it has a valid removal permit from the province of production prior to commencement of service, and as Company may require from time to time during the term of the Service Agreement; and
- (b) Prospective Shipper or Shipper shall forthwith advise Company of the termination of a removal permit or any action commenced to suspend a removal permit from the province of production.

4. PROCEDURES FOR ZONES S 8 AND 9

4.1 Available-Existing Capacity Open Season

~~Where Company determines that Available Capacity is available in Zone 9, an Open Season process will be used to allocate capacity. Company will use reasonable efforts to adhere to the following procedures in conducting an Open Season:~~

~~4.1.1 Company will provide public notice of Available Capacity through recognized industry publications. Company will specify the available volume, available receipt and delivery points, commencement date and, where applicable, termination date of such service. The bid notice may also identify the procedure for handling credit issues.~~

~~4.1.2 Within the period specified by Company in the notice, Bidder will advise Company in writing of its bid, which will include the desired Maximum Daily Delivery Quantity, receipt and delivery points, the commencement date if later than the term posted by Company, and the termination date, for a minimum term of one year.~~

~~4.1.3 All bids shall be final upon the close of the bid period. However, bids may be withdrawn until the end of the 7th business day following the close of the bid period whereupon Company will conduct its bid evaluation.~~

~~4.1.4~~ Bids will be evaluated on the basis of net present value per unit being the current T-1 Rate over the term and distance specified by the Bidder in the bid and using an appropriate discount rate. The Available Capacity will be awarded to the bid with the highest net present value per unit. Any unallocated capacity will be awarded to the bid with the next highest net present value and so on. If the net present values of two or more bids are equal, Company will award the Available Capacity to the bid with the earliest start date.

~~4.1.5~~ In the event a tie cannot be broken, Company will offer tied Bidders each a pro rata share of the Available Capacity in respect of which a tie exists. Bidders may accept or decline the pro rata share within 5 business days of Company making the offer.

~~4.1.6~~ A Bidder that is awarded capacity (or accepts service under subsection 4.1.4 hereof) is irrevocably bound to take that service. Company will forward successful Bidders a Service Agreement which must be executed and returned to Company within a specified number of days of being delivered by Company, along with all necessary Financial Assurances requested by Company.

~~4.1.7~~ A joint open season may be held with any upstream or downstream pipelines using the above procedures or by using other procedures filed with and approved by the Board.

4.1.1 Posting of Existing Capacity

If Company determines that Existing Capacity is available or will become available in Zone 8 or Zone 9, Company shall provide notice on its website, within a reasonable period of time after such determination, regarding the availability of such Existing Capacity. At least three (3) Banking Days after such notice, Company shall post on its website (or by any other alternative method determined by Company, if Company's website is inoperable) on a Banking Day (excluding statutory holidays in the United States) (the "Existing Capacity Open Season"):

- (a) the quantity of Existing Capacity which is available for such Existing Capacity Open Season;
- (b) the Service Commencement Date(s) for such Existing Capacity which shall be no later than 12 months from the date such Existing Capacity is posted; and
- (c) the Closing Date for such Existing Capacity Open Season.

4.1.2 Existing Capacity Bid Process

If Company posts Existing Capacity pursuant to subsection 4.1.1, Prospective Shippers may bid for such Existing Capacity, on any Banking Day up to and including the Closing Date, as follows:

- (a) Prospective Shippers shall submit a completed and unedited Bid Form set out as Appendix B;
- (b) The Requested Term shall be a minimum term of one year and shall end of the last day of a Month;
- (c) All bids shall be irrevocable and must be received by Company by 11:00 hours CCT on the Closing Date;
- (d) Within 2 Banking Days of the Closing Date, Prospective Shippers shall provide to Company for each Bid Form, a deposit equal to the lesser of:
 - (i) one month demand charges for the Requested Maximum Daily Delivery Quantity; or
 - (ii) \$10,000.

The deposit shall be refunded to unsuccessful bidders within 5 Banking Days from the date the Service Agreements, Firm Transportation Service are executed for all Existing Capacity posted in the Existing Capacity Open Season.

If Company awards Existing Capacity to a Prospective Shipper and such shipper executes the Service Agreement, Firm Transportation Service for such Existing Capacity, the deposit will be credited to the bill for the first month of service or returned to the Shipper if requested;

(e) A Prospective Shipper and/or its affiliate, either together or individually, shall not submit a Bid Form for a quantity greater than the Existing Capacity being offered or submit multiple bids where the aggregate MDDQ of the multiple bids exceeds the Existing Capacity being offered; and

(f) Company shall not be obligated to accept any bid if:

(i) the Requested Service Commencement Date is within 5 Banking Days of the Closing Date;

(ii) the Requested Service Commencement Date is more than 12 months from the Closing Date; or

(iii) the Prospective Shipper has not met the criteria set forth in subsection 4.1

4.1.3 Conditional Bids

(a) If a Prospective Shipper's bid is subject to the condition set out in section 13 of the Bid Form that such Prospective Shipper has been awarded capacity through a direct interconnecting pipeline open season process (the "Interconnecting Pipeline Open Season"), Shipper shall within 2 Banking Days from the Closing Date provide written notice to Company that either the condition has been satisfied or waived. If such Prospective Shipper fails to provide Company with such notice, the condition shall be deemed satisfied and Company may award Existing Capacity to such Prospective Shipper pursuant to subsection 4.1.4.

(b) If the capacity awarded to a Prospective Shipper through an Interconnecting Pipeline Open Season is less than the Requested Maximum Daily Delivery Quantity set out in the Bid Form, Prospective Shipper may reduce the Maximum Daily Delivery Quantity to a quantity not less than the capacity awarded through such Interconnecting Pipeline Open Season.

4.1.4 Awarding of Existing Capacity

Subject to subsections 4.1.3 and 4.1.5, Existing Capacity shall be awarded to the Prospective Shipper whose bids are accepted by Company as follows:

(a) Company shall rank the bids in descending priority based on the following criteria:

(i) firstly, on the Requested Term (where the bid with the longer term shall have the higher priority); and

(ii) second, by the Requested Service Commencement Date (where the bid with the earlier Requested Service Commencement Date shall have the higher priority).

(b) Subject to subsection 4.1.4(d), Company shall award Existing Capacity to the bids in sequential order, based on the priority established pursuant to subsection 4.1.4(a), until all the bids have been processed or until all Existing Capacity has been awarded;

(c) Subject to subsection 4.1.4(d), if two or more bids have the same priority and the Existing Capacity is not sufficient to provide the total Requested Maximum Daily Delivery Quantity, then the Existing Capacity shall be awarded to such bids on a pro rata basis based on the Requested Maximum Daily Delivery Quantity of each bid;

- (d) If the Existing Capacity to be awarded to a bid as determined by Company in either subsection 4.1.4(b) or subsection 4.1.4(c) is less than the Requested Minimum Daily Delivery Quantity as set out in such Bid Form, that bid shall be deemed to be rejected by Company and no Existing Capacity shall be awarded to such bid. The remaining Existing Capacity shall continue to be awarded sequentially to the remaining bids based on the priority established pursuant to subsection 4.1.4(a), until all the bids have been processed or until all Existing Capacity has been awarded; and
- (e) Company shall be deemed to have accepted the bids of Prospective Shippers when Company awards Existing Capacity to such Prospective Shippers. Company shall notify such Prospective Shippers who have been awarded Existing Capacity within 3 Banking Days from the Closing Date.

4.1.5 Requirements for Existing Capacity

Where Company awards Existing Capacity to a Prospective Shipper pursuant to subsection 4.1.4, such Prospective Shipper shall, at the request of Company:

- (a) execute, within the time period specified by Company, a Service Agreement, Firm Transportation Service, including Appendix A to that agreement, for the provision of the transportation service awarded;
- (b) provide sufficient financial information to demonstrate its creditworthiness;
- (c) provide a Financial Assurance to Company if requested pursuant to subsection 5.8 of the General Terms and Conditions of this Gas Transportation Tariff; and
- (d) demonstrate to the satisfaction of Company that it has appropriate upstream and downstream transportation arrangements.

4.1.6 Daily Open Season**4.1.6.1 Posting of Existing Capacity for Daily Open Season**

If on any Banking Day (excluding statutory holidays in the United States), Company determines there is Existing Capacity available that has not been awarded by Company pursuant to subsection 4.1.4, Company shall post on its website (the “Daily Open Season”) the following:

- (a) the quantity of Existing Capacity available; and
- (b) the date such Existing Capacity will be available.

If all or a portion of such Existing Capacity has not been awarded pursuant to subsection 4.1.6.3, such Existing Capacity shall be deemed to be re-posted by Company on each subsequent Banking Day (excluding statutory holidays in the United States) until such Existing Capacity is awarded pursuant to subsection 4.1.6.3 or until Company holds an Existing Capacity Open Season pursuant to subsection 4.1.1 or an Expansion Capacity Open Season pursuant to subsection 4.3.1.

If, at any time, Company determines that it will hold an Existing Capacity Open Season pursuant to subsection 4.1.1 or an Expansion Capacity Open Season pursuant to subsection 4.3.1, Company may reduce all or a portion of the Existing Capacity available for the Daily Open Season. Company shall provide notice on its website, at least 3 Banking Days in advance, of any such reduction. If all Existing Capacity has not been awarded pursuant to 4.1.6.3, Company may offer any remaining Existing Capacity as Expansion Capacity pursuant to subsection 4.3.1.

4.1.6.2 Daily Open Season Bid Process

If Company posts Existing Capacity pursuant to subsection 4.1.6.1, Prospective Shippers may bid for such Existing Capacity on the Banking Day that the Existing Capacity is posted or deemed re-posted as follows:

- (a) Prospective Shippers shall submit a completed, unedited and unconditional Bid Form set out as Appendix C in accordance with the terms of such Daily Open Season as posted by Company pursuant to subsection 4.1.6.1;
- (b) The Requested Term shall be a minimum of one year and shall end of the last day of a Month;
- (c) Prospective Shippers' bids shall be irrevocable and must be received by Company by 11:00 hours CCT on the Banking Day that the Existing Capacity is posted or deemed re-posted;
- (d) No deposit is required to accompany the Prospective Shipper's bid;
- (e) A Prospective Shipper and/or its affiliate(s), either together or individually, shall not submit a bid for a quantity greater than the Existing Capacity being offered or submit multiple bids where the aggregate Requested Maximum Daily Delivery Quantity of the multiple bids exceeds the Existing Capacity being offered; and
- (f) Company shall not be obligated to accept any bid if:
 - (i) the Requested Service Commencement Date is within five (5) Banking Days of the date such Existing Capacity is posted or deemed re-posted;
 - (ii) the Requested Service Commencement Date of such bid is more than 12 months from the date such Existing Capacity is posted or deemed re-posted; or

(iii) the Prospective Shipper has not met any of the criteria set forth in section 4.1.6.

4.1.6.3 Awarding of Existing Capacity for Daily Open Season

Subject to subsection 4.1.6.4, Existing Capacity shall be awarded each day to the Prospective Shippers, whose bids are accepted by Company, as follows:

- (a) Company shall rank the bids in descending priority, based on the following criteria:
- (i) firstly, on the Requested Term (where the longer term shall have the higher priority); and
 - (ii) secondly, by the Requested Service Commencement Date (where the bid with the earlier Requested Service Commencement Date shall have the higher priority).
- (b) Subject to subsection 4.1.6.3(d), Company shall award Existing Capacity to the bids in sequential order, based on the priority established pursuant to subsection 4.1.6.3(a), until all the bids have been processed or until all Existing Capacity has been awarded;
- (c) Subject to subsection 4.1.6.3(d), if two or more bids have the same priority and the Existing Capacity is not sufficient to provide the combined requested service, then the Existing Capacity shall be awarded to such bids on a pro rata basis based on the Requested Maximum Daily Delivery Quantity of each bid;
- (d) If the Existing Capacity to be awarded to a bid as determined by Company in either subsection 4.1.6.3(b) or subsection 4.1.6.3(c) is less than the Requested Minimum Daily Delivery Quantity specified in such bid, that bid shall be deemed to be rejected by Company and no Existing Capacity will be awarded to such bid. The remaining Existing Capacity shall

continue to be awarded sequentially to the remaining bids based on the priority established pursuant to subsection 4.1.6.3(a), until all the bids have been processed or until all Existing Capacity has been awarded; and

(e) Company shall be deemed to have accepted the bids of Prospective Shippers when Company awards Existing Capacity to such Prospective Shippers. Company shall notify such Prospective Shippers who have been awarded Existing Capacity within two Banking Days from the date such Existing Capacity is posted or deemed re-posted.

4.1.6.4 Requirements for Existing Capacity

Where Company awards Existing Capacity to a Prospective Shipper pursuant to subsection 4.1.6.3, such Prospective Shipper shall, at the request of Company:

- (a) execute, within the time period specified by Company, a Service Agreement, Firm Transportation Service, including Appendix A to that agreement, for the provision of the transportation service awarded;
- (b) provide sufficient financial information to demonstrate its creditworthiness;
- (c) provide a Financial Assurance to Company if requested pursuant to subsection 5.8 of the General Terms and Conditions of this Gas Transportation Tariff; and
- (d) demonstrate to the satisfaction of Company that it has appropriate upstream and downstream transportation arrangements.

4.2 STFT Capacity Open Season

4.2.1 Posting of STFT Capacity

Where Company determines that STFT Capacity is available or will become available on ~~Company's gas transportation system~~Zone 8 or Zone 9, Company

shall provide notice on its website, within a reasonable period of time after such determination, regarding the availability of such STFT Capacity. At least 3 Banking Days after such notice, Company shall post on its website (or by any other alternative method determined by Company if Company's website is inoperable) on a Banking Day (excluding statutory holidays in the United States) (the "STFT Capacity Open Season"):

- (a) the available service under quantity of STFT Capacity which is available Rate Schedule STFT, Short Term Firm Transportation Service for such STFT Capacity Open Season;
- (b) the period that the STFT Capacity is available; and
- (c) the eClosing dDate for thesuch STFT Capacity Open Season.

4.2.2 STFT Capacity Bid Process

~~4.2.2~~ If Company posts available service STFT Capacity under Rate Schedule STFT, Short Term Firm Transportation Service pursuant to subsection 4.2.1, Prospective Shippers may bid for such service STFT Capacity, on any business day Banking Day that such service is posted up to and including the Closing Date, as follows:

- (a) Prospective Shippers shall submit a completed and unedited Service Agreement, Short Term Firm Transportation Service including Appendix A to Service Agreement, Short Term Firm Transportation Service in accordance with the terms of such STFT Capacity Open Season as posted by Company pursuant to 4.2.1;
- (b) Prospective Shippers' bids shall be irrevocable and must be received by Company by 11:00 hours CCT on the eClosing dDate of such STFT Capacity Open Season;
- (c) No deposit is required to accompany the Prospective Shipper's bid;

- (d) A Prospective Shipper and/or its affiliate(s), either together or individually, shall not submit a bid for a quantity greater than the ~~available service under Rate Schedule STFT, Short Term Firm Transportation Service~~STFT Capacity being offered or submit multiple bids where the aggregate ~~Maximum Daily Delivery Quantity~~MDDQ of the multiple bids exceeds the ~~available service under Rate Schedule STFT, Short Term Firm Transportation Service~~STFT Capacity being offered; and
- (e) Company shall not be obligated to accept any bid if the Prospective Shipper has not met any of the criteria set forth in section 4.2.

4.2.3 Awarding of STFT Capacity

~~4.2.3~~ Subject to subsection 4.2.4, service under Rate Schedule STFT, Short Term Firm Transportation Service shall be awarded to Prospective Shippers, whose bids are accepted by Company, as follows:

- (a) Company shall rank the bids in descending priority, based on the product of the STFT Bid Price and the ~~r~~Requested t~~Term~~ ~~as established by the requested Service Availability Date and requested Service Termination Date~~ (where the higher product shall have the higher priority);
- (b) Subject to subsection 4.2.3(d), Company shall award service under Rate Schedule STFT, Short Term Firm Transportation Service to the bids in sequential order, based on the priority established pursuant to subsection 4.2.3(a), until all the bids have been processed or until all ~~available service under Rate Schedule STFT, Short Term Firm Transportation Service~~STFT Capacity has been awarded;
- (c) Subject to subsection 4.2.3(d), if two or more bids have the same priority and the ~~available service under Rate Schedule STFT, Short Term Firm Transportation Service~~STFT Capacity is not sufficient to provide the ~~combined requested service~~total Requested Maximum Daily Delivery

~~Quantity~~, then the ~~available service under Rate Schedule STFT, Short Term Firm Transportation Service~~STFT Capacity shall be awarded to such bids on a pro rata basis based on the ~~Maximum Daily Delivery Quantity~~MDDQ specified in each bid;

- (d) If the ~~service under Rate Schedule STFT, Short Term Firm Transportation Service~~STFT Capacity to be awarded to a bid as determined by Company in either subsection 4.2.3(b) or subsection 4.2.3(c) is less than the Minimum Daily Delivery Quantity specified in such bid, that bid shall be deemed to be rejected by Company and no ~~service under Rate Schedule STFT, Short Term Firm Transportation Service~~STFT Capacity will be awarded to such bid. The remaining ~~available service under Rate Schedule STFT, Short Term Firm Transportation Service~~STFT Capacity shall continue to be awarded sequentially to the remaining bids based on the priority established pursuant to subsection 4.2.3(a), until all the bids have been processed or until all available ~~service under Rate Schedule STFT, Short Term Firm Transportation Service~~STFT Capacity has been awarded; and
- (e) Company shall be deemed to have accepted the bids of Prospective Shippers when Company awards ~~service under Rate Schedule STFT, Short Term Firm Transportation Service~~STFT Capacity to such Prospective Shippers. Company shall notify such Prospective Shippers who have been awarded ~~service under Rate Schedule STFT, Short Term Firm Transportation Service~~STFT Capacity within one ~~business day~~Banking Day after the ~~c~~Closing ~~D~~Date for such ~~STFT Capacity~~STFT Capacity Open Season.

4.2.4 Requirements for STFT Capacity

4.2.4 Where Company awards ~~service under Rate Schedule STFT, Short Term Firm Transportation Service~~STFT Capacity to a Prospective Shipper pursuant to subsection 4.2.3, such Prospective Shipper shall, at the request of Company:

- (a) execute, within the time period specified by Company, a Service Agreement, Short Term Firm Transportation Service, including Appendix A to that agreement, for the provision of the transportation service awarded;
- (b) provide sufficient financial information to demonstrate its creditworthiness; and
- (c) provide a Financial Assurance to Company if requested pursuant to subsection 5.8 of the General Terms and Conditions of this Gas Transportation Tariff.

4.2.5 STFT Capacity Daily Open Season

~~4.2.5~~ If some or all of the STFT Capacity has not been awarded pursuant to subsection 4.2.3, Company may, in its sole discretion, continue to post STFT Capacity on a daily basis. The ~~€~~Closing ~~d~~Date for this daily open season shall be deemed 11:00 CCT on the day following the day the STFT Capacity is posted or deemed re-posted.

4.3 Expansion Capacity Open Season

~~Where Company determines that the demand for service may be sufficient to consider an expansion of existing facilities, Company will use all reasonable efforts to adhere to the following procedures in conducting an Open Season:~~

~~4.3.1 Company will provide public notice of its intention to expand its existing facilities through recognized industry publications. Company's notice may specify a volume amount.~~

~~4.3.2 Company will forward to each potential Bidder an information package, (the "Bid Package") including a Precedent Agreement. In the Bid Package, Company will advise each Bidder of the terms of the Open Season including the Minimum Term~~

~~required for service through the New Facilities pursuant to subsection 3.3.1 hereof.~~

~~4.3.3 Within the period specified by Company in the notice, Bidder will advise Company of its bid which will include desired Maximum Daily Delivery Quantity, anticipated receipt and delivery points, desired commencement date of such service, and desired Service Agreement term by executing and returning the Precedent Agreement.~~

~~4.3.4 Bids will be evaluated by Company on the basis of net present value per unit being the current T-1 Rate over the term and distance specified by the Bidder in the bid and using an appropriate discount rate. The capacity will be awarded to the bid with the highest net present value per unit. Any unallocated capacity will be awarded to the bid with the next highest net present value and so on.~~

~~4.3.5 In the event of a tie, Company will offer tied Bidders each a pro-rata share of the capacity. Bidders may accept or decline the pro-rata share within a specified period designated by Company in the offer. If Bidder does not accept a pro-rata share of the capacity, the pro-rata share will go to the next highest net present value.~~

~~4.3.6 For bids which are accepted, Company will execute and return the Precedent Agreement to Bidder. For bids that are rejected, Company will advise Bidder that the bid was not accepted.~~

~~4.3.7 If a volume was initially specified by Company in accordance with subsection 4.2.1 and if Company determines, in its sole discretion, that a change in expansion capacity is warranted, Company will amend the expansion accordingly.~~

~~4.3.8 Company will execute the Precedent Agreement and apply to the appropriate regulatory authorities for the necessary approvals to construct the expansion facilities. If for any reason approval is not granted, Company will notify all successful bidders.~~

~~4.3.9 If Company determines in its sole discretion that the construction of the New Facilities is not warranted because of a change in circumstances, then Company may, at its option, give all successful Bidders notice of termination of the expansion plans whereupon all rights and obligations of the parties shall cease and neither Company or any Bidder shall have any further liability except as expressly set forth in the Precedent Agreement.~~

~~4.3.10 A joint open season may be held with connecting pipelines using the above procedures or by using other procedures filed with and approved by the Board.~~

4.3.1 Posting of Expansion Capacity

If Company determines that demand for service under Rate Schedule FT, Firm Transportation Service may be sufficient to consider expansion of existing facilities on Zone 8 or Zone 9 (“Expansion Capacity”), Company shall provide notice on its website of the open season for such Expansion Capacity. At least three Banking Days after such notice, Company shall post on its website (or by any other alternative method determined by Company, if Company’s website is inoperable) on a Banking Day (excluding statutory holidays in the United States)(the “Expansion Capacity Open Season”):

- (a) the date such Expansion Capacity may be available; and
- (b) the Closing Date for such Expansion Capacity Open Season.

4.3.2 Expansion Capacity Bid Process

If Company posts Expansion Capacity pursuant to subsection 4.3.1, Prospective Shippers may bid for such Expansion Capacity, on any Banking Day up to and including the Closing Date, as follows:

- (a) Prospective Shippers shall submit a completed and unedited Bid Form, set out as Appendix B;

- (b) The Requested Term shall be a minimum term of 10 years;
- (c) All bids shall be irrevocable and must be received by Company by 11:00 hours CCT on the Closing Date;
- (d) Within 2 Banking Days of the Closing Date, Prospective Shippers shall provide to Company for each Bid Form, a deposit equal to the lesser of:
- (i) one month demand charges for the Requested Maximum Daily Delivery Quantity; or
 - (ii) \$10,000.

The deposit shall be refunded to unsuccessful bidders within 5 Banking Days from the date the Service Agreements, Firm Transportation Service are executed for all Expansion Capacity posted in the Expansion Capacity Open Season.

If Company awards Expansion Capacity to a Prospective Shipper and such shipper executes the Service Agreement, Firm Transportation Service for such Expansion Capacity, the deposit will be credited to the bill for the first month of Service or returned to the Shipper if requested;

- (e) Company shall not be obligated to accept any bid if:
- (i) the Requested Service Commencement Date is different from the date such Expansion Capacity may be available, as set out by Company in subsection 4.3.1(a); or
 - (ii) the Prospective Shipper has not met the criteria set forth in subsection 4.3.

4.3.3 Conditional Bids

- (a) If a Prospective Shipper's bid is subject to the condition set out in section 13 of the Bid Form that such Prospective Shipper has been awarded capacity through a direct interconnecting pipeline open season process (the "Interconnecting Pipeline Open Season"), Prospective Shipper shall within 2 Banking Days from the Closing Date provide written notice to Company that either the condition has been satisfied or waived. If such Prospective Shipper fails to provide Company with such notice, the condition shall be deemed satisfied and Company may award Existing Capacity to such Prospective Shipper pursuant to subsection 4.3.4.
- (b) If the capacity awarded to a Prospective Shipper through an Interconnecting Pipeline Open Season is less than the Requested Maximum Daily Delivery Quantity, Prospective Shipper may reduce the Requested Maximum Daily Delivery Quantity to a quantity not less than the capacity awarded through such Interconnecting Pipeline Open Season.

4.3.4 Awarding of Expansion Capacity

Subject to subsections 4.3.3 and 4.3.5, Expansion Capacity shall be awarded to the Prospective Shippers whose bids are accepted by Company as follows:

- (a) Company shall rank the bids in descending priority on the basis of the Requested Term (where the bid with the longer term shall have the higher priority);
- (b) Subject to subsection 4.3.4(d), Company shall award Expansion Capacity to the bids in sequential order, based on the priority established pursuant to subsection 4.3.4(a), until all the bids have been processed or until all Expansion Capacity has been awarded;

- (c) Subject to subsection 4.3.4(d), if two or more bids have the same priority and the Expansion Capacity is not sufficient to provide the total Requested Maximum Daily Delivery Quantity, then the Expansion Capacity shall be awarded to such bids on a pro rata basis based on the Requested Maximum Daily Delivery Quantity of each bid;
- (d) If the Expansion Capacity to be awarded to a bid as determined by Company in either subsection 4.3.4(b) or subsection 4.3.4(c) is less than the Requested Minimum Daily Delivery Quantity that bid shall be deemed to be rejected by Company and no Expansion Capacity shall be awarded to such bid. The remaining Expansion Capacity shall continue to be awarded sequentially to the remaining bids based on the priority established pursuant to subsection 4.3.4(a), until all the bids have been processed or until all Expansion Capacity has been awarded; and
- (e) Company shall be deemed to have accepted the bids of Prospective Shippers when Company awards Expansion Capacity to such Prospective Shippers. Company shall notify such Prospective Shippers who have been awarded Expansion Capacity within 10 Banking Days from the Closing Date.

4.3.5 Requirements for Expansion Capacity

Where Company determines Expansion Capacity may be required pursuant to subsection 4.3.1, the Prospective Shipper shall at the request of Company:

- (a) provide evidence of long term supply and market;
- (b) provide evidence that the Prospective Shipper will obtain the requisite governmental and regulatory authorizations in a timely manner;

- (c) provide sufficient financial information to demonstrate its creditworthiness;
- (d) provide an agreement which sets forth the Financial Assurances that may be requested by Company pursuant to Section 5.8 of the General Terms and Conditions of this Gas Transportation Tariff (the “Financial Assurance”);
- (e) provide a Financial Assurance to Company pursuant to subsection 5.8 of the General Terms and Conditions of this Gas Transportation Tariff; and
- (f) execute, within the time period specified by Company, a Service Agreement, Firm Transportation Service including Schedule A to that agreement, for the provision of the transportation service requested for a minimum term of 10 years. Such Service Agreement, Firm Transportation Service may be made subject to the fulfilment of conditions precedent as agreed to between the Prospective Shippers and the Company in a Precedent Agreement.

~~5.ACCESS CRITERIA~~

~~5.1 Prior to execution of a Service Agreement, Firm Service and during the term of the Firm Service Agreement, Prospective Shipper must satisfy the following criteria:~~

- ~~(a) Where there is Available Capacity to provide the requested level of service under Rate Schedule T-1, Firm Service, Prospective Shipper shall:~~
 - ~~(i) Demonstrate to the satisfaction of Company that it has appropriate upstream and downstream transportation arrangements;~~
 - ~~(ii) Provide financial information to Company to demonstrate Prospective Shipper’s creditworthiness; and~~

~~(iii) Provide a Financial Assurance, if requested by Company, pursuant to subsection 5.8 of the General Terms and Conditions of this Gas Transportation Tariff; and~~

~~(b) Where New Facilities are required to provide the requested firm service, in addition to the requirements in subsection 5.1(a), Prospective Shipper shall:~~

~~(i) Provide evidence to the satisfaction of Company that Prospective Shipper's intended market is secure and long term and that Prospective Shipper's gas sales arrangements are sufficient to enable financing of the New Facilities;~~

~~(ii) Provide evidence to the satisfaction of Company that Prospective Shipper has a secure and long term source of supply sufficient to permit Prospective Shipper to fulfill its obligations under its gas sales arrangements during the term of firm service requested;~~

~~(iii) Provide evidence to the satisfaction of Company that Prospective Shipper has obtained or will be able to obtain all associated regulatory approvals for the full term of firm service requested; and~~

~~(iv) Provide an agreement which sets forth the Financial Assurances that may be requested by Company pursuant to subsection 5.8 of the General Terms and Conditions of this Gas Transportation Tariff (the "Financial Assurances Agreement").~~

~~5.2 Prior to the commencement of service and during the term of a Service Agreement:~~

~~(a) Prospective Shipper or Shipper shall provide evidence satisfactory to Company that it has a valid removal permit from the province of production prior to commencement of service, and as Company may require from time to time during the term of the Service Agreement; and~~

(b) ~~Prospective Shipper or Shipper shall forthwith advise Company of the termination of a removal permit or any action commenced to suspend a removal permit from the province of production.~~

APPENDIX A

(SHIPPER NAME)
PROJECT STATUS SUMMARY

Description of Activity	Completion Dates	
	<u>Expected</u>	<u>Actual</u>
1. Gas Sales Precedent Agreement(s) <ul style="list-style-type: none"> • letter of intent • precedent agreement 		
2. Gas Supply Contract(s)		
3. Upstream Transporter(s) <ul style="list-style-type: none"> • letter of intent • transportation contract • facilities 		
4. Application for gas removal permit (Province _____ docket no. _____) <ul style="list-style-type: none"> • filed • approved 		
5. Application to NEB for export licence (Board file no. _____) <ul style="list-style-type: none"> • filed • approved 		
6. Application to downstream authority(ies) <ul style="list-style-type: none"> • Office of the Fossil Energy (OFE) (docket no. _____) • filed • approved • FERC (docket no. _____) • filed • approved • other • filed • approved 		
7. Downstream Transporter(s) <ul style="list-style-type: none"> • letter of intent • transportation contract • facilities 		
8. Other Information Supporting Shipper's Request		

4. Type of service required: _____

_____ New Service

_____ Amendment to Existing Contract

5. Requested Service Commencement Date: _____

6. Requested Service Termination Date: _____

7. Transportation Quantities: (GJ/d)

_____ Summer _____ Winter

_____ Requested Maximum Daily Delivery Quantity

_____ Estimated average daily quantity

_____ Requested Minimum Daily Delivery Quantity

8. Receipt Point(s): _____

9. Delivery Point(s): _____

10. Name(s) of upstream transporter(s) of the gas to be delivered to Foothills Pipe Lines Limited at the Receipt Point(s):

11. Name(s) of downstream transporter(s) of the gas to be delivered by Foothills Pipe Lines Limited at each Delivery Point(s):

12. Are special facilities, such as a delivery meter station, in addition to an expansion of Company's Facilities required to provide the requested service? Please describe:

13. Is this bid subject to the following condition? yes / no

This bid is subject to the condition that Shipper has been awarded at least
through the
Interconnecting Pipeline Open Season held to .

14. Applicant covenants that it will make timely arrangements for upstream and downstream transportation, gas supply and markets and all necessary governmental authorizations and that it will advise the upstream and downstream transporters of the Receipt Points and Delivery Points under this Bid Form.

15. Applicant understands that this Bid Form, complete and unrevised as to format, must be received by Foothills Pipe Lines Limited before its transportation request will be accepted and processed.

16. Applicant agrees, by the submittal of this Bid Form, to abide by the terms of the Foothills Pipe Lines Limited Gas Transportation Service Documents, including the applicable Service Schedule and the General Terms and Conditions. In addition, Applicant acknowledges receipt of Company's capacity allocation procedures and agrees to be bound by it.

Applicant's Authorized Signature

Typed Name and Title

Date and Time Request Delivered

APPENDIX C

Daily Open Season Bid Form

- 1. Shipper: _____
- 2. Receipt Point: _____
- 3. Delivery Point: _____
- 4. Requested Maximum Daily Delivery Quantity (MDDQ): _____ GJ/d
- 5. Requested Minimum Daily Delivery Quantity (MinDQ): _____ GJ/d
- 6. Requested Service Commencement Date: _____
 _____ (YYYY / MM / DD)
- 7. Requested Service Termination Date: _____
 _____ (YYYY / MM / DD)
- 8. Daily Open Season Posting Number: _____
- 9. Date of Daily Open Season Bid: _____
 _____ (YYYY / MM / DD)

SHIPPER: _____
 _____ (signature)

 _____ (name/title)

 _____ (signature)

 _____ (name/title)

RATE SCHEDULE ~~T-4FT~~
FIRM Transportation SERVICE

1. AVAILABILITY

This Rate Schedule ~~T-4FT~~, Firm Transportation Service is available to any Shipper which has:

- (a) Satisfied all applicable requirements as set forth in the Capacity Allocation Procedures and subsection 5.8 of the General Terms and Conditions of this Gas Transportation Tariff; and
- (b) Executed a Service Agreement, Firm Transportation Service with Company, for a minimum term of one (1) year ending on the last day of a Month.

For Zones 8 and 9 only, Backhaul service is also available under Rate Schedule ~~T-4FT~~, Firm Transportation Service.

2. APPLICABILITY

This Rate Schedule ~~T-4FT~~, Firm Transportation Service shall apply to all transportation services under Shipper's Service Agreement, Firm Transportation Service other than service specifically provided for in another rate schedule, as of the Billing Commencement Date, whether or not gas is actually transported.

3. SERVICE DESCRIPTION

~~3.1 Forward Haul Service~~

~~Forward Haul~~s Service rendered by Company for Shipper under this Rate Schedule ~~T-4FT~~, Firm Transportation Service consists of:

- (a) The receipt of gas from Shipper (or for Shipper's account) at each ~~Forward Haul~~ Receipt Point as specified in the Service Agreement, Firm Transportation Service;
- (b) The transportation of gas by Company through the transportation system, described in section 6 hereof; and
- (c) The delivery by Company to Shipper of gas nominated by Shipper (or for Shipper's account) at each ~~Forward Haul~~ Delivery Point specified in the Service Agreement, Firm Transportation Service.

~~3.2 Backhaul Service~~

~~Backhaul service rendered by Company for Shipper under this Rate Schedule T-1, Firm Service consists of:~~

~~(a) The receipt of gas from Shipper (or for Shipper's account) at each Backhaul Receipt Point as specified in the Service Agreement, Firm Service;~~

~~(b)(a) The delivery by Company to Shipper (or for Shipper's account) of gas nominated by Shipper at each Backhaul Delivery Point specified in the Service Agreement, Firm Service; and~~

~~(c) Is subject to subsection 7.2.4.~~

4. SERVICE AGREEMENT

This Rate Schedule ~~T-1FT~~, Firm Transportation Service is subject to all terms, conditions, stipulations and provisions of the Service Agreements, Firm Transportation Service.

3.5. GENERAL TERMS AND CONDITIONS

This Rate Schedule ~~T-1FT~~, Firm Transportation Service is subject to all terms, conditions, stipulations and provisions of the General Terms and Conditions of this Gas Transportation Tariff.

6. SUBSIDIARY COMPANIES AND ZONES

6.1 General

Company's transportation system consists of operating segments with each segment operated by a Subsidiary Company. Company and Subsidiary Companies have entered into transportation agreements for provision of transportation services by Subsidiary Companies for Company. Copies of the applicable transportation agreements are attached hereto as Supplements I through III. Each Subsidiary Company shall divide its segment into one or more Zones as defined in Schedule I, Annex II of the Northern Pipeline Act and described in subsection 6.2 hereof. Shipper, through its Service Agreement, Firm Transportation Service with Company, shall contract to have its gas transported through one or more of these Zones.

6.2 Description

The Subsidiary Companies listed below own and operate the portions of the Phase I gas transportation system set opposite the name of each such Subsidiary Company.

<u>Subsidiary Company</u>	<u>Zone No.</u>	<u>Description</u>	<u>Length (km)</u>
Foothills Pipe Lines (Alta.) Ltd.	6	From Caroline, Alberta to the Alberta/ Saskatchewan border near Empress, Alberta.	378.49
	7	From Caroline, Alberta to the Alberta/B.C. border near Coleman, Alberta.	124.03
Foothills Pipe Lines (South B.C.) Ltd.	8	From the Alberta/B.C. border near Coleman, Alberta to the B.C./U.S. border near Kingsgate,	165.961 <u>70.7</u>

B.C.

Foothills Pipe Lines (Sask.) Ltd.	9	From the Alberta/ Saskatchewan border near Empress, Alberta to the Saskatchewan/U.S. border near Monchy, Saskatchewan.	258.97
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7. CHARACTER OF SERVICE

7.1 Firm Transportation Service

Gas transported by Company for Shipper under this Rate Schedule ~~T-4FT~~, Firm Transportation Service shall not be subject to curtailment or interruption except as provided in subsection 7.2.4 herein and in the General Terms and Conditions of this Gas Transportation Tariff.

7.2 Receipt and Delivery Obligations

7.2.1 At each Delivery Point, Company and Shipper shall establish the Maximum Daily Delivery Quantity ("MDDQ") and shall specify the portion of such ~~Maximum Daily Delivery Quantity~~ MDDQ to be received at each Receipt Point. The aforementioned ~~Maximum Daily Delivery Quantity~~ MDDQ and portions thereof shall be specified in Appendix A to the Service Agreement, Firm Transportation Service.

7.2.2 At each Delivery Point, identified in Appendix A to the Service Agreement, Firm Transportation Service, Company is obligated to deliver to Shipper a daily quantity of gas which has an aggregate energy content of all gas received from Shipper at each Receipt Point destined for such Delivery Point, less Shipper's share ~~of the sum~~ for each Zone of the energy content of :

~~(a) Company Use Gas, and~~

~~(b) Line Pack Changes except in Zone 6, Zone 7 and Zone 9 where Company owns Line Pack~~

used in the transportation of such gas on such day.

Shipper's share shall be calculated pursuant to section 8 of the General Terms and Conditions of this Gas Transportation Tariff.

7.2.3 Notwithstanding subsection 7.2.2 herein, Shipper shall not be allocated a share of Company Use Gas in respect of Backhaul service.

7.2.4 Company will provide Backhaul service under this Rate Schedule ~~T-1FT~~, Firm Transportation Service to Shipper on Zones 8 and 9 only in circumstances where such service is requested by Shipper and, in Company's judgement, there is sufficient quantity of gas being received into Company's system to enable such service to be provided.

7.3 Daily Gas Nominations

7.3.1 Shipper shall advise Company, in writing, of the total daily quantity of gas nominated by it for each Delivery Point. Such total daily quantity of gas shall not, subject to Article 1.2 of Shipper's Service Agreement, Firm Transportation Service, exceed the ~~Maximum Daily Delivery Quantity~~ MDDQ for each such Delivery Point.

7.3.2 Out of such total daily quantity of gas nominated for each Delivery Point, Shipper shall advise Company of the daily quantity of gas nominated by it for transportation from each Receipt Point.

7.3.3 Shipper may provide its nomination through written confirmations received by Company from a downstream carrier. Company shall rely on such confirmations received from downstream carrier to determine Shipper's nomination quantities at Delivery Points. For certainty, this would include Shipper's written confirmation received by Company from Northern Border or Gas Transmission Northwest.

8. CHARGE FOR SERVICE

The rate used in calculating Shipper's monthly bill for Service under Rate Schedule ~~T-4FT~~, Firm Transportation Service in the Zone is the ~~T-4FT~~ Rate.

8.1 Shipper's Obligation to Pay

Shipper shall be obligated to pay to Company in respect of each Billing Month, a charge for services rendered hereunder being the aggregate of Shipper's monthly demand charges determined in accordance with subsection 8.2.1 hereof and Shipper's Surcharge determined in accordance with subsection 8.2.2 hereof. Shipper's obligation to pay is not subject to any adjustment or abatement under any circumstances except as specifically provided for in section 9 hereof, and such obligation shall be billed by Company to Shipper in accordance with section 5 of the General Terms and Conditions of this Gas Transportation Tariff.

8.2 Monthly Charges

8.2.1 Monthly Demand Charge

Shipper's monthly demand charge for a Billing Month shall be the product of:

- (a) Shipper's ~~Maximum Daily Delivery Quantity~~ MDDQ as indicated on Schedule A to Shipper's Service Agreement, Firm Transportation Service for such billing month;
- (b) ~~the distance in kilometers each such quantity is to be transported through~~ Shipper's Haul Distance for the Zone; and
- (c) the ~~T-4FT~~ Rate for the Zone.

8.2.2 Monthly Surcharge

Shipper's surcharge amount, if any, shall be an amount to recognize the recovery of costs associated with special facilities installed by Company for Shipper agreed to between Company and Shipper expressed in dollars per month. Such amount shall be set out on Schedule A to Shipper's Service Agreement, Firm Transportation Service.

8.3 Allocation of Gas Delivered

Notwithstanding any other provision of this Rate Schedule ~~T-1FT~~, Firm Transportation Service, and any Service Agreement or the General Terms and Conditions of this Gas Transportation Tariff, and without regard to how gas may have been nominated, the aggregate quantity of gas delivered to a Shipper at the Delivery Point during any Billing Month shall be allocated for billing purposes as follows:

- (a) first to service to Shipper under Rate Schedule STFT, Short Term Firm Transportation Service to a maximum of the aggregate ~~Maximum Daily Delivery QuantityMDDQ~~ for such Delivery Point under such Rate Schedule STFT, Short Term Firm Transportation Service;
- (b) second to service to Shipper under Rate Schedule ~~T-1FT~~, Firm Transportation Service to a maximum of the aggregate ~~Maximum Daily Delivery QuantityMDDQ~~ for such Delivery Point under Rate Schedule ~~T-1FT~~, Firm Transportation Service; and
- (c) third, for Zone 8 and Zone 9 to service to Shipper under Rate Schedule IT, Interruptible Service and for Zone ~~6, and Zone 7 and Zone 8~~ to Shipper under Rate Schedule ~~OT-1~~, Overrun Transportation Service.

8.4 Charge for Over-Run Gas in Zone 8 and Zone 9

In the event that Company determines, in respect of a Billing Month, that Shipper has tendered for transportation, and Company has transported for Shipper, a quantity of gas in excess of the ~~Maximum Daily Delivery QuantityMDDQ~~ as indicated on Appendix A of Shipper's Service Agreement, Firm Transportation Service, Shipper shall pay Company an amount equal to the product of a quantity of gas equal to such excess and the IT Rate for Service under Rate Schedule IT, Interruptible Transportation Service.

8.5 Accounting

Company shall maintain books of account in accordance with the requirements of the National Energy Board and, to the extent not inconsistent with such requirements, in accordance with generally accepted accounting principles in Canada.

9. FAILURE TO DELIVER GAS

9.1 General

If Company shall, in any billing month, fail for any reason to make delivery to any Shipper of the whole or any portion of the quantity of gas nominated by such Shipper from Company in accordance with such Shipper's Service Agreement, Firm Transportation Service, such Shipper's obligation to pay Company pursuant to section 8 of Rate Schedule ~~T-1FT~~, Firm Transportation Service shall be subject only to the adjustments expressly provided in this section 9.

9.2 ~~Delivery Deficiency~~ Make-Up Gas

~~If, in any day in any month, Company is unable to delivery to Shipper, any portion of the gas nominated by Shipper from Company, for such day, pursuant to Article 1.1 of Shipper's Service Agreement, Firm Service, such portion shall be Shipper's "Delivery Deficiency" for such day.~~

~~Delivery Deficiencies arising in a billing month shall be discharged to the extent of gas delivered by Company to Shipper pursuant to Article 1.2 of Shipper's Service Agreement, Firm Service on any day during such billing month whether before or after the day on which any such deficiency arose. To the extent not so discharged, Delivery Deficiencies shall be discharged only by the delivery of Make-Up Gas in subsequent billing months.~~ In the event that Company fails on any day to deliver to Shipper at the Delivery Point the quantity of gas Shipper has in good faith nominated up to Shipper's MDDQ (unless such failure is due to planned repairs, maintenance, replacement or other upgrading, or other work related to Company's transportation system for which Company gave Shippers notice under subsection 8.8 of the General Terms and Conditions) Shipper

shall be entitled, subject to subsection 6.5 of the General Terms and Conditions and within two years of such failure, to have Company transport such quantities of gas in excess of Shipper's MDDQ sufficient to make-up such deficiency ("Make-Up Gas") at no additional demand charge. Demand charges credited to Shipper under subsection 9.4.1 shall be recovered by Company respecting Make-Up Gas.

~~9.3~~ **Make-Up Gas**

~~"Make-Up Gas" is Delivery Deficiencies which may be made up in the following month(s). If, in any billing month, the quantity of gas delivered to Shipper by Company pursuant to Article 1.2 of Shipper's Service Agreement, Firm Service exceeds the aggregate of Shipper's Delivery Deficiencies arising in that billing month, the excess shall be Make-Up Gas to the extent of undischarged Shipper's Delivery Deficiencies arising in prior billing months.~~

~~Service in respect of gas delivered pursuant to Article 1.2 of Shipper's Service Agreement, Firm Service and applied to the discharge of Delivery Deficiencies shall be deemed to have been provided under this subsection 9.2.~~

~~9.4~~ **Overrun Gas**

~~If, in any billing month in Zones 6, 7 or 8, the quantity of gas delivered to Shipper by Company pursuant to Article 1.2 of Shipper's Service Agreement, Firm Service exceeds the quantity of Make-Up Gas such balance shall be overrun gas and shall be governed by Rate Schedule OT-1, Overrun Service.~~

~~9.53~~ **Allocation of Service**

~~If Company is on any day required to allocate service pursuant to Article 1.2 of the Service Agreements, Firm Transportation Service of two or more Shippers, Company shall give priority in such allocation to quantities of gas desired to be tendered in respect to Delivery Deficiencies Make-Up Gas over Interruptible Transportation Service. to the extent, in the case of each such Shipper, of its undischarged Delivery Deficiencies on such day.~~

9.6.4 Billing Adjustment

~~Each billing month Company shall, if applicable, provide a credit to Shipper (“Billing Abatement”) in accordance with subsection 9.6.1 herein or require a payment from Shipper (“Make-Up Gas Transportation Payment”) in accordance with subsection 9.6.2 herein.~~

~~9.6.1—If, in any billing month the quantity of gas delivered by Company to Shipper is less than 90% of the sum for such month of all quantities of gas nominated by Shipper from Company at all Delivery Points pursuant to Article 1.1 of Shipper’s Service Agreement, Firm Service, Shipper shall be entitled to a Billing Abatement in respect of such billing month which shall be determined as follows:~~

$$\text{BA} = \text{RD} \times \text{CR}$$

~~Where:~~

~~BA— is Shipper’s Billing Abatement in dollars for such billing month.~~

~~RD— is the difference between the sum of all quantities of gas nominated by Shipper to Company in such billing month at all Delivery Points and the total quantity of gas actually delivered by Company to Shipper during such billing month.~~

~~CR— is \$0.01 per GJ.~~

~~9.6.2If, in any billing month, the quantity of gas delivered to Shipper by Company is less than the quantity of gas nominated by Shipper from Company in such billing month pursuant to Article 1 of Shipper’s Service Agreement, Firm Service, and such deficiency is less than 10% of the gas so nominated, Make-Up Gas delivered in any subsequent billing month by Company to Shipper shall, to the extent of the quantity of such deficiency (“No Billing Abatement Gas”) not be subject to any payment pursuant to this subsection 9.6, and, for such purposes, No Billing~~

~~Abatement Gas shall be deemed to be delivered by Company to Shipper before other Make-Up Gas.~~

~~To the extent that Make-Up Gas delivered by Company to Shipper in any billing month relates to gas for which Shipper has received a Billing Abatement (“Billing Abatement Gas”), Shipper shall be obligated to pay to Company for transportation of such Billing Abatement Gas, an amount to be determined as follows:~~

$$\text{BAGTP} = \text{BAG} \times \text{CR}$$

~~Where:~~

~~BAGTP is Shipper’s Billing Abatement Gas Transportation Payment in dollars for such billing month.~~

~~BAG is the quantity of Shipper’s Billing Abatement Gas transported in such billing month.~~

~~CR is \$0.01 per GJ.~~

~~Each amount determined pursuant to the foregoing subsections 9.6.1 and 9.6.2 shall be reflected in an invoice to Shipper as provided in section 5 of the General Terms and Conditions of this Gas Transportation Tariff: 9.4.1 Demand Charge Credit~~

~~(a) Subject to subsection 9.4.1(b), if in any month Company is unable to deliver up to 98 percent of the quantity of gas that Shipper has in good faith nominated up to the MDDQ times the number of days in such month, then in respect of such month, a credit shall be applied to the monthly bill rendered by Company determined according to the following formula:~~

$$\text{Credit} = \text{FT Rate} \times \frac{\text{Shipper's Haul Distance}}{\text{Shipper's MDDQ}} \times \left[\frac{\text{Average Day Delivery Quantity}^*}{\text{Shipper's MDDQ}} \right]$$

*Average Day Delivery Quantity = Deliveries to Shipper in any Month in which a Demand Charge Credit is applicable, divided by the number of days in that particular Month.

(b) No credit to the Monthly bill shall be made if Company delivers less than 98 percent of the quantity of gas nominated as a result of planned repairs, maintenance, replacement or other upgrading, or other work related to Company's transportation system for which Company gave firm Shippers notice under subsection 8.8 of the General Terms and Conditions on Company's Facilities or as a result of Shipper being unable to deliver gas at the Receipt Point or accept gas at the Delivery Point.

9.75 Exception

Subsections 9.2 through 9.6-4 hereof shall not apply to any failure of Company to make delivery to Shipper of any gas nominated by Shipper pursuant to Shipper's Service Agreement, Firm Transportation Service if such failure is caused or contributed to by the failure of Shipper to, or to be able to, deliver to or take delivery from Company of such gas, or by any other action of Shipper or Persons acting on its behalf which causes or contributes to such a failure by Company.

10. RENEWAL RIGHTS IN ZONES 6, 7 AND 9

10.1 Availability

Shippers to whom renewal rights are available, shall have the option ("Renewal Option") of extending the existing term of the Service Agreement, Firm Transportation Service with respect to all or, if Company agrees, a portion of Shipper's firm capacity rights beyond the primary term specified in the Service Agreement, Firm Transportation Service provided that:

- (a) Shipper has at any time in the past executed a Service Agreement, Firm Transportation Service containing a term of at least five consecutive years; such Service Agreement, Firm Transportation Service or any extensions or amendments thereto or any amended Service Agreement, Firm Transportation Service executed in replacement or in substitution therefore, has not terminated prior to the exercise of the renewal rights granted herein;
- (b) Shipper is not in default with respect to any of its obligations under its Service Agreement(s), Firm Transportation Service;
- (c) If requested by Company, Shipper has provided Financial Assurances in accordance with subsection 5.8.1 of the General Terms and Conditions of this Gas Transportation Tariff; and
- (d) Shipper provides Company, at the time the notice referred to in subsection 10.2.1 or 10.2.3 hereof is provided to Company, evidence satisfactory to Company that Shipper has obtained or will be able to obtain appropriate upstream and downstream firm transportation arrangements.

10.2 Procedures

10.2.1 Company may give Shipper notice (“Renewal Notice”) not more than 5 years and not less than six (6) months prior to termination of Shipper’s Service Agreement, Firm Transportation Service that Shipper must exercise the Renewal Option. Shipper has the right to renew the Service Agreement, Firm Transportation Service prior to this Renewal Notice being given upon written notice to Company. As long as at least five (5) years remain in the term of the Shipper’s Service Agreement, Firm Transportation Service then such Renewal Notice cannot be given by Company. Shipper has the right to extend its Service Agreement, Firm Transportation Service one year at a time to maintain a term of at least five (5) years and thereby remain outside the period in which a Renewal Notice can be given.

- 10.2.2** Once a Renewal Notice is given to Shipper, Shipper shall have ten (10) business days from the date of the Renewal Notice to provide Company with a written notice from Shipper of Shipper's election to extend the term of the Service Agreement, Firm Transportation Service for a period of at least five (5) years.
- 10.2.3** If Shipper fails to provide a written request or indicates to Company that it does not wish to renew its capacity in accordance with section 10.2.2, the Company may make the capacity available to other parties in an Open Season in accordance with subsection 4.1 of the Capacity Allocation procedures of this Gas Transportation Tariff.
- 10.2.4** Upon receipt of all bids for the capacity pursuant to the Open Season in accordance with subsection 4.1 of the Capacity Allocation procedures of this Gas Transportation Tariff, the Company shall select the highest net present value bid(s) and notify Shipper of the terms of the successful bid(s) within 15 business days of the close of the Open Season. Shipper may retain this capacity if Shipper agrees to match the highest net present value bid(s) obtained in the Open Season. In the event that such bid(s) is longer than five (5) years, Shipper may retain the capacity by extending its Service Agreement by a minimum of five (5) years provided that such notice is made in writing to Company within 10 business days following the date of the bid notification from Company. If no bids are received, Company may accept other terms of renewal if requested in writing from Shipper, notwithstanding that if the remaining term is less than five (5) years, notice may be given pursuant to subsection 10.2.
- 10.2.5** Following receipt of Shipper's written request in accordance with either subsections 10.2.1, 10.2.2 or 10.2.4, Company will, within 5 business days, provide Shipper with an amendment to the Service Agreement, Firm Transportation Service setting out the renewal term. Shipper shall execute and return the amendment to the Service Agreement, Firm Transportation Service to Company within fifteen (15) business days of receipt from Company, failing which Shipper's Renewal Option terminates.

10.3 Shipper shall have Renewal Rights to be exercised in the same manner and upon the same terms and conditions as set forth above during any renewal term.

11. RENEWAL RIGHTS IN ZONE 8

11.1 Availability

Shippers in Zone 8 shall be entitled to renew all or, if Company agrees, a portion of service under a Service Agreement, Firm Transportation Service if Shipper gives notice to Company of such renewal at least one (1) year prior to termination of Shipper's Service Agreement, Firm Transportation Service. If Shipper does not provide such notice, service shall terminate on the date specified in Shipper's Service Agreement, Firm Transportation Service.

11.2 Procedures

Shipper's notice to renew in Zone 8 pursuant to subsection 11.1 shall be irrevocable for the year immediately prior to the termination of service specified in Shipper's Service Agreement, Firm Transportation Service.

Any renewal of service is subject to the Financial Assurances provisions in subsection 5.8 of the General Terms and Conditions.

11.3

Shipper's notice shall specify a renewal term in Zone 8 of not less than one (1) year consisting of increments of whole months.

RATE SCHEDULE STFT
SHORT TERM FIRM TRANSPORTATION SERVICE

1. AVAILABILITY

This Rate Schedule STFT, Short Term Firm Transportation Service is available to any Shipper in Zone 8 or Zone 9 which has:

- (a) Satisfied all applicable requirements as set forth in the Capacity Allocation Procedures and subsection 5.8 of the General Terms and Conditions of this Gas Transportation Tariff; and
- (b) Executed a Service Agreement, Short Term Firm Transportation Service with Company, for a minimum term of 7 days and up to a maximum term of one year less one day and shall end on the last day of a month.

2. APPLICABILITY

This Rate Schedule STFT, Short Term Firm Transportation Service shall apply to all transportation services under Shipper's Service Agreement, Short Term Firm Transportation Service, as of the Billing Commencement Date, whether or not gas is actually transported.

3. SERVICE DESCRIPTION

Service rendered by Company for Shipper under this Rate Schedule STFT, Short Term Firm Transportation Service consists of:

- (a) The receipt of gas from Shipper (or for Shipper's account) at the Receipt Point as specified in the Service Agreement, Short Term Firm Transportation Service;

- (b) The transportation of gas by Company through the transportation system, described in section 6 hereof; and
- (c) The delivery by Company to Shipper (or for Shipper's account) of gas nominated by Shipper at the Delivery Point specified in the Service Agreement, Short Term Firm Transportation Service.

4. SERVICE AGREEMENT

This Rate Schedule STFT, Short Term Firm Transportation Service is subject to all terms, conditions, stipulations and provisions of the Service Agreements, Short Term Firm Transportation Service.

5. GENERAL TERMS AND CONDITIONS

This Rate Schedule STFT, Short Term Firm Transportation Service is subject to all terms, conditions, stipulations and provisions of the General Terms and Conditions of this Gas Transportation Tariff.

6. SUBSIDIARY COMPANIES AND ZONES

6.1 General

Company's transportation system consists of operating segments with each segment operated by a Subsidiary Company. Company and Subsidiary Companies have entered into transportation agreements for provision of transportation services by Subsidiary Companies for Company. Copies of the applicable transportation agreements are attached hereto as Supplements I through III. Each Subsidiary Company shall divide its segment into one or more Zones as defined in Schedule I, Annex II of the Northern

Pipeline Act and described in subsection 6.2 hereof. Shipper, through its Service Agreement, Short Term Firm Transportation Service with Company, shall contract to have its gas transported through Zone 8 or Zone 9.

6.2 Description

The Subsidiary Companies listed below own and operate the portions of the Phase I gas transportation system set opposite the name of each such Subsidiary Company.

<u>Subsidiary Company</u>	<u>Zone No.</u>	<u>Description</u>	<u>Length (km)</u>
Foothills Pipe Lines (Alta.) Ltd.	6	From Caroline, Alberta to the Alberta/ Saskatchewan border near Empress, Alberta.	378.49
	7	From Caroline, Alberta to the Alberta/B.C. border near Coleman, Alberta.	124.03
Foothills Pipe Lines (South B.C.) Ltd.	8	From the Alberta/B.C. border near Coleman, Alberta to the B.C./U.S. border near Kingsgate, B.C.	165.96 <u>70.7</u>
Foothills Pipe Lines (Sask.) Ltd.	9	From the Alberta/ Saskatchewan border near Empress, Alberta to the Saskatchewan/U.S. border near Monchy, Saskatchewan.	258.97

7. CHARACTER OF SERVICE**7.1 Short Term Firm Transportation Service**

Gas transported by Company for Shipper under this Rate Schedule STFT, Short Term Firm Transportation Service shall not be subject to curtailment or interruption except as provided in the General Terms and Conditions of this Gas Transportation Tariff.

7.2 Delivery Obligation

At the Delivery Point, identified in Appendix A to the Service Agreement, Short Term Firm Transportation Service, Company is obligated to deliver to Shipper a daily quantity of gas which has an aggregate energy content of all gas received from Shipper at the Receipt Point, less Shipper's share for Zone 8 or Zone 9 as applicable of the energy content of Company Use Gas used in the transportation of such gas on such day.

Shipper's share shall be calculated pursuant to section 8 of the General Terms and Conditions of this Gas Transportation Tariff.

7.3 Daily Gas Nominations

7.3.1 Shipper shall advise Company, in writing, of the total daily quantity of gas nominated by it for the Delivery Point. Such total daily quantity of gas shall not, subject to Article 1.2 of Shipper's Service Agreement, Short Term Firm Transportation Service, exceed the Maximum Daily Delivery Quantity ("MDDQ") for each such Delivery Point.

7.3.2 Shipper may provide its nomination through written confirmations received by Company from a downstream carrier. Company shall rely on such confirmations received from downstream carrier to determine Shipper's nomination quantities at Delivery Points. For certainty, this would include Shipper's written confirmation received by Company from Northern Border or Gas Transmission Northwest.

7.4 Backhauls

Service under Service Agreement, Short Term Firm Transportation Service is not eligible for backhaul service.

7.5 Renewals

Service under Service Agreement, Short Term Firm Transportation Service is not eligible for renewal.

7.6 Make-Up Provision

Shipper is not eligible for make-up provisions under this Rate Schedule, Short Term Firm Transportation Service.

7.7 Assignment

Shipper shall not be eligible to assign any service under the Service Agreement, Short Term Firm Transportation Service.

8. CHARGE FOR SERVICE

The rate used in calculating Shipper's monthly bill for Service under Rate Schedule STFT, Short Term Firm Transportation Service is the ~~T-FT~~ Rate in Zone 8 or Zone 9 as applicable.

8.1 Shipper's Obligation to Pay

Shipper shall be obligated to pay to Company in respect of each Billing Month, a charge for services rendered hereunder being the aggregate of Shipper's monthly demand charges determined in accordance with subsection 8.2 hereof. Shipper's obligation to pay is not subject to any adjustment or abatement under any circumstances except as specifically provided for in section 9 hereof, and such obligation shall be billed by Company to Shipper in accordance with section 5 of the General Terms and Conditions of this Gas Transportation Tariff.

8.2 Monthly Demand Charge

Shipper's monthly demand charge for a Billing Month shall be the product of:

- (a) Shipper's Maximum Daily Delivery Quantity as indicated on Appendix A to Shipper's Service Agreement, Short Term Firm Transportation Service for such Billing Month;
- (b) ~~the distance in kilometers such quantity is to be transported through~~ Shipper's Haul Distance for Zone 8 or Zone 9 as applicable;
- (c) the ~~T-4FT~~ Rate for Zone 8 or Zone 9 as applicable; and
- (d) Shipper's STFT Bid Price, as indicated on Appendix A to Shipper's Service Agreement, Short Term Firm Transportation Service.

8.3 Allocation of Gas ~~Received~~ Delivered

Notwithstanding any other provision of this Rate Schedule STFT, Short Term Firm Transportation Service, and any Service Agreement or the General Terms and Conditions of this Gas Transportation Tariff, and without regard to how gas may have been nominated, the aggregate quantity of gas delivered to a Shipper at the Delivery Point during any Billing Month shall be allocated for billing purposes as follows:

- (a) first to service to Shipper under this Rate Schedule STFT, Short Term Firm Transportation Service to a maximum of the aggregate Maximum Daily Delivery Quantity for such Delivery Point under such Rate Schedule STFT, Short Term Firm Transportation Service;
- (b) second to service to Shipper under Rate Schedule ~~T-4FT~~, Firm Transportation Service to a maximum of the aggregate Maximum Daily Delivery Quantity for such Delivery Point under Rate Schedule ~~T-4FT~~, Firm Transportation Service; and

- (c) third to service to Shipper under Rate Schedule IT, Interruptible Transportation Service.

8.4 Charge for Over-Run Gas

In the event that Company determines, in respect of a Billing Month, that Shipper has tendered for transportation, and Company has transported for Shipper, a quantity of gas in excess of the Maximum Daily Delivery Quantity as indicated on Appendix A of Shipper’s Service Agreement, Short Term Firm Transportation Service, Shipper shall pay Company an amount equal to the product of a quantity of gas equal to such excess and the IT Rate for Service under Rate Schedule IT, Interruptible Transportation Service.

9 FAILURE TO DELIVER GAS

9.1 General

If Company shall, in any billing month, fail for any reason to make delivery to any Shipper of the whole or any portion of the quantity of gas nominated by such Shipper from Company in accordance with Shipper’s Service Agreement, Short Term Firm Transportation Service, such Shipper’s obligation to pay Company pursuant to section 8 of Rate Schedule STFT, Short Term Firm Transportation Service shall be subject only to the adjustments expressly provided for in this section 9.

9.2 Billing Adjustment

9.2.1 Demand Charge Credit

- (a) Subject to subsection 9.2.1(b), if in any month Company is unable to deliver up to 98 percent of the quantity of gas that Shipper has in good faith nominated up to the MDDQ times the number of days in such month, then in respect of such month, a credit shall be applied to the monthly bill rendered by Company determined according to the following formula:

$$\text{Credit} = \text{FT Rate} \times \frac{\text{STFT Bid Price}}{\text{Shipper's Haul Distance}} \times \left[\frac{\text{Shipper's}}{\text{Average Day Delivery}} \right]$$

<u>MDDQ</u>	<u>Quantity*</u>
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*Average Day Delivery Quantity = Deliveries to Shipper in any Month in which a Demand Charge Credit is applicable, divided by the number of days in that particular Month.

- (b) No credit to the Monthly bill shall be made if Company delivers less than 98 percent of the quantity of gas nominated as a result of planned repairs, maintenance, replacement or other upgrading, or other work related to Company's Facilities for which Company gave firm shippers notice under subsection 8.8 of the General Terms and Conditions on Company's Facilities or as a result of Shipper being unable to deliver gas at the Receipt Point or accept gas at the Delivery Point.

9.3 Exception

Subsection 9.2 hereof shall not apply to any failure of Company to make delivery to Shipper of any gas nominated by Shipper pursuant to Shipper's Service Agreement, Short Term Firm Transportation Service if such failure is caused or contributed to by the failure of Shipper to, or to be able to, deliver to or take delivery from Company of such gas, or by any other action of Shipper or Persons acting on its behalf which causes or contributes to such a failure by Company.

RATE SCHEDULE OT-1
OVERRUN TRANSPORTATION SERVICE

1. AVAILABILITY

This Rate Schedule OT-1, Overrun Transportation Service is available in Zones 6, and 7 and 8 only, to any Shipper under its Service Agreement, Firm Transportation Service.

2. APPLICABILITY AND CHARACTER OF SERVICE

This Rate Schedule OT-1, Overrun Transportation Service shall apply to overrun transportation service pursuant to Article 1.2 of Shipper's Service Agreement, Firm Transportation Service and subsection 9.3 of Rate Schedule T-1, Firm Service, other than service which, by the terms of subsection 9.1 and 9.2 of Rate Schedule T-1, Firm Service, is deemed to be provided under said subsections but not for service provided pursuant to subsection 9.2 of Rate Schedule FT.

3. CHARGE FOR SERVICE

The rate used in calculating Shipper's monthly bill for service under Rate Schedule OT-1, Overrun Transportation Service in the Zone is the OT-1 Rate.

3.1 Shipper's Obligation to Pay

Shipper shall be obligated to pay to Company in respect of each Billing Month, a charge for services rendered hereunder being the aggregate of Shipper's monthly commodity charges determined in accordance with subsection 3.2 hereof. Shipper's obligation to pay is not subject to any adjustment or abatement under any circumstances and such obligation shall be billed by Company to Shipper in accordance with section 5 of the General Terms and Conditions of this Gas Transportation Tariff.

3.2 Monthly Commodity Charge

Shipper shall pay to Company, for each GJ of gas delivered by Company to Shipper to which this Rate Schedule OT-1, Overrun [Transportation](#) Service is applicable, an amount equal to Shipper's OT-1 Rate in the Zone multiplied by the distance in kilometers such quantity of gas is transported in the Zone for the Billing Month in which such gas is ~~received~~[delivered](#); provided that if Shipper on any day of any Billing Month does not tender all or a portion ("Tender Deficiency") of such Shipper's [Maximum](#) Daily Delivery Quantity, then for those days no payment shall be due to Company under this Rate Schedule OT-1, Overrun [Transportation](#) Service in respect of gas delivered by Company pursuant to Article 1.2 of Shipper's Service Agreement and which is governed by this Rate Schedule OT-1, Overrun [Transportation](#) Service, on any other day during such Billing Month and the immediately following Billing Month, up to the undischarged amount of such Tender Deficiency.

4. GENERAL TERMS AND CONDITIONS

This Rate Schedule OT-1, Overrun [Transportation](#) Service is subject to all terms, conditions, stipulations and provisions of the General Terms and Conditions of this Gas Transportation Tariff as updated from time to time.

RATE SCHEDULE ~~SGS-1~~
SMALL GENERAL SERVICE

1. AVAILABILITY

This Rate Schedule ~~SGS-1~~, Small General Service is available to Transgas Limited (herein referred to as “Shipper”) upon execution by Shipper of a Service Agreement, Small General Service for the transportation by Company of gas to be sold to customers on a farm or in small communities or, to a customer that distributes to customers on farms or in small communities, provided that:

- (a) The gas is being ultimately consumed primarily for residential and commercial space heating purposes; and
- (b) Such customers are not being served under any other gas transportation agreement between Shipper and Company.

2. APPLICABILITY

This Rate Schedule ~~SGS-1~~, Small General Service shall apply to the transportation service under Shipper’s Service Agreement, Small General Service.

3. SERVICE DESCRIPTION

Service rendered by Company for Shipper under this Rate Schedule ~~SGS-1~~, Small General Service consists of:

- (a) The receipt of gas from Shipper (or for Shipper’s account) at each Receipt Point as specified in the Service Agreement, Small General Service;

- (b) The transportation of gas by Company in its facilities between the Alberta/Saskatchewan border near Empress to the Saskatchewan/ United States border near Monchy (“Zone 9”); and
- (c) The delivery by Company to Shipper of gas nominated by Shipper at each Delivery Point specified in the Service Agreement, Small General Service.

4. SERVICE AGREEMENT, SMALL GENERAL SERVICE

This Rate Schedule ~~SGS-1~~, Small General Service is subject to all terms, conditions, stipulations and provisions of the Service Agreement, Small General Service.

5. GENERAL TERMS AND CONDITIONS

This Rate Schedule ~~SGS-1~~, Small General Service is subject to all terms, conditions, stipulations and provisions of the General Terms and Conditions of this Gas Transportation Tariff as may be amended from time to time, with the exception of sections ~~8.6~~, 8.7 and 16.

6. CHARACTER OF SERVICE

6.1 Small General Service

Gas transported by Company for Shipper under this Rate Schedule ~~SGS-1~~, Small General Service shall not be subject to curtailment or interruption except as provided in the General Terms and Conditions of this Gas Transportation Tariff.

6.2 Receipt and Delivery Obligations

6.2.1 At each Delivery Point, Company and Shipper shall establish the Maximum Daily Delivery Quantity and shall specify the portion of such Maximum Daily Delivery Quantity to be received at each Receipt Point. The aforementioned Maximum Daily Delivery Quantity and portions thereof shall be specified in Appendix A to the Service Agreement, Small General Service.

6.2.2 At each Delivery Point, identified in Appendix A to the Service Agreement, Small General Service, Company is obligated to deliver to Shipper a daily quantity of gas which has an aggregate energy content of all gas received from Shipper at each Receipt Point destined for such Delivery Point, less Shipper's share of the energy content of Company Use Gas used in the transportation of such gas on such day.

6.2.3 For the purpose of calculating Shipper's share of Company Use Gas pursuant to subsection 8.4.3 of the General Terms and Conditions of this Gas Transportation Tariff, all of Shipper's quantities received into Zone 9 shall be deemed to have been transported 1/2 of the total distance in Zone 9 (130 km).

6.3 Daily Gas Nominations

6.3.1 Shipper shall advise Company of the total daily quantity of gas nominated by it for each Delivery Point. Such total daily quantity of gas shall not, subject to Article 1.2 of Shipper's Service Agreement, Small General Service, exceed the Maximum Daily Delivery Quantity for each such Delivery Point.

6.3.2 Out of such total daily quantity of gas nominated for each Delivery Point, Shipper shall advise Company of the daily quantity of gas nominated by it for transportation from each Receipt Point.

7. CHARGE FOR SERVICE

The rate used in calculating Shipper's monthly bill for service under this Rate Schedule ~~SGS-1~~, Small General Service is the ~~T-4FT~~ Rate in Zone 9.

7.1 Shipper's Obligation to Pay

Shipper shall be obligated to pay to Company in respect of each Billing Month, a charge for services rendered hereunder being the aggregate of Shipper's monthly commodity charges determined in accordance with subsection 7.2 hereof. Shipper's obligation to pay is not subject to any adjustment or abatement under any circumstances and such obligation shall be billed by Company to Shipper in accordance with section 5 of the General Terms and Conditions of this Gas Transportation Tariff.

7.2 Monthly Commodity Charge

Shipper's monthly commodity charge for a Billing Month shall be the product of:

- (a) the actual quantity of gas delivered by Company from Shipper under Rate Schedule ~~SGS-1~~, Small General Service during such month;
- (b) 1/2 the total distance in Zone 9 (130 km); and
- (c) the ~~T-4FT~~ Rate.

RATE SCHEDULE IT
INTERRUPTIBLE TRANSPORTATION SERVICE

1. AVAILABILITY

This Rate Schedule IT, Interruptible Transportation Service is available for service rendered by Company only in Zone 8 or Zone 9 to any Shipper for transportation of gas by Company on an interruptible and best efforts basis only, provided that:

- (a) Shipper has executed a Service Agreement, Interruptible Transportation Service with Company and such Service Agreement is then in effect;
- (b) Shipper has obtained all certificates, permits, licenses or other authorizations which it requires in connection with the service rendered hereunder; ~~and~~
- (c) Shipper has made arrangements satisfactory to Company to enable Shipper to deliver gas to Shipper's Receipt Points and to take gas from Shipper's Delivery Points in accordance with Shipper's daily nominations; ~~and~~
- (d) Satisfied all applicable requirements as set forth in subsection 5.8 of the General Terms and Conditions of this Gas Transportation Tariff.

2. APPLICABILITY

This Rate Schedule IT, Interruptible Transportation Service shall apply to all interruptible transportation services under Shipper's Service Agreement, Interruptible Transportation Service.

3. SUBSIDIARY COMPANIES AND ZONES**3.1 General**

Company’s transportation system consists of operating segments with each segment operated by a Subsidiary Company. Company and Subsidiary Companies have entered into transportation agreements for provision of transportation services by Subsidiary Companies for Company. Each Subsidiary Company shall divide its segment into one or more Zones as defined in Schedule I, Annex II of the Northern Pipeline Act and described in subsection 3.2 hereof. Shipper, through its Service Agreement, Interruptible [Transportation](#) Service with Company, shall contract to have its gas transported through [Zone 8 or](#) Zone 9.

3.2 Description

The Subsidiary Companies listed below own and operate the portions of the Phase I gas transportation system set opposite the name of each such Subsidiary Company.

<u>Subsidiary Company</u>	<u>Zone No.</u>	<u>Description</u>	<u>Length (km)</u>
Foothills Pipe Lines (Alta.) Ltd.	6	From Caroline, Alberta to the Alberta/ Saskatchewan border near Empress, Alberta.	378.49
	7	From Caroline, Alberta to the Alberta/B.C. border near Coleman, Alberta.	124.03
Foothills Pipe Lines (South B.C.) Ltd.	8	From the Alberta/B.C. border near Coleman, Alberta to the B.C./U.S. border near Kingsgate, B.C.	165.96 170.7
Foothills Pipe Lines (Sask.) Ltd.	9	From the Alberta/Saskatchewan border near Empress, Alberta to the Saskatchewan/U.S. border near Monchy, Saskatchewan.	258.97

4. CHARACTER OF SERVICE

4.1 Interruptible [Transportation](#) Service

Gas transported by Company for Shipper under this Rate Schedule IT, Interruptible [Transportation](#) Service shall be subject to curtailment or interruption, at any time, and from time to time, when Company estimates in its sole judgment, that service hereunder would in any way interfere with or restrict Company's ability to provide service pursuant to Rate Schedule SGS-4, Small General Service, Rate Schedule ~~T-4FT~~, Firm [Transportation](#) Service, Rate Schedule STFT, Short Term Firm Transportation Service or to other Shippers pursuant to Rate Schedule IT, Interruptible [Transportation](#) Service. Company shall not be obligated to construct additional facilities for the purpose of providing the interruptible service hereunder.

4.2 Receipt and Delivery Obligations

4.2.1 At each Delivery Point identified in Appendix A to the Service Agreement, Interruptible [Transportation](#) Service shipper may nominate a daily quantity of gas for interruptible service, subject to the provisions of subsection 4.3.

4.2.2 At each Delivery Point identified in Appendix A to the Service Agreement, Interruptible [Transportation](#) Service, Company is obligated to deliver to Shipper a daily quantity of gas which has an aggregate energy content of all gas received from Shipper and accepted by Company at each Receipt Point destined for such Delivery Point, less Shipper's share of the energy content of Company Use Gas used in the transportation of such gas on such day.

Shipper's share shall be calculated pursuant to section 8 of the General Terms and Conditions of this Gas Transportation Tariff.

4.2.3 Notwithstanding subsection 4.2.2 herein, for any service provided hereunder where the Delivery Point is upstream of the Receipt Point, Shipper shall not be allocated a share of Company Use Gas in respect of such Backhaul service.

4.3 Daily Gas Nominations

4.3.1 Shipper shall advise Company, from time to time as required by Company, of the daily quantity of gas to be transported under Rate Schedule IT, Interruptible [Transportation](#) Service pursuant to subsection 4.1, for each Delivery Point to be transported on an interruptible basis from the Receipt Point.

Shipper shall deliver such quantities at the Receipt Point at hourly rates of flow as nearly constant as possible and shall take delivery at the Delivery Point at hourly rates of flow as nearly constant as possible.

4.3.2 Departures from scheduled daily deliveries shall be kept to a minimum permitted by operating conditions.

4.3.3 If on any day Shipper fails to deliver to the Receipt Point, or accept at the Delivery Point, the gas nominated pursuant to subsection 4.3.1 herein, Company shall be entitled to curtail further receipts of gas from Shipper until the quantity delivered at the Receipt Point balances with the quantity delivered at the Delivery Point.

Without limiting Company's rights as set forth above, Company will use reasonable efforts to implement other operational procedures including:

- (a) The notification of Shipper with an imbalance of other Shippers with positive or negative inventory in order that, by exchange, inventories may be brought to zero balance; and
- (b) In the event that, at the end of a given month, Shipper is in a positive or negative imbalance position, such imbalance will be carried forward as

Shipper's inventory for a period of up to the term of Shipper's Service Agreement, Interruptible [Transportation](#) Service.

4.3.4 Shipper may provide its nomination through written confirmations received by Company from a downstream carrier. Company shall rely on such confirmations received from downstream carrier to determine Shipper's Nomination quantities at Delivery Points. For certainty, this would include Shipper's written confirmation received by Company from Northern Border [or Gas Transmission Northwest](#).

5. CHARGE FOR SERVICE

The rate used in calculating Shipper's monthly bill for service under Rate Schedule IT, Interruptible [Transportation](#) Service in the Zone is the IT Rate.

5.1 Shipper's Obligation to Pay

Shipper shall be obligated to pay to Company in respect of each Billing Month, a charge for services rendered hereunder being the aggregate of Shipper's monthly commodity charges determined in accordance with subsection 5.2 hereof. Shipper's obligation to pay is not subject to any adjustment or abatement under any circumstances and such obligation shall be billed by Company to Shipper in accordance with section 5 of the General Terms and Conditions of this Gas Transportation Tariff.

5.2 Monthly Commodity Charge

Shipper's monthly commodity charge for a Billing Month shall be the product of:

- (a) the actual quantity of gas delivered to Shipper by Company under Rate Schedule IT, Interruptible [Transportation](#) Service during such month;
- (b) the distance in kilometers such quantity of gas is transported, or in the case of Backhaul is deemed to be transported through the Zone; and

(c) the IT Rate.

5.3 Allocation of Gas ~~Received~~Delivered

Notwithstanding any other provision of this Rate Schedule IT, Interruptible Transportation Service, and any Service Agreement or the General Terms and Conditions of this Gas Transportation Tariff, and without regard to how gas may have been nominated, the aggregate quantity of gas delivered to a Shipper at the Delivery Point during any Billing Month shall be allocated for billing purposes as follows:

- (a) first to service to Shipper under Rate Schedule STFT, Short Term Firm Transportation Service to a maximum of the aggregate Maximum Daily Delivery Quantity for such Delivery Point under such Rate Schedule STFT, Short Term Firm Transportation Service;
- (b) second to service to Shipper under Rate Schedule ~~T-4FT~~, Firm Transportation Service to a maximum of the aggregate Maximum Daily Delivery Quantity for such Delivery Point under Rate Schedule ~~T-4FT~~, Firm Transportation Service; and
- (c) third to service to Shipper under this Rate Schedule IT, Interruptible Transportation Service.

6. TERM OF SERVICE

6.1 Shipper's Service Agreement, Interruptible Transportation Service shall be in full force and effect until terminated by Shipper in accordance with section 6.2 or Company in accordance with section 6.3.

6.2 Shipper shall be entitled to terminate Service under Rate Schedule IT, Interruptible Transportation Service if Shipper gives Company at least 60 days prior written notice of such termination. Any such termination of Service shall not relieve Shipper from any obligation to pay any rate, toll, charge or other amount payable to Company.

6.2 If no gas is transported under a Service Agreement, Interruptible Transportation Service in any 12 month period (assuming Company is willing and able to receive, transport and deliver such gas and both the upstream and downstream transporters, respectively, are willing and able to deliver and receive such gas during such period), then Company shall have the right to terminate such Shipper's Service Agreement, Interruptible Transportation Service upon 60 days prior written notice to Shipper. Any such termination of Service shall not relieve Shipper from any obligation to pay any rate, toll, charge or other amount payable to Company.

67. GENERAL TERMS AND CONDITIONS

The General Terms and Conditions of this Gas Transportation Tariff as may be amended from time to time, are applicable to this Rate Schedule IT, Interruptible [Transportation Service](#) and are hereby made a part hereof with the exception of sections 5.6, ~~8.6~~, 8.7 and 16. If there is any conflict between the provisions of this Rate Schedule IT, Interruptible [Transportation Service](#) and the General Terms and Conditions of this Gas Transportation Tariff, the provisions of this Rate Schedule IT, Interruptible [Transportation Service](#) shall prevail.

**SERVICE AGREEMENT
FIRM TRANSPORTATION SERVICE FS-NO.
FOR TRANSPORTATION OF GAS**

This AGREEMENT made _____, 20__

BETWEEN:

FOOTHILLS PIPE LINES LTD., a body corporate having an office and carrying on business in the City of Calgary in the Province of Alberta (herein referred to as "Company")

OF THE FIRST PART

AND:

_____, a body corporate having an office and carrying on business in the City of _____ in the Province of _____ (herein referred to as "Shipper")

OF THE SECOND PART

**SERVICE AGREEMENT
FIRM TRANSPORTATION SERVICE**

WHEREAS, Shipper wishes to obtain service relating to the transportation of gas through Company's transportation system; and

WHEREAS, Company is willing to provide such service;

In consideration of the premises and of the mutual covenants herein contained, the parties do covenant and agree as follows:

SERVICE AGREEMENT
FIRM TRANSPORTATION SERVICE

ARTICLE 1

Scope of Agreement

1.1 Company agrees to receive from Shipper at each Receipt Point herein specified, the quantity of gas up to the Maximum Daily Delivery Quantity, and to transport and deliver to Shipper at each Delivery Point herein specified in the quantity from time to time nominated by Shipper up to the Maximum Daily Delivery Quantity, and Shipper agrees to accept such gas deliveries from Company, subject to the terms and conditions of this Service Agreement, Firm Transportation Service.

1.2 If Shipper desires to tender to Company on any day a quantity of gas in excess of Shipper's Maximum Daily Delivery Quantity for such Shipper's Delivery Point for such day, it shall notify Company of such desire. If Company, in its sole judgement, determines that it has the necessary capacity available to receive and transport all or any part of such excess quantity and make deliveries in respect thereof, and that the performance of Company's obligations to other Shippers under their Service Agreements will not be adversely affected thereby, Company may elect to deliver to Shipper said excess quantity or part thereof, and so notify Shipper.

ARTICLE 2

Rate Schedule and Rates

2.1 This Service Agreement, Firm Transportation Service is subject to the provisions of Rate Schedule ~~T-4FT~~, Firm Transportation Service and Rate Schedule OT-4, Overrun Transportation Service and the General Terms and Conditions of this Gas Transportation Tariff, as they may be amended or superseded from time to time, which Rate Schedules and General Terms and Conditions of this Gas Transportation Tariff are by this reference incorporated herein and made a part hereof.

2.2 Shipper shall pay Company for all gas transportation services during the term of this Service Agreement, Firm Transportation Service in accordance with such Rate Schedules as are filed with the National Energy Board as the same may hereafter be amended or superseded pursuant to the National Energy Board Act.

ARTICLE 3

Term of Agreement

3.1 The term of this Service Agreement shall be as set forth in Appendix A, which shall be for a minimum term of one year.

3.2 Notwithstanding the provisions of subsection 3.1, if at any time during the term hereof Foothills Pipe Lines Ltd. Gas Transportation Tariff with Shippers transporting U.S. Gas from the Prudhoe Bay area of Alaska through all or any part of the Phase I facilities takes effect, Shipper and Company agree to forthwith execute a Gas Transportation Tariff identical in form and substance to the aforementioned Gas Transportation Tariff which shall be identical in form and substance to that attached as Appendix B hereto. Upon execution of such new Gas Transportation Tariff this Gas Transportation Tariff shall terminate.

ARTICLE 4

Receipt and Delivery Points and Pressures

4.1 All receipts of gas from Shipper shall be at the Receipt Point of such gas, as identified in Appendix A attached to this Service Agreement, Firm Transportation Service, as the same may be in effect from time to time.

4.2 Should measuring equipment not be provided at either the Receipt Point or the Delivery Point, Shipper shall be responsible for measuring the gas volume and quality as specified in the General Terms and Conditions of this Gas Transportation Tariff subject to approval by Company.

4.3 The Delivery Points for gas to be transported hereunder shall be the points set forth in Appendix A attached to this Service Agreement, Firm Transportation Service as the same may be in effect from time to time.

4.4 The delivery pressure of the gas tendered by Shipper to Company for transportation shall be at a pressure sufficient to enter Company's system at the Receipt Point, up to that specified for such Receipt Point in Appendix A attached to this Service Agreement, Firm Transportation Service.

4.5 The delivery pressure of the gas delivered by Company to Shipper shall be at the pressure available from Company's system at the Delivery Point as specified for such Delivery Point in Appendix A attached to this Service Agreement, Firm Transportation Service.

ARTICLE 5

Title and Custody

5.1 Although Company does not acquire title of the gas transported under this Service Agreement, Firm Transportation Service gas received by Company from Shipper hereunder shall be deemed to be in the custody and under the control of Company from the time such gas is accepted for transportation at the Receipt Points until it is delivered to Shipper at the Delivery Points.

ARTICLE 6

Address of Parties

6.1 Any notice or any request, demand, statement, bid or bill (for the purpose of this subsection, collectively referred to as "Notice") provided for by the Rate Schedules, the Service Agreements and the General Terms and Conditions, or any other Notice which either Shipper or Company may wish to give to the other, shall be in writing and shall be directed as follows:

Shipper: •

•

•

Attention: •

Fax: •

E-mail: •

Company: Foothills Pipe Lines Ltd.

450 First Street S.W.

Calgary, AB

T2P 5H1

Attention: Manager, Western Markets and Interconnects

Fax: •

E-mail •

6.2 Any Notice may be given by telecopier or other telecommunication and any such Notice shall be deemed to be given four (4) hours after transmission. Notice may also be given by personal delivery or by courier and any such Notice shall be deemed to be given at the time of delivery. Any Notice may also be given by prepaid mail and any such Notice shall be deemed to be given four (4) Banking Days after mailing. In the event regular mail service, courier service, telecopier or other telecommunication shall be interrupted by a cause beyond the control of the parties hereto, then the party sending the Notice shall utilize any service that has not been so interrupted to deliver such Notice. Each party shall provide Notice to the other of any changes of address for the purposes hereof. Any Notice may also be given by telephone followed immediately by personal delivery, courier, prepaid mail, telecopier, or other telecommunication, and any such Notice so given shall be deemed to be given as of the date and time of the telephone Notice.

~~6.1 Every notice, statement and bill provided for in this Service Agreement, Firm Service shall be directed to the party to whom given, made or delivered at such party's address as follows:~~

~~SHIPPER:~~ _____

~~COMPANY: Manager, Western Markets and Interconnects
Foothills Pipe Lines Ltd.
450 First Street S.W.
Calgary, Alberta
T2P 5H1~~

ARTICLE 7

Miscellaneous Provisions

7.1 The Tariff shall be governed by and construed in accordance with the laws of the Province of Alberta and the applicable laws of Canada, and Company and Customers irrevocably submit to the jurisdiction of the courts of the Province of Alberta for the interpretation and enforcement of the Tariff.~~The interpretation of this Service Agreement, Firm Service shall be in accordance with the laws of the Province of Alberta.~~

ARTICLE 8

Agreements Being Superseded

8.1 This agreement supersedes as of _____, 20__ the following agreements between parties hereto for the transportation of gas by Company for Shipper:

(Not Applicable)

ARTICLE 9

Amendment of Appendix A

9.1 Shipper and Company may at any time and from time to time amend Appendix A to Shipper's Service Agreement, Firm Transportation Service by executing a new Appendix A to Shipper's Service Agreement, Firm Transportation Service which shall be given effect as of the effective date and shall thereupon be deemed to be incorporated in Shipper's Service Agreement, Firm Transportation Service.

IN WITNESS WHEREOF the parties hereto have hereunto executed these presents all as of the day, month and year first above written.

FOOTHILLS PIPE LINES LTD.

Per:

Per:

Per:

Per:

~~APPENDIX A TO SERVICE AGREEMENT, FIRM SERVICE
FOR GAS TRANSPORTATION DATED _____, 20__~~

~~SHIPPER _____~~

~~SHIPPER'S IDENTIFICATION NO.: _____~~

~~1. TERM: The term of service under the Service Agreement hereto shall begin on
_____, 20_ and shall terminate on _____, 20__.~~

~~2. DELIVERY POINTS:~~

LOCATION	MAXIMUM DAILY DELIVERY QUANTITY (GJ)	MAXIMUM DELIVERY PRESSURE kPa (gauge)	APPLICABLE COMPANY ZONES
Forward Haul	_____	_____	_____
Backhaul	_____	_____	_____

~~3. RECEIPT POINTS:~~

LOCATION	DISTANCE FROM DELIVERY POINT LOCATION (km)	MAXIMUM RECEIPT PRESSURE kPa (gauge)	MAXIMUM TEMPERATURE (°C)
Forward Haul	_____	_____	_____
Backhaul	_____	_____	_____

~~* Total Maximum Daily Delivery Quantity from all Delivery Points for Forward Haul and Backhaul Service shall not exceed _____ GJ.~~

~~** Notwithstanding the additional secondary Receipt Points at _____ and _____, Shipper's monthly charges pursuant to Rate Schedule T-1, Firm Service shall be calculated as if _____ were the sole Receipt Point.~~

~~*** Notwithstanding the additional secondary Delivery Point at _____, Shipper's monthly charges pursuant to Rate Schedule T-1, Firm Service shall be calculated as if _____ was the sole Delivery Point.~~

~~This Appendix A is made and entered into as of _____, 20__.~~ On the effective date it shall supersede Appendix A dated as of _____, 20__.

~~Effective date of this Appendix A is _____, 20__.~~

FOOTHILLS PIPE LINES LTD.

Per: _____

Per: _____

Per: _____

Per: _____

APPENDIX A
to the Service Agreement, Firm Transportation Service
Dated _____ Between

Foothills Pipe Lines Ltd.

AND

(Shipper)

- 1. Receipt Point: _____
- 2. Delivery Point: _____
- 3. Shipper's Haul Distance _____ Km
- 4. Applicable Company Zone _____
- 5. Maximum Day Delivery Quantity (MDDQ) _____ GJ/d
- 6. Service Commencement Date _____
- 7. Service Termination Date _____
- 8. Surcharge Amount: _____
- 9. Appendix A Effective Date _____

Shipper

TransCanada PipeLines Limited

(signature)

(signature)

(name/title)

(name/title)

(signature)

(signature)

(name/title)

(name/title)

APPENDIX B

FOOTHILLS PIPE LINES LTD.
PRO FORMA
GAS TRANSPORTATION TARIFF

FOOTHILLS PIPE LINES LTD.
PRO FORMA
GAS TRANSPORTATION TARIFF

The aforementioned Pro Forma Tariff will be applicable to the transportation of Alaska, Alberta, and Northern Canada source gas through the completed Foothills Pipe Lines Ltd. system in Canada. This Gas Transportation Tariff is provided under separate cover.

**SERVICE AGREEMENT
SHORT TERM FIRM TRANSPORTATION SERVICE
FOR TRANSPORTATION OF GAS**

This AGREEMENT made _____, 20__

BETWEEN:

FOOTHILLS PIPE LINES LTD., a body corporate having an office and carrying on business in the City of Calgary in the Province of Alberta (herein referred to as “Company”)

OF THE FIRST PART

AND:

_____, a body corporate having an office and carrying on business in the City of _____ in the Province of _____ (herein referred to as “Shipper”)

OF THE SECOND PART

**SERVICE AGREEMENT
SHORT TERM FIRM TRANSPORTATION SERVICE**

WHEREAS, Shipper wishes to obtain service relating to the transportation of gas through Company's transportation system; and

WHEREAS, Company is willing to provide such service;

In consideration of the premises and of the mutual covenants herein contained, the parties do covenant and agree as follows:

SERVICE AGREEMENT
SHORT TERM FIRM TRANSPORTATION SERVICE

ARTICLE 1

Scope of Agreement

1.1 Company agrees to receive from Shipper at each Receipt Point herein specified, the quantity of gas up to the Maximum Daily Delivery Quantity and to transport and deliver to Shipper at the Delivery Point herein specified in the quantity from time to time nominated by Shipper up to the Maximum Daily Delivery Quantity, and Shipper agrees to accept such gas deliveries from Company, subject to the terms and conditions of this Service Agreement, Short Term Firm Transportation Service.

1.2 If Shipper desires to tender to Company on any day a quantity of gas in excess of Shipper's Maximum Daily Delivery Quantity for Shipper's Delivery Point for such day, it shall notify Company of such desire. If Company, in its sole judgement, determines that it has the necessary capacity available to receive and transport all or any part of such excess quantity and make deliveries in respect thereof, and that the performance of Company's obligations to other Shippers under their Service Agreements will not be adversely affected thereby, Company may elect to deliver to Shipper said excess quantity or part thereof, and so notify Shipper.

ARTICLE 2

Rate Schedule and Rates

2.1 This Service Agreement, Short Term Firm Transportation Service is subject to the provisions of Rate Schedule STFT, Short Term Firm Transportation Service and the General Terms and Conditions of this Gas Transportation Tariff, as they may be amended or superseded from time to time, which Rate Schedule and General Terms and Conditions of this Gas Transportation Tariff are by this reference incorporated herein and made a part hereof.

2.2 Shipper shall pay Company for all gas transportation services during the term of this Service Agreement, Short Term Firm Transportation Service in accordance with such Rate Schedules as are filed with the National Energy Board as the same may hereafter be amended or superseded pursuant to the National Energy Board Act.

ARTICLE 3**Term of Agreement**

3.1 The term of this Service Agreement shall be as set forth in Appendix A, which shall be for a period as described in ~~subparagraph~~ subsection 1(b) of Rate Schedule STFT.

3.2 Notwithstanding the provisions of subsection 3.1, if at any time during the term hereof Foothills Pipe Lines Ltd. Gas Transportation Tariff with Shippers transporting U.S. Gas from the Prudhoe Bay area of Alaska through all or any part of the Phase I facilities takes effect, Shipper and Company agree to forthwith execute a Gas Transportation Tariff identical in form and substance to the aforementioned Gas Transportation Tariff which shall be identical in form and substance to that attached as Appendix B hereto. Upon execution of such new Gas Transportation Tariff this Gas Transportation Tariff shall terminate.

ARTICLE 4**Receipt and Delivery Points and Pressures**

4.1 All receipts of gas from Shipper shall be at the Receipt Point of such gas, as identified in Appendix A attached to this Service Agreement, Short Term Firm Transportation Service, as the same may be in effect from time to time.

4.2 Should measuring equipment not be provided at either the Receipt Point or the Delivery Point, Shipper shall be responsible for measuring the gas volume and quality as specified in the General Terms and Conditions of this Gas Transportation Tariff subject to approval by Company.

4.3 The Delivery Point for gas to be transported hereunder shall be the point set forth in Appendix A attached to this Service Agreement, Short Term Firm Transportation Service as the same may be in effect from time to time.

4.4 The delivery pressure of the gas tendered by Shipper to Company for transportation shall be at a pressure sufficient to enter Company's system at the Receipt Point, up to that specified for such Receipt Point in Appendix A attached to this Service Agreement, Short Term Firm Transportation Service.

4.5 The delivery pressure of the gas delivered by Company to Shipper shall be at the pressure available from Company's system at the Delivery Point as specified for such Delivery Point in Appendix A attached to this Service Agreement, Short Term Firm Transportation Service.

ARTICLE 5

Title and Custody

5.1 Although Company does not acquire title of the gas transported under this Service Agreement, Short Term Firm Transportation Service gas received by Company from Shipper hereunder shall be deemed to be in the custody and under the control of Company from the time such gas is accepted for transportation at the Receipt Point until it is delivered to Shipper at the Delivery Point.

ARTICLE 6

Address of Parties

6.1 Any notice or any request, demand, statement, bid or bill (for the purpose of this subsection, collectively referred to as "Notice") provided by the Rate Schedules, the Service Agreements and the General Terms and Conditions, or any other Notice which either Shipper or Company may wish to give to the other, shall be in writing and shall be directed as follows:

Shipper: •

•

•

Attention: •

Fax: •

E-mail: •

Company: Foothills Pipe Lines Ltd.

450 First Street S.W.

Calgary, AB

T2P 5H1

Attention: Manager, Western Markets and Interconnects

Fax: •

E-mail •

~~6.16.2 Any Notice may be given by telecopier or other telecommunication and any such Notice shall be deemed to be given four (4) hours after transmission. Notice may also be given by personal delivery or by courier and any such Notice shall be deemed to be given at the time of delivery. Any Notice may also be given by prepaid mail and any such Notice shall be deemed to be given four (4) Banking Days after mailing. In the event regular mail service, courier service, telecopier or other telecommunication shall be interrupted by a cause beyond the control of the parties hereto, then the party sending the Notice shall utilize any service that has not been so interrupted to deliver such Notice. Each party shall provide Notice to the other of any changes of address for the purposes hereof. Any Notice may also be given by telephone followed immediately by personal delivery, courier, prepaid mail, telecopier, or other telecommunication, and any such Notice so given shall be deemed to be given as of the date and time of the telephone Notice. Every notice, statement and bill provided for in this Service Agreement, Short Term Firm Transportation Service shall be directed to the party to whom given, made or delivered at such party's address as follows:~~

~~SHIPPER: _____

 _____~~

~~COMPANY: Manager, Western Markets and Interconnects
 Foothills Pipe Lines Ltd.
 450 First Street S.W.
 Calgary, Alberta
 T2P 5H1~~

ARTICLE 7

Miscellaneous Provisions

~~7.1 The Tariff shall be governed by and construed in accordance with the laws of the Province of Alberta and the applicable laws of Canada, and Company and Customers irrevocably submit to the jurisdiction of the courts of the Province of Alberta for the interpretation and enforcement of the Tariff. The interpretation of this Service Agreement, Short Term Firm Transportation Service shall be in accordance with the laws of the Province of Alberta.~~

ARTICLE 8

Agreements Being Superseded

8.1 This agreement supersedes as of _____, 20__ the following agreements between parties hereto for the transportation of gas by Company for Shipper:

(Not Applicable)

ARTICLE 9

Amendment of Appendix A

9.1 Shipper and Company may at any time and from time to time amend Appendix A to Shipper’s Service Agreement, Short Term Firm Transportation Service by executing new Appendix A to Shipper’s Service Agreement, Short Term Firm Transportation Service which shall be given effect as of the effective date and shall thereupon be deemed to be incorporated in Shipper’s Service Agreement, Short Term Firm Transportation Service.

IN WITNESS WHEREOF the parties hereto have hereunto executed these presents all as of the day, month and year first above written.

SHIPPER

FOOTHILLS PIPE LINES LTD.

(signature)

(signature)

(name/title)

(name/title)

(signature)

(signature)

(name/title)

(name/title)

APPENDIX A
to Service Agreement, Short Term Firm Transportation Service
Dated _____ Between

Foothills Pipe Lines Ltd.

And

(Shipper)

1. Receipt Point: _____ Location: _____
_____ Maximum Pressure: _____ kPa (gauge)
_____ Maximum Temperature: _____ °C

2. Delivery Point: _____ Location: _____
_____ Maximum Delivery Pressure: _____ kPa (gauge)
_____ Distance from Receipt Point Location: _____ km

3. Maximum Daily Delivery Quantity: _____ GJ/d

4. Minimum Daily Delivery Quantity: _____ GJ/d

5. Service Availability Date: _____

6. Service Termination Date: _____

7. STFT Bid Price: _____ (% of T-1 Rate)

8. Shipper Contact: _____

Address: _____

Telephone: _____ Fax: _____

SHIPPER _____ Foothills Pipe Lines Ltd.

(signature) _____ (signature)

(name/title) _____ (name/title)

(signature) _____ (signature)

(name/title) _____ (name/title)

APPENDIX A
to the Service Agreement, Short Term Firm Transportation Service
Dated _____ Between

Foothills Pipe Lines Ltd.

AND

(Shipper)

- 1. Receipt Point: _____
- 2. Delivery Point: _____
- 3. Shipper's Haul Distance _____ Km
- 4. Applicable Company Zone _____
- 5. Maximum Day Delivery Quantity (MDDQ) _____ GJ/d
- 6. Minimum Day Delivery Quantity (MDDQ) _____ GJ/d
- 7. Service Commencement Date _____
- 8. Service Termination Date _____
- 9. STFT Bid Price _____ (% of FT Rate)

SHIPPER _____ **TransCanada PipeLines Limited**

(signature) _____ (signature)

(name/title) _____ (name/title)

(signature) _____ (signature)

(name/title) _____ (name/title)

APPENDIX B

FOOTHILLS PIPE LINES LTD.
PRO FORMA
GAS TRANSPORTATION TARIFF

FOOTHILLS PIPE LINES LTD.
PRO FORMA
GAS TRANSPORTATION TARIFF

The aforementioned Pro Forma Tariff will be applicable to the transportation of Alaska, Alberta, and Northern Canada source gas through the completed Foothills Pipe Lines Ltd. system in Canada. This Gas Transportation Tariff is provided under separate cover.

**SERVICE AGREEMENT
SMALL GENERAL SERVICE
FOR TRANSPORTATION OF GAS**

This AGREEMENT made _____, 20__

BETWEEN:

FOOTHILLS PIPE LINES LTD., a body corporate having an office and carrying on business in the City of Calgary in the Province of Alberta (herein referred to as “Company”)

OF THE FIRST PART

AND:

TransGas Limited, a body corporate having an office and carrying on business in the City of _____ in the Province of _____ (herein referred to as “Shipper”)

OF THE SECOND PART

**SERVICE AGREEMENT
SMALL GENERAL SERVICE**

WHEREAS, Shipper wishes to obtain service relating to the transportation of gas through Company's transportation system; and

WHEREAS, Company is willing to provide such service;

In consideration of the premises and of the mutual covenants herein contained, the parties do covenant and agree as follows:

**SERVICE AGREEMENT
SMALL GENERAL SERVICE**

ARTICLE 1

Scope of Agreement

1.1 Company agrees to receive from Shipper at each Receipt Point herein specified, the quantity of gas up to the Maximum Daily Delivery Quantity and to transport and deliver to Shipper at each Delivery Point herein specified in the quantity from time to time nominated by Shipper up to the Maximum Daily Delivery Quantity, and Shipper agrees to accept such gas deliveries from Company, subject to the terms and conditions of this Service Agreement, Small General Service.

1.2 If Shipper desires to tender to Company on any day a quantity of gas in excess of Shipper's Daily Delivery Quantity for Shipper's Delivery Point for such day, it shall notify Company of such desire. If Company, in its sole judgement, determines that it has the necessary capacity available to receive and transport all or any part of such excess quantity and make deliveries in respect thereof, and that the performance of Company's obligations to other Shippers under their Service Agreements will not be adversely affected thereby, Company may elect to deliver to Shipper said excess quantity or part thereof, and so notify Shipper.

ARTICLE 2

Rate Schedule and Rates

2.1 This Service Agreement, Small General Service is subject to the provisions of Rate Schedule SGS-1, Small General Service and the General Terms and Conditions of this Gas Transportation Tariff as they may be amended or superseded from time to time, which Rate Schedule and General Terms and Conditions of this Gas Transportation Tariff are by this reference incorporated herein and made a part hereof.

2.2 Shipper shall pay Company for all gas transportation services during the term of this Service Agreement, Small General Service in accordance with Rate Schedule SGS-1, Small General Service as filed with the National Energy Board as may hereafter be amended or superseded pursuant to the National Energy Board Act.

ARTICLE 3

Term of Agreement

3.1 This Service Agreement, Small General Service shall become effective on the date of execution and shall continue in effect until _____, 20__ and thereafter as agreed between Shipper and Company subject to at least six months notice of termination by either party.

3.2 Notwithstanding the provisions of subsection 3.1, if at any time during the term hereof, Foothills Pipe Lines Ltd. Gas Transportation Tariff with Shippers transporting U.S. Gas from the Prudhoe Bay area of Alaska through all or any part of the Phase I facilities takes effect, Shipper and Company agree to forthwith execute a Gas Transportation Tariff identical in form and substance to the aforementioned Gas Transportation Tariff which shall be identical in form and substance to that attached as Appendix B hereto. Upon execution of such new Gas Transportation Tariff this Gas Transportation Tariff shall terminate.

ARTICLE 4

Receipt and Delivery Points and Pressures

4.1 All receipts of gas from Shipper shall be at the Receipt Point of such gas, as identified in Appendix A attached to this Service Agreement, Small General Service, as the same may be in effect from time to time.

4.2 Should measuring equipment not be provided by Company at either the Receipt Point or the Delivery Point, Shipper shall be responsible for measurement in accordance with Company's obligation under the General Terms and Conditions of this Gas Transportation Tariff and Company shall, in such circumstances, have the same rights as Shipper as under section 3 of the General Terms and Conditions of this Gas Transportation Tariff.

4.3 The Delivery Points for gas to be transported hereunder shall be the points set forth in Appendix A attached to this Service Agreement, Small General Service as the same may be in effect from time to time.

4.4 The delivery pressure of the gas tendered by Shipper to Company for transportation shall be at a pressure sufficient to enter Company's system at the Receipt Point, up to that specified for such Receipt Point in Appendix A attached to this Service Agreement, Small General Service.

4.5 The delivery pressure of the gas delivered by Company to Shipper shall be at the pressure available from Company's system at the Delivery Point as specified for such Delivery Point in Appendix A attached to this Service Agreement, Small General Service.

ARTICLE 5

Title and Custody

5.1 Although Company does not acquire title of the gas transported under this Service Agreement, Small General Service gas received by Company from Shipper hereunder shall be deemed to be in the custody and under the control of Company from the time such gas is accepted for transportation at the Receipt Points until it is delivered to Shipper at the Delivery Points.

ARTICLE 6

Address of Parties

6.1 Any notice or any request, demand, statement, bid or bill (for the purpose of this subsection, collectively referred to as "Notice") provided by the Rate Schedules, the Service Agreements and the General Terms and Conditions, or any other Notice which either Shipper or Company may wish to give to the other, shall be in writing and shall be directed as follows:

Shipper: •

•

•

Attention: •

Fax: •

E-mail: •

Company: Foothills Pipe Lines Ltd.

450 First Street S.W.

Calgary, AB

T2P 5H1

Attention: Manager, Western Markets and Interconnects

Fax: •

E-mail •

6.2 Any Notice may be given by telecopier or other telecommunication and any such Notice shall be deemed to be given four (4) hours after transmission. Notice may also be given by personal delivery or by courier and any such Notice shall be deemed to be given at the time of delivery. Any Notice may also be given by prepaid mail and any such Notice shall be deemed to be given four (4) Banking Days after mailing. In the event regular mail service, courier service, telecopier or other telecommunication shall be interrupted by a cause beyond the control of the parties hereto, then the party sending the Notice shall utilize any service that has not been so interrupted to deliver such Notice. Each party shall provide Notice to the other of any changes of address for the purposes hereof. Any Notice may also be given by telephone followed immediately by personal delivery, courier, prepaid mail, telecopier, or other telecommunication, and any such Notice so given shall be deemed to be given as of the date and time of the telephone Notice.

~~6.1 Every notice, statement and bill provided for in this Service Agreement, Small General Service shall be directed to the party to whom given, made or delivered at such party's address as follows:~~

~~SHIPPER: _____

 _____~~

~~COMPANY: Manager, Western Markets and Interconnects
 Foothills Pipe Lines Ltd.
 450 First Street S.W.
 Calgary, Alberta
 T2P 5H1~~

ARTICLE 7

Miscellaneous Provisions

7.1 The Tariff shall be governed by and construed in accordance with the laws of the Province of Alberta and the applicable laws of Canada, and Company and Customers irrevocably submit to the jurisdiction of the courts of the Province of Alberta for the interpretation and enforcement of the Tariff.
~~The interpretation of this Service Agreement, Small General Service shall be in accordance with the laws of the Province of Alberta.~~

ARTICLE 8

Agreements Being Superseded

8.1 This agreement supersedes as of _____, 20____, the following agreements between parties hereto for the transportation of gas by Company for Shipper:

(Not Applicable)

ARTICLE 9

Amendment of Appendix A

9.1 Shipper and Company may at any time and from time to time amend Appendix A to Shipper’s Service Agreement, Small General Service by executing new Appendix A to Shipper’s Service Agreement, Small General Service which shall be given effect as of the effective date designated by the National Energy Board and shall thereupon be deemed to be incorporated in Shipper’s Service Agreement, Small General Service.

IN WITNESS WHEREOF the parties hereto have hereunto executed these presents all as of the day, month and year first above written.

FOOTHILLS PIPE LINES LTD.

Per:

Per:

Per:

Per:

APPENDIX A TO SERVICE AGREEMENT, SMALL GENERAL SERVICE
FOR GAS TRANSPORTATION DATED _____, 20__

COMPANY _____ **FOOTHILLS PIPE LINES LTD.**

SHIPPER _____

SHIPPER'S ADDRESS _____

SHIPPER'S IDENTIFICATION NO.: _____

DELIVERY POINT LOCATION	MAXIMUM DAILY DELIVERY QUANTITY (GJ)	MAXIMUM PRESSURE kPa (gauge)	APPLICABLE COMPANY ZONES
----------------------------	--	------------------------------------	-----------------------------

RECEIPT POINT LOCATION	DISTANCE IN KM FROM DELIVERY POINT LOCATION (km)	MAXIMUM DELIVERY PRESSURE kPa (gauge)	MAXIMUM TEMPERATURE (°C)
---------------------------	---	--	--------------------------------

This Appendix A is made and entered into as of _____, 20__. On the effective date it shall supersede Appendix A dated as of _____, 20__.

Effective date of this Appendix A is _____, 20__.

FOOTHILLS PIPE LINES LTD.

Per: _____

Per: _____

Per: _____

Per: _____

APPENDIX A
to the Service Agreement, Small General Service

Dated _____ Between

Foothills Pipe Lines Ltd.

AND

(Shipper)

- 1. Receipt Point: _____
- 2. Delivery Point: _____
- 3. Shipper's Haul Distance _____ Km
- 4. Applicable Company Zone _____
- 5. Maximum Day Delivery Quantity (MDDQ) _____ GJ/d
- 6. Service Commencement Date _____
- 7. Appendix A Effective Date _____

Shipper _____ TransCanada PipeLines Limited

(signature) _____ (signature)

(name/title) _____ (name/title)

(signature) _____ (signature)

(name/title) _____ (name/title)

APPENDIX B

FOOTHILLS PIPE LINES LTD.
PRO FORMA
GAS TRANSPORTATION TARIFF

FOOTHILLS PIPE LINES LTD.
PRO FORMA
GAS TRANSPORTATION TARIFF

The aforementioned Pro Forma Tariff will be applicable to the transportation of Alaska, Alberta, and Northern Canada source gas through the completed Foothills Pipe Lines Ltd. system in Canada. This Gas Transportation Tariff is provided under separate cover.

**SERVICE AGREEMENT
INTERRUPTIBLE TRANSPORTATION SERVICE**

This AGREEMENT made _____, 20__

BETWEEN:

FOOTHILLS PIPE LINES LTD., a body corporate having an office and carrying on business in the City of Calgary in the Province of Alberta (herein referred to as “Company”)

OF THE FIRST PART

AND:

_____, a body corporate having an office and carrying on business in the City of _____ in the Province of _____ (herein referred to as “Shipper”)

OF THE SECOND PART

SERVICE AGREEMENT
INTERRUPTIBLE TRANSPORTATION SERVICE

~~WHEREAS, pursuant to National Energy Board Order No. TG-10-87, as amended from time to time, the Board has authorized Company to establish interruptible service on Zone 9 of its system, under the terms and conditions contained in that order;~~

WHEREAS, Shipper wishes to obtain interruptible service relating to the transportation of gas through Zone 8 and Zone 9 of Company's transportation system; and

WHEREAS, Company is willing to provide such service;

In consideration of the premises and of the mutual covenants herein contained, the parties do covenant and agree as follows:

SERVICE AGREEMENT
INTERRUPTIBLE TRANSPORTATION SERVICE

ARTICLE 1

Scope of Agreement

1.1 Company agrees to receive from Shipper, at each Receipt Point herein specified, the quantity of gas to be delivered to Shipper and to transport and deliver gas to Shipper, on an interruptible and best efforts basis only, at each Delivery Point herein specified in the quantities from time to time nominated by Shipper, and Shipper agrees to accept from Company, the gas delivered, subject to the terms and conditions of this Service Agreement, Interruptible Transportation Service.

1.2 Shipper acknowledges that interruptible service is available in Zone 8 and Zone 9 only under this Service Agreement, Interruptible Transportation Service.

ARTICLE 2

Rate Schedule and Rates

2.1 This Service Agreement, Interruptible Transportation Service is subject to the provisions of Rate Schedule IT, Interruptible Transportation Service, and the General Terms and Conditions of this Gas Transportation Tariff with the exception of sections 5.6, ~~8.6~~, 8.7 and 16, as they may be amended or superseded from time to time, which Rate Schedule IT, Interruptible Transportation Service, and General Terms and Conditions of this Gas Transportation Tariff are by this reference incorporated herein and made a part hereof.

2.2 Shipper shall pay Company for all interruptible service during the term of this Service Agreement, Interruptible Transportation Service, in accordance with Rate Schedule IT, Interruptible Transportation Service as filed with the National Energy Board and as such Rate Schedule may hereafter be amended or superseded pursuant to the National Energy Board Act.

ARTICLE 3

Term of Agreement

3.1 The term of this Service Agreement, Interruptible Transportation Service shall be as set forth in Appendix A.

3.2 Notwithstanding subsection 3.1 herein, if at any time during the term of this Service Agreement, Interruptible Transportation Service Shipper has not requested service for a period of ~~90 consecutive days~~ one year, Company may, in its sole discretion, terminate this Service Agreement, Interruptible Transportation Service by giving written notice thereof to Shipper. Such termination shall be effective ~~upon~~ 60 days following the date of such written notice.

ARTICLE 4

Receipt and Delivery Points and Pressures

4.1 All receipts of gas from Shipper shall be at the Receipt Points of such gas, as identified in Appendix A attached to this Service Agreement, Interruptible Transportation Service, as the same may be in effect from time to time.

4.2 Should measuring equipment not be provided at either the Receipt Points or the Delivery Points, subject to approval by Company, Shipper shall be responsible for measuring the gas volume and quality in the manner specified in the General Terms and Conditions.

4.3 The Delivery Points for gas to be transported hereunder shall be the points set forth in Appendix A attached to this Service Agreement, Interruptible Transportation Service, as the same may be in effect from time to time.

4.4 The delivery pressure of the gas tendered by Shipper to Company for transportation shall be at a pressure sufficient to enter Company's system at the Receipt Point, up to the pressure specified for such Receipt Point in Appendix A attached to this Service Agreement, Interruptible Transportation Service.

4.5 The delivery pressure of the gas delivered by Company to Shipper shall be the pressure available from Company's system at the Delivery Point as specified for such Delivery Point in Appendix A attached to this Service Agreement, Interruptible Transportation Service.

ARTICLE 5

Title and Custody

5.1 Although Company does not acquire title to the gas transported under this Service Agreement, Interruptible Transportation Service, gas received by Company from Shipper hereunder shall be deemed to be in the custody and under the control of Company from the time such gas is accepted for transportation at the Receipt Points until it is delivered to Shipper at the Delivery Points.

ARTICLE 6

Address of Parties

6.1 Any notice or any request, demand, statement, bid or bill (for the purpose of this subsection, collectively referred to as "Notice") provided by the Rate Schedules, the Service Agreements and the General Terms and Conditions, or any other Notice which either Shipper or Company may wish to give to the other, shall be in writing and shall be directed as follows:

Shipper: •

•

•

Attention: •

Fax: •

E-mail: •

Company: Foothills Pipe Lines Ltd.

450 First Street S.W.

Calgary, AB

T2P 5H1

Attention: Manager, Western Markets and Interconnects

Fax: •

E-mail •

6.2 Any Notice may be given by telecopier or other telecommunication and any such Notice shall be deemed to be given four (4) hours after transmission. Notice may also be given by personal delivery or by courier and any such Notice shall be deemed to be given at the time of delivery. Any Notice may also be given by prepaid mail and any such Notice shall be deemed to be given four (4) Banking Days after mailing. In the event regular mail service, courier service, telecopier or other telecommunication shall be interrupted by a cause beyond the control of the parties hereto, then the party sending the Notice shall utilize any service that has not been so interrupted to deliver such Notice. Each party shall provide Notice to the other of any changes of address for the purposes hereof. Any Notice may also be given by telephone followed immediately by personal delivery, courier, prepaid mail, telecopier, or other telecommunication, and any such Notice so given shall be deemed to be given as of the date and time of the telephone Notice.

~~6.1 Every notice, statement and bill provided for in this Service Agreement, Interruptible Service shall be directed to the party to whom given, made or delivered at such party's address as follows:~~

~~SHIPPER: _____

_____~~

~~COMPANY: Manager, Western Markets and Interconnects
Foothills Pipe Lines Ltd.
450 First Street S.W.
Calgary, Alberta
T2P 5H1~~

ARTICLE 7

Miscellaneous Provisions

7.1 The Tariff shall be governed by and construed in accordance with the laws of the Province of Alberta and the applicable laws of Canada, and Company and Customers irrevocably submit to the jurisdiction of the courts of the Province of Alberta for the interpretation and enforcement of the Tariff.
~~The interpretation of this Service Agreement, Interruptible Service shall be in accordance with the laws of the Province of Alberta.~~

ARTICLE 8

Agreements Being Superseded

8.1 This agreement supersedes as of _____, 20____, the following agreements between parties hereto for the transportation of gas, interruptible service by Company for Shipper:

(Not Applicable)

ARTICLE 9

Amendment of Appendix A

9.1 Shipper and Company may at any time and from time to time amend Appendix A to Shipper's Service Agreement, Interruptible Transportation Service, by executing new Appendix A to Shipper's Service Agreement, Interruptible Transportation Service.

IN WITNESS WHEREOF the parties hereto have hereunto executed these presents all as of the day, month and year first above written.

FOOTHILLS PIPE LINES LTD.

Per:

Per:

Per:

Per:

~~APPENDIX A TO SERVICE AGREEMENT, INTERRUPTIBLE SERVICE FOR GAS TRANSPORTATION DATED _____, 20__~~

~~COMPANY _____ Foothills Pipe Lines Ltd.~~

~~SHIPPER _____~~

~~SHIPPER'S ADDRESS _____

_____~~

~~SHIPPER'S IDENTIFICATION NO.: _____~~

~~1. TERM: This Service Agreement, Interruptible Service shall become effective on the date of execution and shall continue in effect until _____, 20__, unless at that time Shipper is a party to a Service Agreement, Firm Service with Company, in which event this Service Agreement, Interruptible Service shall continue in effect and shall terminate at the same time as Shipper's Service Agreement, Firm Service is terminated.~~

~~2. DELIVERY POINTS:~~

LOCATION	MAXIMUM PRESSURE kPa (gauge)	APPLICABLE COMPANY ZONES
---------------------	---	-------------------------------------

~~3. RECEIPT POINTS:~~

LOCATION	DISTANCE FROM DELIVERY POINT LOCATION (km)	MAXIMUM DELIVERY PRESSURE kPa (gauge)	MAXIMUM TEMPERATURE (°C)
---------------------	---	--	---

~~This Appendix A is made and entered into as of _____, 20__. On the effective date it shall supersede Appendix A dated as of _____, 20__.
Effective date of this Appendix A is _____, 20__.~~

~~FOOTHILLS PIPE LINES LTD.~~

~~Per:~~

~~Per:~~

~~Per:~~

~~Per:~~

APPENDIX A
to the Service Agreement, Interruptible Transportation Service
Dated _____ Between

Foothills Pipe Lines Ltd.

AND

(Shipper)

- 1. Receipt Point: _____
- 2. Delivery Point: _____
- 3. Shipper's Haul Distance _____ Km
- 4. Applicable Company Zone _____
- 5. Service Commencement Date _____
- 6. Service Termination upon 60 days prior written notice of either party.

Shipper _____ TransCanada PipeLines Limited

(signature) _____ (signature)

(name/title) _____ (name/title)

(signature) _____ (signature)

(name/title) _____ (name/title)

GENERAL TERMS AND CONDITIONS

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GENERAL TERMS AND CONDITIONS**1. DEFINITIONS**

The following words and terms, whenever and wherever used or appearing in these General Terms and Conditions, the Capacity Allocation Procedures, the rate schedules to which they apply, or in the Service Agreement to which such rate schedules and General Terms and Conditions apply, shall have the following meanings:

1.1 “Agent” shall mean Gas Transmission Northwest Corporation (GTN)

1.1.2 “Alaska Natural Gas Transportation System” or “ANGTS”, also known as the Alaska Highway Project, shall mean the pipeline and related facilities for the transportation of U.S. gas from the Prudhoe Bay area, through Alaska and Canada to the 49th Parallel, and from the 49th Parallel to the midwestern U.S. and to California in the western U.S., and for the transportation of Canadian gas via Zones 10 and 11 (the Dempster Line) from the Beaufort Basin area to join the mainline near Whitehorse in the Yukon Territory.

~~**1.2** “Available Capacity” shall mean firm capacity in a Zone which is not required to provide service to any existing Shipper receiving service under Rate Schedule T-1, Firm Service, Rate Schedule STFT, Short Term Firm Transportation Service and Rate Schedule SGS-1, Small General Service.~~

1.3 “Backhaul” shall mean service where gas delivered at Shipper’s Backhaul Delivery Point is received into Company’s facilities at Shipper’s Backhaul Receipt Point located downstream of Shipper’s Backhaul Delivery Point.

1.4 “Banking Day” shall mean any day that the Royal Bank of Canada, Main Branch, Calgary, Canada or other financial institution agreed to by Company, conducts business.

1.5 “Bid Form” shall mean the bid form set out in Appendix B or Appendix C (as the case may be) to the Capacity Allocation Procedures.

1.51.6 “Billing Commencement Date” shall mean the date when Shipper’s payment obligation commences and Shipper’s gas has commenced flowing through Company’s ~~Facilities~~transportation system.

For all other Shippers, the Billing Commencement Date shall occur when Company informs such Shipper, by not less than one day’s notice, that there is transportation capacity, not required by Company in order to comply with its obligations under Service Agreements with other Shippers, to receive gas at Shipper’s Receipt Point(s) and to make related deliveries of gas to Shipper’s Delivery Point(s), all in accordance with the provisions of Shipper’s Service Agreement.

1.61.7 “Billing Month” shall mean the period beginning at 09:00 CCT on the first day of the month and ending at 09:00 CCT, on the first day of the next succeeding month.

1.71.8 “Calendar Year” shall mean the period from 09:00 CCT on January 1st to 09:00 CCT on January 1st of the next succeeding year.

1.81.9 “Canadian Segments” shall mean those sections of the ANGTS, geographically located in Canada, and which are owned, operated and managed by a specific Subsidiary Company of Company.

1.91.10 “Capacity Allocation Procedures” shall mean the procedure established by Company describing how a Prospective Shipper shall be afforded the rights to obtain firm service under Rate Schedule ~~T-4FT~~, Firm Transportation Service or Rate Schedule STFT, Short Term Firm Transportation.

1.101.11 “CCT” shall mean Central Clock Time.

1.12 “Closing Date” shall mean the date an open season referred to in the Capacity Allocation Procedures ends as posted by Company.

1.13 “Company” shall mean Foothills Pipe Lines Ltd. and any successor to it.

1.111.14 “Company Use Gas” shall mean for any period the total quantity of gas used by Company in its gas transmission operations, as determined by Company, including but

not limited to gas used as fuel or for testing plus any measurement variance as determined by Company.

1.121.15 “Company Use Gas Rate” shall mean the rate set by Company from time to time pursuant to section 8.34 of these General Terms and Conditions.

1.131.16 “Company’s Cost of Service” shall mean, relative to a Calendar Year, the sum of the amounts determined as the Zone Cost of Service for each of Company’s Zones.

1.141.17 “Contract Year” shall mean the period beginning at 09:00 CCT, on Company’s Billing Commencement Date and ending at 09:00 CCT on the next succeeding November 1st (provided, however, in the event that such period is less than six calendar months then the first Contract Year shall not end until 09:00 CCT on the second succeeding November 1st and thereafter each period of 12 consecutive calendar months beginning at 09:00 CCT, on November 1st of each year and ending at 09:00 CCT, on the anniversary of such day in the next succeeding Calendar Year.

1.151.18 “Cubic metre of gas” or “m³” shall mean that quantity of gas which, at a temperature of 15 °C and at a pressure of 101.325 kPa occupies one cubic metre.

1.19 “Daily Open Season” shall have the meaning attributed to it in subsection 4.1.6.1 of the Capacity Allocation Procedures.

1.161.20 “Day” shall mean a period of 24 consecutive hours, beginning and ending at 09:00 CCT. The reference date for any day shall be the date of the beginning of such day.

1.21 “°C” shall mean degrees Celsius as defined by The International System of Units (SI).

1.181.22 “Delivery Point” shall mean relative to Shipper one of the Delivery Points shown in Appendix A to such Shipper’s Service Agreement for delivery of gas to such Shipper.

1.23 “Designated Electronic Bulletin Board” shall mean GTN’s ‘E-trans’ electronic bulletin board or any replacement thereof.

1.24 “Existing Capacity” shall mean firm capacity in a Zone which is not required to provide service to any existing Shipper receiving service under Rate Schedule FT, Firm Transportation Service, Rate Schedule STFT, Short Term Firm Transportation Service and Rate Schedule SGS, Small General Service.

1.25 “Existing Capacity Open Season” shall have the meaning attributed to it in subsection 4.1.1 of the Capacity Allocation Procedures.

1.191.26 “Existing Term” shall have the meaning ~~ascribed~~attributed to it ~~as set out~~ in subsection 10.2 of Rate Schedule ~~T-1~~FT, Firm Transportation Service.

1.27 “Expansion Capacity” shall have the meaning attributed to it in subsection 4.3.1 of the Capacity Allocation Procedures.

1.28 “Expansion Capacity Open Season” shall have the meaning attributed to it in subsection 4.3.1 of the Capacity Allocation Procedures.

1.201.29 “Financial Assurance” shall have the meaning ~~ascribed~~attributed to it ~~as set out~~ in subsection 5.8 of these General Terms and Conditions.

1.211.30 “First Billing Month” shall mean relative to Shipper the ~~b~~Billing ~~m~~Month in which such Shipper’s Billing Commencement Date occurs.

1.221.31 “Foreign Exchange Rate” shall mean for any day that rate for the currency in question as published at 12:00 Eastern Standard Time, by the Bank of Canada in the City of Ottawa.

1.231.32 “Forward Haul” shall mean service where gas delivered at Shipper’s Forward Haul Delivery Point is received into Company’s facilities at Shipper’s Forward Haul Receipt Point located upstream of Shipper’s Forward Haul Delivery Point.

1.33 “FT Rate” shall mean the FT Rate in the Table of Effective Rates which has been set by the Company for service under Rate Schedule FT, Firm Transportation Service.

1.241.34 “Gas” shall mean natural gas, manufactured, artificial or synthetic gas, or any mixture or combination thereof.

1.251.35 “Gas Plant In Service” shall mean the original cost of the gas plant of Company excluding plant that is entirely distinct from and is not operated in connection with the gas transportation service provided pursuant to this Gas Transportation Tariff.

1.261.36 “Gas Transportation Tariff” shall mean the compilation on file with the National Energy Board of Company’s rate schedules, General Terms and Conditions and related Service Agreements with Shipper as in effect from time to time.

1.271.37 “General Terms and Conditions” shall mean, at any time, these General Terms and Conditions as amended or supplemented from time to time.

1.28 “GIA” shall have the meaning attributed to it as set out in subsection 3.1.

1.281.39 “GJ” shall mean 10^9 Joules.

1.291.40 “Gross heating value” shall mean the total Joules obtained by complete combustion at constant pressure of one cubic metre of gas with air, the gas to be free of all water vapour and the temperature of the gas, air and products of combustion to be at standard temperature and all water formed by the combustion reaction to be condensed to the liquid state.

1.41 “Interconnecting Pipeline Open Season” shall have the meaning attributed to it in subsection 4.1.3 of the Capacity Allocation Procedures of this Gas Transportation Tariff.

1.301.42 “IT Rate” shall mean the IT Rate in the Table of Effective Rates which has been set by the Company for service under Rate Schedule IT, Interruptible Transportation Service.

1.311.43 “J” shall mean Joule(s), the base unit for energy as defined by The International System of Units (SI).

1.321.44 “km” shall mean kilometre(s) as defined by The International System of Units (SI).

1.331.45 “kPa” shall mean kilopascal(s) of pressure.

1.341.46 “Leave to Open” shall mean that a leave has been granted under Part III of the National Energy Board Act to Company to open the pipeline.

1.351.47 “Line Pack Change” shall mean for any period the difference between the total quantity of line pack gas contained in a Zone of Company’s pipeline at the beginning and end of such period, as computed by Subsidiary Company.

1.361.48 “Line Pack Requirements” for any Zone at any time shall mean that ~~quantity~~quantity of gas which is calculated by Subsidiary Company as the total ~~quantity~~quantity of gas required as line pack for the efficient operation of its pipeline in such Zone.

1.371.49 “Make-Up Gas” shall have the meaning ~~ascribed~~attributed to it ~~as set out~~ in subsection 9.3-2 of the Rate Schedule ~~T-1FT~~, Firm Transportation Service.

1.381.50 “Maximum Daily Delivery Quantity” ~~or~~ “MDDQ” shall mean relative to a Delivery Point of Shipper for any day the quantity of gas, as specified in Appendix A to such Shipper’s Service Agreement.

1.391.51 “mg” shall mean milligram(s) as defined by The International System of Units (SI).

1.401.52 “Minimum Term” shall have the meaning ~~ascribed~~attributed to it ~~as set out~~ in subsection 3.3.1 of the Capacity Allocation Procedures.

1.411.53 “Month” shall mean a period of time beginning at 09:00 CCT on the first day of a calendar month and ending at 09:00 CCT on the first day of the next calendar month.

1.421.54 “National Energy Board” or “NEB” or “Board” shall mean the National Energy Board of Canada or any other tribunal which may hereafter exercise the functions now exercised by that Board with respect to the regulation of gas pipelines.

1.431.55 “New Facilities” shall have the meaning ~~ascribed~~ attributed to it ~~as set out in~~ subsection 3.3.1 of the Capacity Allocation Procedures.

1.56 “Nomination” shall mean Shipper’s notice to Company respecting the quantities of gas expressed in GJs which Shipper wishes Company to receive and deliver for Shipper.

1.441.57 “Northern Pipeline” shall have the same meaning as is ~~ascribed~~ attributed to “pipeline” in section 2(1) of the Northern Pipeline Act.

1.451.58 “OT-+ Rate” shall mean the OT-+ Rate in the Table of Effective Rates which has been set by the Company for service under Rate Schedule OT-+, Overrun Transportation Service.

1.461.59 “Operating Agreement” shall mean an agreement between Subsidiary Company and any Person under which such Person undertakes to provide services to facilitate Subsidiary Company’s operation of all or part of Subsidiary Company’s transportation system.

1.471.60 “Person” shall mean an individual, a corporation, a partnership, an association, a joint venture, a trust, an unincorporated organization or a government or political subdivision thereof; and pronouns shall have a similarly extended meaning.

1.481.61 “Phase I Facilities” shall mean those portions of the ANGTS to be constructed by the Subsidiary Companies of Company in the Provinces of British Columbia, Alberta and Saskatchewan for the transmission of Canadian source gas which has been authorized for export from Canada by licences issued under Part VI of the National Energy Board Act.

1.491.62 “Plant” shall have the meaning ~~ascribed~~attributed to it by section 2 of the National Energy Board Act Gas Pipeline Uniform Accounting Regulations being Regulation SOR/83-190.

1.501.63 “Precedent Agreement” shall mean a binding agreement between Company and a Prospective Shipper for the provision of the transportation service requested, subject to fulfillment of conditions precedent as agreed to between Prospective Shipper and Company.

1.511.64 “Project Status Summary” shall mean the document as contained in Appendix A of the Capacity Allocation Procedures.

1.521.65 “Prospective Shipper” shall have the meaning ~~ascribed~~attributed to it ~~as set out~~ in subsection 1.1 of the Capacity Allocation Procedures.

1.531.66 “Rate of Interest” shall mean for any period, the annual rate which is the daily weighted average prime rate for Canadian dollar loans, charged during such period to its commercial customers by the Royal Bank of Canada, Main Branch, Calgary, Alberta.

1.541.67 “Rate Schedule IT, Interruptible Transportation Service” shall mean the rate schedule applicable to interruptible service for gas transportation through Zone 8 or Zone 9 of Company’s transportation system.

1.551.68 “Rate Schedule OT~~4~~, Overrun Transportation Service” shall mean the rate schedule applicable to overrun service for gas transportation through Zones 6~~,~~ and 7 ~~and 8~~ of Company’s transportation system.

1.561.69 “Rate Schedule SGS~~4~~, Small General Service” shall mean the rate schedule applicable to small general service for gas transportation through Company’s Zone 9 facilities.

1.571.70 “Rate Schedule STFT, Short Term Firm Transportation Service” shall mean the rate schedule applicable to short term firm transportation service for gas transportation through Company’s transportation system.

1.581.71 “Rate Schedule ~~T-4FT~~, Firm Transportation Service” shall mean the rate schedule applicable to firm service for gas transportation through Company’s transportation system.

~~1.58~~ “Receipt Deficiency” shall have the meaning ascribed to it as set out in the subsection 9.1 of the Rate Schedule ~~T-1, Firm Service~~.

1.601.72 “Receipt Point” shall mean relative to Shipper one of the Receipt Points shown in Appendix A to such Shipper’s Service Agreement for receipt of gas from such Shipper.

1.73 “Renewal Notice” shall have the meaning attributed to it in subsection 10.2.1 of Rate Schedule FT, Firm Transportation Service.

1.611.74 “Renewal Option” shall have the meaning ~~ascribed~~ attributed to it ~~as set out~~ in subsection 10.1 of Rate Schedule ~~T-4FT~~, Firm Transportation Service.

1.621.75 “Renewal Provisions” shall have the meaning ~~ascribed~~ attributed to it ~~as set out~~ in subsection 10.2.1 of Rate Schedule ~~T-4FT~~, Firm Transportation Service.

1.631.76 “Renewal Request” shall have the meaning ~~ascribed~~ attributed to it ~~as set out~~ in subsection 10.2.1 of Rate Schedule ~~T-4FT~~, Firm Transportation Service.

1.641.77 “Renewal Rights” shall mean rights to renew Service Agreement, Firm Service under Rate Schedule ~~T-4FT~~, Firm Transportation Service available to certain of Company’s current firm Shippers.

1.651.78 “Renewal Term” shall have the meaning ~~ascribed~~ attributed to it ~~as set out~~ in subsection 10.2 of Rate Schedule ~~T-4FT~~, Firm Transportation Service.

1.661.79 “Request for Service” shall have the meaning ~~ascribed~~ attributed to it ~~as set out~~ in subsection 3.1.2 of the Capacity Allocation Procedures.

1.80 “Requested Maximum Daily Delivery Quantity” shall mean the Maximum Daily Delivery Quantity requested by Prospective Shipper on the Bid Form.

- 1.81** “Requested Minimum Daily Delivery Quantity” shall mean the Minimum Daily Delivery Quantity requested by Prospective Shipper on the Bid Form.
- 1.82** “Requested Service Commencement Date” shall mean the Service Commencement Date requested by Prospective Shipper on the Bid Form.
- 1.83** “Requested Service Termination Date” shall mean the Service Termination Date requested by Prospective Shipper on the Bid Form.
- 1.84** “Requested Term” shall mean the requested term of service as established by the Requested Service Commencement Date and the Requested Service Termination Date.
- ~~1.671.85~~** “Service Agreement” shall mean the executed Service Agreement for service under this Gas Transportation Tariff as then in effect made by and between Company and Shipper.
- ~~1.681.86~~** “Service Agreement, Firm Transportation Service” shall mean the Service Agreement to provide service under Rate Schedule ~~T-4FT~~, Firm Transportation Service.
- ~~1.691.87~~** “Service Agreement, Interruptible Transportation Service” shall mean the Service Agreement to provide service under Rate Schedule IT, Interruptible Transportation Service.
- ~~1.701.88~~** “Service Agreement, Short Term Firm Transportation Service” shall mean the Service Agreement to provide service under Rate Schedule STFT, Short Term Firm Transportation Service.
- ~~1.711.89~~** “Service Agreement, Small General Service” shall mean the Service Agreement to provide service under Rate Schedule ~~SGS-4~~, Small General Service.
- ~~1.721.90~~** “Service Availability Commencement Date” shall mean the latter of the Service Availability Commencement Date on Appendix A to Shipper’s Service Agreement or, Short Term Firm Transportation Service the date on which Company’s transportation system is capable of providing service under Shipper’s Service Agreement.

1.731.91 “Service Termination Date” shall mean the Service Termination Date on Appendix A to Shipper’s Service Agreement, ~~Short Term Firm Transportation Service~~.

1.741.92 “Shippers” shall mean, at any time, the Persons which have entered into Service Agreements with Company which are then in effect; and “Shipper” shall mean one of such Persons.

1.93 ~~“Shipper’s Haul Distance” shall mean the Shipper’s Haul Distance on Appendix A to Shipper’s Service Agreement.~~

1.751.94 “STFT Bid Price” shall mean the STFT Bid Price on Appendix A to Shipper’s Service Agreement, Short Term Firm Transportation Service, expressed as a percentage of the ~~T-1FT~~ Rate and such percentage shall be a minimum of 100%.

1.761.95 “STFT Capacity” shall mean pipeline capacity on Zone 8 or Zone 9 of Company’s gas transportation system that is or will become available on a short term basis without construction of New Facilities, as determined by Company from time to time.

1.96 ~~“STFT Capacity Open Season” shall have the meaning attributed to it in subsection 4.2.1 of the Capacity Allocation Procedures.~~

1.771.97 “Subsidiary Company” shall mean Company’s subsidiary companies as described in the Northern Pipeline Act and include: Foothills Pipe Lines (South Yukon) Ltd., Foothills Pipe Lines (North Yukon) Ltd., Foothills Pipe Lines (North B.C.) Ltd., Foothills Pipe Lines (Alta.) Ltd., Foothills Pipe Lines (South B.C.) Ltd., and Foothills Pipe Lines (Sask.) Ltd.

1.781.98 “10³m³” shall mean 1,000 cubic metres of gas determined on the measurement set forth in section 1.15 above.

1.78 ~~“T-1 Rate” shall mean the T-1 Rate in the Table of Effective Rates which has been set by the Company for service under Rate Schedule T-1, Firm Service.~~

1.801.99 “Table of Effective Rates” shall mean the Table of Effective Rates setting the rates, tolls and charges that has been set by the Company to be imposed, observed or followed by the Company.

1.811.100 “Zone” shall mean any one of the Zones described in subsection 6.2 of the Rate Schedule ~~T-4FT~~, Firm Transportation Service into which Company’s transportation system has been divided for rate making purposes.

1.821.101 “Zone Cost of Service” shall mean the amount determined pursuant to subsection 5.7 of these General Terms and Conditions.

2. QUALITY OF GAS

2.1 Natural Gas

Natural gas shall be the gas obtained either from wells or from residue remaining after the natural gas has been treated for the removal of any of its constituent parts other than methane, and for the removal of methane to such extent as is necessary in removing such other constituents.

2.2 Freedom from Impurities

2.2.1 The following specifications shall apply to the gas which Shipper delivers or causes to be delivered to Company for transportation at any of Company's Receipt Points.

- (i) The gas shall not contain sand, dust, gums, crude oil impurities or other objectionable substances in such quantities as may render it unmerchantable or be injurious to pipeline or may interfere with the transmission, measurement or commercial utilization of gas.
- (ii) The gas shall not, unless otherwise agreed upon, have a hydrocarbon dew point in excess of -10 °C at Company's operating pressure.
- (iii) The gas shall not contain more than 23 mg/m³ of hydrogen sulphide.
- (iv) The gas shall not contain more than 230 mg/m³ of total sulphur.
- (v) The gas shall not contain more than 2% by volume of carbon dioxide, unless otherwise agreed upon.
- (vi) The gas shall not contain more than 65 mg/m³ of water vapour.
- (vii) The gas shall not have a water dew point in excess of -10 °C at operating pressures in excess of 8275 kPa.

- (viii) In Zones 6, 7 and 9 The gas shall not have a temperature exceeding 49 °C. In Zone 8 the gas shall not have a temperature exceeding 43.3 °C.
- (ix) The gas shall be as free of oxygen as it can be kept through the exercise of all reasonable precautions and shall not in any event contain more than 0.4% by volume of oxygen.

2.2.2 The gas Company delivers to Shipper or for Shipper's account shall have the constituent parts that result from the commingling of the gas from various sources on Company's transportation system.

2.3 Gross Heating Value

Generally the gas shall have a gross heating value of not less than 36 MJ/m³; provided however, that Company may at its sole discretion permit gas of lower gross heating value to be tendered to Company at individual Receipt Points.

2.4 Failure to Conform to Specifications

2.4.1 If the gas tendered for transportation shall fail at any time to conform to any of the specifications set forth in this section 2, then Company shall notify Shipper of such deficiency and may, at its option, refuse to accept such gas pending correction. If the deficiency in quality is not promptly remedied, Company may accept such gas and may make changes necessary to bring such gas into conformity with such quality specifications and Company shall include all reasonable expenses incurred by it in effecting such changes in Shipper's monthly bill.

2.4.2 Notwithstanding subsection 2.4.1 above, Company shall have the right to discontinue receipt of gas from Shipper without notice should the gas fail to meet the specifications set forth in subsection 2.2.1 hereof provided that such suspension shall not relieve shipper from any obligation to pay its demand charge, or any other charge payable to Company.

2.5 Quality Tests

Company shall establish reasonable methods and procedures, including instrumentation, for making tests to determine whether gas tendered by Shipper to Company for transportation or delivered by Company to Shipper, meets the specifications set forth in this section 2.

3. MEASUREMENT AND MEASURING EQUIPMENT

Subject to section 4 hereof Company shall cause to be furnished, installed, maintained and operated at each Receipt and Delivery Point all equipment, devices and material necessary to determine gas volume, pressure, temperature, gross heating value, quality, specific gravity and super-compressibility. Company or Company's agent shall be responsible for the aforesaid measurements and measuring equipment, and Company and Shipper ~~will~~shall in conjunction with affected parties establish necessary metering, dispatch and operating procedures to provide information required by Company, Shipper or such affected parties. The following shall apply to measuring equipment measuring gas tendered by Shipper to Company for transportation, or delivered by Company to Shipper unless otherwise agreed upon.

3.1 Compliance with ~~Standards~~Regulations

All measuring equipment, devices and material required shall be compatible with the quantities to be metered at the particular point, and shall be of a type approved for their intended use under the provisions of the Gas Inspection Act being Chapter ~~G-87E-4~~ of the Revised Statutes of Canada, ~~1982-1985~~ or as amended (hereinafter referred to as "GIA"), where such approvals are applicable.

3.2 Check Measuring Equipment

At each Shipper's Receipt Point, and Delivery Point, Shipper, or Shippers affected, at its or their own expense, may cause to be furnished, installed, maintained and operated

check measuring equipment, provided that such equipment does not interfere with the operations of the measuring equipment installed or caused to be installed by Company and the transportation of gas hereunder.

3.3 Calibration

The accuracy of Company's measuring equipment shall be verified at such intervals as ~~may be appropriate for such the installed~~ equipment ~~may practically require~~. Advance notice of the time and nature of each test shall be given to allow Shipper a reasonable amount of time to arrange for a representative to observe the test and any adjustments resulting from such tests. If, after notice, Shipper fails to have a representative present, the results of the test shall nevertheless be considered accurate until the next test.

3.4 Correction

If, as a result of any such tests any of the measuring equipment is found to be out of service, or registering inaccurately ~~with the result that a significant measurement error has occurred, if such equipment~~ shall be adjusted ~~at once~~ as soon as practicable to read as accurately as possible ~~and, if such equipment is out of service or inaccurate by more than 2%, the previous readings of such equipment shall be adjusted to corrected to zero for such significant~~ error for a period ~~definitely known or~~ agreed upon, or if not ~~known or~~ agreed upon, for a period of ~~16 days or~~ 1/2 of the elapsed time since the last test, ~~whichever is shorter~~. The quantity of gas delivered during such period shall be determined by Company using one of the following ~~three~~ four methods which in the opinion of Company will provide the best results:

- (a) By using the data recorded by any check measuring equipment if installed and accurately registering; or
- (b) By correcting the error if ascertainable by calibration test or mathematical calculation; or
- (c) By estimating the quantity delivered based upon deliveries under similar conditions during a period when the equipment was registering accurately; ~~or~~

(d) By calculation of the balance between Company's receipts and deliveries over the period.

3.5 Expense of Special Tests

If Shipper requests a special test of the accuracy of any measuring equipment and upon testing the equipment the inaccuracy of the equipment is found to be less than 2%, Shipper shall bear the expense of the special test.

3.6 Inspection of Equipment and Records

Shipper or Shipper's agent shall have the right to inspect measuring equipment installed or furnished by Company and ~~the charts and other~~ measurement or test data of Company at all times during normal business hours, but the reading, calibration and adjustment of such equipment ~~and changing of the charts~~ shall be done only by Company or Company's agent.

3.7 Unit of Measurement

The unit of volume for purposes of measurement shall be 10^3m^3 . The unit of quantity for purposes of measurement shall be GJ.

3.8 Applicable Procedures

All measurements, calculations, and procedures used in determining the quantity delivered at any point shall be in accordance with GIA and all applicable regulations issued pursuant thereto. Provided, however, that correction for deviations from ~~Boyle's Law~~ ideal gas laws shall be determined from data contained in Report No. 8 as published by the American Gas Association, or the latest revision thereof acceptable to Company ~~and Shipper~~.

3.9 Atmospheric Pressure

For the purposes of measurement, the atmospheric pressure, at any Receipt Point or Delivery Point, shall be established by a recognized formula applied to the nearest 0.1 kPa increment and deemed to be a constant for that point.

3.10 Gas Characteristics

The gas characteristics, including gross heating value, specific gravity, and nitrogen and carbon dioxide content, of the gas tendered by Shipper to Company for transportation or delivered by Company at the Delivery Point shall be determined, where applicable, by continuous recording equipment, approved for this use under the provisions of the GIA, or by standard laboratory equipment where a continuous sampler or spot sampler is used or spot samples are taken.

The gas characteristics used in computing gas measurement depending upon the method utilized, shall be:

(a) ~~The actual “real time” value determined when continuous analyzing equipment supplies live data of the gas characteristic to the real time measurement computer;~~
or

~~(a)(b)~~ The arithmetical average recorded each day or part thereof if continuous recording equipment is used; or

~~(b)(c)~~ Where sampling is utilized, determinations available from analyses of such samples.

~~3.11~~ **Flowing Temperature**

~~The flowing temperature used in computing gas measurement shall be the arithmetical average of temperature measured during periods when gas is being delivered or received.~~

~~3.123.11~~ **Access to and Exchange of Metering ~~Charts~~Data**

Company and Shipper shall exchange, upon request of either party, copies of all measuring and testing ~~charts~~, data and information as soon as practicable for any such requests.

3.133.12 Preservation of Measurement Records

Company and Shipper shall preserve all original test data, ~~charts~~, and other similar records in such party's possession for a period of at least six years or such lesser period as may be compatible with record retention rules of any governmental agencies having jurisdiction thereover.

4. NON-COMPANY EQUIPMENT

All non-Company measuring equipment, devices and material required shall be compatible with the quantities to be metered at the particular point, and shall be of a type approved for their intended use under the provisions of GIA where such approvals are applicable.

5. BILLING AND PAYMENT

5.1 Billing

On or before the 9th ~~business~~ Banking Day of each month Company shall ~~submit~~ provide to Shipper a bill for the preceding month. Such bill shall reflect:

- (a) any amount payable by Shipper for the immediately preceding month for service provided under Rate Schedule ~~T-4FT~~, Firm Transportation Service, Rate Schedule STFT, Short Term Firm Transportation Service, Rate Schedule ~~SGS-4~~, Small General Service and Rate Schedule IT, Interruptible Transportation Service;

- (b) any billing adjustments to which Shipper is entitled or liable in respect of the second preceding month pursuant to subsection 9.6 of Rate Schedule ~~T-1FT~~, Firm Transportation Service or subsection 8.5 of Rate Schedule STFT, Short Term Firm Transportation Service;
- (c) any amount payable by Shipper in respect of the second preceding month for service provided under Rate Schedule ~~OT-1~~, Overrun Transportation Service; and
- (d) other charges or credits to Shipper hereunder.

When information necessary for billing by Company is in control of Shipper, Shipper shall furnish such information to Company on or before the fifth day of the month in connection with services rendered during the prior month. Information used for billing may be actual or best available data. If actual information necessary for billing is unavailable to Company sufficiently in advance of the ninth Banking Day of the month to permit the use of such information in the preparation of a bill, Company shall use best available data. In the month that actual information becomes available respecting a previous month where best available data was used, the bill for the month in which the information became available shall be adjusted to reflect the difference between the actual and best available data. Neither Company nor Shipper shall be entitled to interest on any adjustment.

5.2 Payment

Shipper shall make payment of such bill to a depository designated by Company on or before the ~~second-last business day~~ Banking Day of the month in which such bill was rendered to Shipper. The bill shall be payable in lawful money of Canada except where partial payment in United States dollars is required as per subsection 5.6 hereunder. Shipper shall, without further notice or demand, make payments pursuant to this subsection 5.2 irrespective of any dispute relative to the amount invoiced, and shall not be entitled to any abatement of such payments or any set-off against them, including, but not limited to, abatement or set-off due or alleged to be due by reason of any past, present

or future claims of Shipper against Company under Shipper's Service Agreement or otherwise.

5.3 Late Billing

If presentation of a bill by Company is delayed after the 9th ~~business day~~ Banking Day of the month, then the time for payment shall be extended correspondingly unless Shipper is responsible for such delay.

5.4 Interest on Unpaid Amounts

Company shall have the right to charge interest on the unpaid portion of the bill, from the due date of payment until the date payment is actually made by Shipper, at a rate of interest which is the Rate of Interest plus 1% ~~above the minimum lending rate in effect for 90 day loans available to Company at any of the Chartered Banks which normally provide service to Company on the date such payment shall be due.~~

5.5 Disputed Bills

5.5.1 In the event Shipper disputes in good faith any part of a monthly bill, Shipper shall nevertheless pay to Company the full amount of the bill within the time such payment is due.

5.5.2 If Shipper fails to pay the full amount of any bill when payment is due, Company may upon four (4) Banking Days written notice immediately suspend any or all service being or to be provided to Shipper under any Service Agreement, provided however that such suspension shall not relieve Shipper from any obligation to pay any rate, toll, charge or other amount payable to Company. If at any time during such suspension Shipper pays the full amount payable to Company, Company shall within two (2) Banking Days recommence such suspended service.

Following suspension, Company may, in addition to any other remedy that may be available to it, upon four (4) Banking Days written notice to Shipper immediately:

- (a) terminate any or all service being or to be provided to Shipper under any Service Agreement; and
- (b) declare any and all amounts payable now or in the future by Shipper to Company for any and all service under any Service Agreement to be immediately due and payable as liquidated damages and not as a penalty.

5.5.3 In the event that it is finally determined that Shipper's monthly bill was incorrect and that an overpayment has been made, Company shall make reimbursement of such overpayment and Shipper shall be entitled to interest on the amount of such overpayment. Such interest ~~will~~ shall be calculated at the Rate of Interest plus 1% from the date that such overpayment was made until the date that Company makes reimbursement of such overpayment to Shipper. In the event of an undercharge, Shipper shall pay the amount of any such under payment to Company but without interest. Such amount shall be payable on the same terms and conditions as all other amounts payable by Shipper to Company.

5.6 Partial Payment in United States Dollars

Company, in order to meet its obligations payable in U.S. currency, (hereinafter called "U.S. Pay Securities") may, by designation on any invoice, require Shipper to pay to Company in United States dollars a specified portion of the amount invoiced. The amount so payable in United States dollars shall, for the purpose of computing the balance of the invoiced amount payable in Canadian dollars, be converted to Canadian dollars by use of The Foreign Exchange Rate for United States dollars as published, on the third ~~business Banking Day~~ next preceding the day on which such invoiced amount is paid. Company shall give at least six months notice to Shipper of the approximate

amount of United States dollars which are likely to be required from Shipper for any ~~billing~~ Billing month ~~Month~~ and this notice shall include:

- (a) The total outstanding amount of securities requiring repayment of principal and/or payment of interest in United States dollars;
- (b) A schedule of the total annual amounts by Zone, as allocated to each Zone by Subsidiary Companies in accordance with their Gas Transportation Tariffs with Company of such repayments and/or payments unconditionally required by the terms of such U.S. Pay Securities to be made in United States dollars; and
- (c) The depository where Company desires to receive that part of the said monthly charge which is to be paid by Shipper to Company in United States dollars, if this depository is different than that designated in subsection 5.2 hereof.

The amount of United States dollars to be so paid monthly, in respect of each Zone Shipper utilizes, shall be Shipper's pro rata share of the product of the ~~Maximum Daily Delivery Quantity~~ MDDQ and the distance such gas is to be transported through the Zone multiplied by 1/12 of the appropriate Zone amount of United States dollars set forth in the schedule referred to in subsection 5.6(b) above for the year in which Shipper's payment hereunder is due.

5.7 Zone Cost of Service

5.7.1 Company's Administrative Charge

For each Calendar Year, Company shall determine an administrative charge equal to its overhead costs and costs of administering this Gas Transportation Tariff. Such administrative charge, as approved by the National Energy Board shall consist of, but shall not be limited to, the following:

- (a) Salaries, wages and benefits for Company's directors, officers and employees;
- (b) All expenses associated with the aforementioned personnel;

- (c) All rents and charges associated with office, warehouse or shop facilities;
- (d) A return on Company's rate base as per Company's books of account and related income taxes thereon, in an amount determined by the National Energy Board; and
- (e) Any other related expenses necessary to permit the directors, officers and employees of Company to discharge their respective functions in coordinating and monitoring the various components of the Phase I Facilities of the ANGTS.

5.7.2 Special Charge - Phase II Preliminary Expenditures

Pursuant to Order TG-2-2003, the monthly charge for "Special Charge – Phase II Preliminary Expenditures" will be \$189,124.00 commencing April 1, 2003 and terminating December 31, 2015.

5.7.3 Computation of the Zone Cost of Service

For each Calendar Year, the Zone Cost of Service for each Zone shall be the sum of the following, adjusted pursuant to subsection 5.7.4:

- (a) The Zone Cost of Service for each Zone as calculated by the Subsidiary Company owning the portion of the transportation system constituting such Zone; and
- (b) An amount equal to the product of:
 - (i) The administrative charge calculated pursuant to subsection 5.7.1 hereof, plus, the Special Charge - Phase II Preliminary Expenditures calculated pursuant to subsection 5.7.2 hereof,
 - (ii) And a fraction:

The numerator of which shall be:

The sum, for all Shippers utilizing a Zone under Rate Schedule ~~FT~~
~~4FT~~, Firm Transportation Service, of the product of each Shipper's
~~Maximum Daily Delivery Quantities~~MDDQ and ~~the distance in~~
~~kilometers each such quantity is to be transported through a~~
~~Zone~~Shipper's Haul Distance.

And the denominator of which shall be:

The sum, for Zones 6, 7, 8 and 9, of the product of each Shipper's
~~Maximum Daily Delivery Quantities~~MDDQ and ~~the distance in~~
~~kilometers each such quantity of gas is to be transported through a~~
~~Zone~~Shipper's Haul Distance.

5.7.4 Adjustments to Zone Cost of Service

For each Calendar Year, the Zone Cost of Service so determined shall be adjusted as follows:

- (a) A deduction for revenues forecasted to be received under Rate Schedule STFT, Short Term Firm Transportation Service, Rate Schedule OT~~4~~, Overrun Transportation Service, Rate Schedule IT, Interruptible Transportation Service and Rate Schedule SGS~~4~~, Small General Service, and interest pursuant to subsection 5.4 of these General Terms and Conditions.
- (b) Additions or deductions, as the case may be, reflecting adjustments for accruals or deferrals with respect to taxes other than income taxes, expense and income accounts equal to the difference between accrued and deferred amounts and adjusted or actual amounts, all of which shall be given effect to in the year in which such adjustments or conclusive determinations or settlements of such actual amounts are made; and
- (c) Additions or deductions, as the case may be, for all other costs or credits properly attributable to the transportation service hereunder. This would

reflect the G&A Incentive Plan pursuant to Order TG-2-2003 commencing January 1, 2003 and terminating December 31, 2015, subject to earlier termination pursuant to Order TG-2-2003 and any subsequent amendments.

5.8 Financial Assurances

5.8.1 Financial Assurance for Performance of Obligations

Company may request that Shipper (or any assignee) at any time from time to time prior to and during service under any Service Agreement, provide Company with an irrevocable letter of credit or other assurance acceptable to Company, in form and substance satisfactory to Company and in an amount determined in accordance with subsection 5.8.3 (the “Financial Assurance”).

5.8.2 Failure to Provide Financial Assurance

Company may withhold the provision of new service under any Service Agreement until Company has received a requested Financial Assurance.

If Shipper fails to provide a requested Financial Assurance to Company within four (4) Banking Days of Company’s request, Company may upon four (4) Banking Days written notice immediately suspend any or all service being or to be provided to Shipper under any Service Agreement, provided however that any such suspension shall not relieve Shipper from any obligation to pay any rate, toll, charge or other amount payable to Company. If at any time during such suspension Shipper provides such Financial Assurance to Company, Company shall within two (2) Banking Days recommence such suspended service.

If Shipper fails to provide such Financial Assurance during such suspension, Company may, in addition to any other remedy that may be available to it, upon four (4) Banking Days written notice to Shipper immediately:

- (a) terminate any or all service being or to be provided to Shipper under any Service Agreement; and
- (b) declare any and all amounts payable now or in the future by Shipper to Company for any and all service under any Service Agreement to be immediately due and payable as liquidated damages and not as a penalty.

Any notice provided by Company to Shipper to withhold, suspend or terminate service under any Service Agreement pursuant to subsection 5.8.2 shall be filed concurrently with the NEB.

5.8.3 Amount of Financial Assurance

The maximum amount of Financial Assurance Company may request from a Shipper (or assignee) shall be as determined by Company an amount equal to:

- (a) for the provision of all gas transportation and related services, other than such services referred to in subsection 5.8.3(b), the aggregate of the maximum rates, tolls, charges or other amounts payable to Company for a period of 70 Days. Provided however, the amount of Financial Assurance for all rates, tolls and charges other than demand charges shall be based on the daily average of the actual charges billed for services for the preceding 12 Month period with the initial forecast to be provided by the Shipper; and
- (b) for the provision of any gas transportation and related services where Company determines that it must construct New Facilities and Shipper has executed the Financial Assurances Agreement defined in subsection 5.1(b)(iv) of the Capacity Allocation Procedures, the aggregate of all rates, tolls, charges or other amounts payable to Company for a period of seventy (70) Days plus one (1) Month for each remaining year of the term of such service, up to a maximum of twelve (12) Months total.

6. LIABILITIES

6.1 Warranty and Title of Gas

Shipper warrants and represents that it owns or controls and has the right to deliver the gas to be delivered to the Receipt Point and that it has the right, power and authority to enter into a Service Agreement in respect thereof.

6.2 Possession of Gas

Gas received by Company from Shipper for transportation shall be deemed to be in the custody and under the control of Company from the time such gas is accepted for transportation at any Receipt Point and until delivered by Company to Shipper at any Delivery Point.

6.3 Responsibility

As between Shipper and Company, Company shall be responsible for all gas received from Shipper between the time such gas is received by it from Shipper at any Receipt Point and the time gas is delivered to Shipper by Company at any Delivery Point, and at no other time.

6.4 Force Majeure

6.4.1 As utilized herein, force majeure shall mean any act of God, strikes, lockouts, or other industrial disturbances, acts of the public's enemy, sabotage, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, floods, storms, fires, washouts, arrests and restraints of rulers and peoples, civil disturbances, explosions, breakages, or accidents to machinery or pipelines, hydrate obstructions of pipelines or appurtenances thereto, temporary failure of gas supply, freezing of wells or delivery facilities, well blowouts, craterings; inability to obtain materials or equipment; inability to obtain permits, orders, licences, certificates or other authorizations; orders of any court, board or governmental authority having jurisdiction, any act or omission which is excused

by any event or occurrence of the character herein defined as constituting force majeure; or any other cause, whether of the kind herein enumerated or otherwise not within the control of the applicable party and which by the exercise of due diligence such party is unable to prevent or overcome.

Notwithstanding any other provision herein, Company and Shipper agree that a lack of funds or other financial cause shall not, under any circumstances, be an event of force majeure.

- 6.4.2** If either party fails to perform any obligations imposed by the Service Agreement including the applicable rate schedules and General Terms and Conditions of this Gas Transportation Tariff, and such failure shall be caused or materially contributed to by any occurrence of force majeure such failure shall be deemed not to be a breach of the obligation of such party, but such party shall use reasonable diligence to put itself in a position to carry out its obligations. Provided, however, that the settlement of strikes or lockouts shall be entirely within the discretion of each party, and that the above requirement that any force majeure shall be remedied with the exercise of due diligence shall not require the settlement of strikes or lockouts by acceding to the demands of the opposing party when such course is inadvisable in the discretion of the appropriate party.
- 6.4.3** Notwithstanding subsections 6.4.1 and 6.4.2, no cause affecting the performance of obligations by any party:
- (a) Shall relieve any party from its obligation to make payment of amounts pursuant to this Gas Transportation Tariff; or
 - (b) Shall relieve any party from any other obligation unless such party shall give notice of such cause in writing to the other party with reasonable promptness and like notice shall be given upon termination of such cause, nor shall such cause continue to relieve such party from such other obligation after the expiration of a reasonable period of time within which, by the use of due diligence, such party could have remedied the situation.

6.5 Interruptions or Reductions in Services

If, due to any cause whatsoever, Company is unable on any day to receive from Shippers or to deliver to Shippers all of the quantities of gas it would have received or delivered if such inability did not exist, then Company shall curtail or interrupt receipts or deliveries of gas in the following order:

(a) First:

For Zones ~~6, and 7 and 8~~:

Those Shippers transporting gas under Rate Schedule OT-4, Overrun Transportation Service.

Company shall allocate any such curtailment amongst affected Shippers in the same proportion as each Shipper's ~~Maximum Daily Delivery Quantity~~ MDDQ to be transported through the Zone in which the curtailment is required bears to the sum of the Maximum Daily Delivery Quantities for all affected Shippers in such Zone.

For Zones ~~8 and~~ 9:

Those Shippers transporting gas under Rate Schedule IT, Interruptible Transportation Service.

Company shall allocate available capacity amongst affected Shippers pro rata based on such Shippers' nominations for interruptible service under Rate Schedule IT, Interruptible Transportation Service.

(b) Second:

Those Shippers nominating gas in respect of ~~Delivery Deficiencies and~~ Make-Up Gas pursuant to section 9 of Rate Schedule ~~T-4FT~~, Firm Transportation Service.

~~Company shall give priority to quantities of gas tendered in respect of Delivery Deficiencies over gas tendered in respect of Make-Up Gas.~~ Company shall allocate any such curtailment amongst affected Shippers pro rata based on such Shippers' ~~undischarged Delivery Deficiencies~~ nominations for Make-Up Gas.

(c) Third:

Those Shippers transporting gas under Rate Schedule ~~T-1FT~~, Firm Transportation Service, Rate Schedule STFT, Short Term Firm Transportation Service and Rate Schedule ~~SGS-1~~, Small General Service.

Company shall allocate any such curtailment, under Rate Schedule ~~T-1FT~~, Firm Transportation Service, Rate Schedule STFT, Short Term Firm Transportation Service or Rate Schedule ~~SGS-1~~, Small General Service, amongst affected Shippers in the same proportion as each Shipper's ~~Maximum Daily Delivery Quantity~~ MDDQ, to be transported through the Zone in which the curtailment is required, bears to the sum of the Maximum Daily Delivery Quantities for all affected Shippers in such Zone.

7. RECEIPT OF GAS AT ONE POINT FOR MORE THAN ONE SHIPPER

In the event gas tendered to Company at any Receipt Point is for the account of more than one Shipper, the division of the total metered quantity as between Shippers shall be pursuant to procedures or schedules established by Company and Shippers involved.

8. DELIVERIES OF GAS AND SUPPLY OF LINE PACK

8.1 Commingled Gas

Shipper and Company agree that the gas received by Company from Shipper under Shipper's Service Agreement, shall be commingled in Company's transportation system

with gas received by Company from other Shippers under their Service Agreements. The gas which Company shall deliver to Shipper shall not be the identical gas which Company shall receive from Shipper. If the gas delivered by Company to Shipper meets the specifications set forth in the General Terms and Conditions, then such gas may be gas from other sources in lieu of all or any part of said gas delivered by Shipper to Company.

8.2 Company Use Gas

Company shall have the right but shall not be obligated to use gas being transported for Shipper for the operation, maintenance and construction of Company's facilities, such use to include among other things:

- (a) Fuel used in the operation of compressor stations;
- (b) Fuel used in buildings;
- (c) Purging and testing; and
- (d) Measurement variance; and

~~(e) In Zone 8, Line Pack for Company's facilities or any part thereof.~~

8.3 Allocation

8.3.1 Shipper's share of Company Use Gas on Company's transportation system in a Zone for any day and as determined by the Subsidiary Companies shall be the product of Shipper's quantity of gas delivered by Company on such day, Shipper's Distance from Delivery Point Location and the Company Use Gas Rate established by Company and in effect for such day.

8.3.2 Quantity received into a Zone related to the quantity received at a Receipt Point shall be such quantity received at the Receipt Point less the Company Use Gas related to such quantity received, in all Zones preceding such Zone.

8.3.3 Company shall provide Shipper with no less the 2 ~~Business Day~~Banking Days notice prior to the start of each month of the Company Use Gas Rate. In the absence of such notice, Shipper's share of Company Use Gas shall be determined on the basis of the Company Use Gas Rate effective for the immediately proceeding month. For Zone 8, Company may alter the Company Use Gas Rate at any time during the month upon 2 Banking Days notice to Shipper. ~~Company may alter the Company Use Gas Rate at any time during the month upon 2 Business Days' notice to Shipper.~~

8.3.4 Each day Company shall take Shipper's share of Company Use Gas in kind from the quantities of gas transported by Company for Shipper.

8.4 Beginning of Delivery Obligation

Company shall have no obligation to deliver gas to Shipper prior to Shipper's Billing Commencement Date.

8.5 ~~Provision of Line Pack Gas for Zone 8~~Uniform Hourly Quantities

All deliveries of gas to Company at a Receipt Point shall be made in uniform hourly quantities to the extent practicable. ~~For each Zone Shipper's gas is transported through, Shipper shall provide Company with a quantity of gas equal to the sum of Shipper's share of the Line Pack Requirements and Company Use Gas. Shipper's share of the Line Pack Requirements for any Zone shall be that Zone's Line Pack Requirements multiplied by Shipper's pro rata share of the product of the Maximum Daily Delivery Quantity and the distance such gas is to be transported through the Zone. Line pack gas provided to Company by Shipper shall remain the property of Shipper but Company shall not be obliged to make deliveries to Shipper in respect of such gas except as provided in subsection 8.6 hereof.~~

~~**8.5.1** Prior to Shipper's Billing Commencement Date, Shipper shall, to the extent it is able to do so, deliver to Company each day, for the purpose of supplying line pack gas,~~

~~such quantity of gas at such points on Company's transportation system as Company may request.~~

~~8.5.2 If, at any time following Shipper's Billing Commencement Date, there is an increase in the Line Pack Requirements, gas first received thereafter by Company from Shipper shall, up to Shipper's share of such increase, be deemed to be received on account of Shipper's obligation to furnish line pack gas and relative to such Line Pack Requirements and Company Use Gas under this subsection 8.5, and not pursuant to Article 1 of Shipper's Service Agreement, provided that the quantity of gas which Shipper is entitled to nominate on any day pursuant to such Article 1 shall not be increased as a result.~~

~~8.5.3 If Company is on any day required to allocate service under Article 2 of the Service Agreements of two or more Shippers, it shall, after giving effect to the provisions of section 9 of Rate Schedule T-1, Firm Service, give priority in such allocation to quantities of gas desired to be tendered in fulfillment of Shipper's obligation under this subsection 8.5; provided that, except for the purposes of such allocation, such gas shall be deemed not to be received pursuant to Article 1 of Shipper's Service Agreement.~~

8.6 ~~Return of Line Pack Gas for~~ Receipt and Delivery Point Gas Pressures for Zone 8

8.6.1 Receipt Point Pressure

For Zone 8 subject to subsection 8.6.3, Shipper shall deliver the gas to Company at the Receipt Point at gauge pressure of 4200 kPa or, with Company's agreement, at such pressure as will enable the gas to enter Company's Facilities, but in no event shall Shipper be required to deliver the gas at a gauge pressure greater than 5820 kPa.

For Zone 9 Shipper's maximum receipt pressure shall be 8690 kPa.

8.6.2 Delivery Point Pressure

Shipper recognizes that Company will be transporting the gas in a commingled stream to the Delivery Point and that the pressure of the gas delivered at the Delivery Point will be the pressure of such commingled stream, provided that Company shall deliver the gas to Shipper at the Delivery Point at a gauge pressure not less than 5171 kPa in Zone 8.

For Zone 9 Shipper's maximum delivery pressure shall be 8690 kPa.

8.6.3 East Kootenay Exchange Receipt Point Pressure

Notwithstanding subsection 8.6.1, Shipper shall deliver the gas to Company at the East Kootenay Exchange Receipt Point at gauge pressure of 5515 kPa or, with Company's agreement, at such pressure as will enable the gas to enter Company's Facilities, but in no event shall Shipper be required to deliver the gas at a gauge pressure greater than 6280 kPa.

~~If at any time Shipper's share calculated in accordance with subsection 8.3 hereof, of the Line Pack Requirements became less than the quantity of gas which Shipper has delivered to Company as line pack gas, Company shall deliver to Shipper, as soon thereafter as is practicable and consistent with Company's obligations to all Shippers and Shipper's obligations under subsection 8.5 hereof, a quantity of gas having an energy content equal to the difference between the energy content of the past and present Line Pack Requirements.~~

8.7 Provision of Line Pack Gas ~~for Zone 6, Zone 7 and Zone 9~~

Company shall provide and own Line Pack for Company's facilities or any part thereof in Zone 6, Zone 7, Zone 8 and Zone 9 and such Line Pack gas shall remain the property of Company.

8.8 Scheduling of Alteration and Repairs

Company shall have the right to interrupt or reduce service to Shipper when necessary for any alterations, modifications, enlargements or repairs to any facilities or property

comprising a part of Company's pipeline system or otherwise related to the operation thereof. Except in the event of an unforeseen emergency, Company shall provide Shipper with as much notice as practicable under the circumstances, and Company shall endeavour to schedule such alterations, modifications, enlargements or repairs in cooperation with Shipper so that Shipper may arrange for alternate supply or otherwise accommodate its operations to such reduction or interruption of service.

9. COOPERATIVE EXCHANGE OF INFORMATION

Company and Shipper shall, on request by either made to the other, cooperate in providing such certificates, estimates and information as shall be in its possession, and as shall be reasonably required by the other for the purpose of financing, for the purpose of operations, for obtaining any permits required for the construction of additional facilities, or for the purpose of complying with the provisions of any Deed of Trust and Mortgage to which it is a party.

10. SERVICE AGREEMENT

10.1 Service Rendered

Service rendered by Company for Shipper shall be pursuant to the terms of the Service Agreement between Company and Shipper.

10.2 Defaults

No default in the performance of any of the obligations of Company or Shipper, under Shipper's Service Agreement, shall operate to terminate such Service Agreement, or except as specifically provided in such Service Agreement, to relieve Company or such Shipper from due and punctual compliance with its obligations thereunder.

10.3 Non-Waiver of Future Default

No waiver by any party of any default by the other party shall operate as a waiver of any continuing or future default, whether of a like or different character.

10.4 Assignability

The Service Agreement into which these General Terms and Conditions are incorporated shall not be assigned in whole or in part by Shipper without the consent of Company, which consent shall not be unreasonably withheld. The Service Agreement shall bind and enure to the respective successors and assigns of each party thereto, but no assignment shall release either party from such party's obligations thereunder without the written consent of the other party. Nothing contained herein shall prevent either party from pledging or mortgaging its rights as security for any indebtedness.

10.5 Diversions

Company shall, at the request of Shipper and subject to operational constraints on the Company's Facilities, divert the quantity of gas Shipper is authorized to receive on any day under a Service Agreement to a point which is upstream of the Delivery Point, provided that Shipper shall pay to Company the same monthly demand charge which would have been otherwise payable had such diversion not occurred.

11. SEPARATE LIABILITY OF SHIPPER

The execution of a Service Agreement by Shipper shall result in Shipper undertaking obligations of a separate nature, and shall not be deemed to cause a joint, or joint and several, obligation vis a vis any one or more other Shippers.

12. TARIFF SUBJECT TO APPLICABLE LAW

~~The Gas Transportation Tariff shall be governed by and construed in accordance with the laws of the Province of Alberta and the applicable laws of Canada, and Company and Customers irrevocably submit to the jurisdiction of the courts of the Province of Alberta for the interpretation and enforcement of the Gas Transmission Tariff. The Gas Transportation Tariff and the rights and obligations of the parties are subject to all present and future laws, rules, regulations and orders of any legislative body or duly constituted authority now or hereafter having jurisdiction over the subject matter thereof.~~

13. INDEMNIFICATION

13.1 Company and Shipper shall each indemnify and save harmless the other from all liability, damages, costs, losses and charges of every character resulting from any claim made against such other by any Person for injury or death to Persons, or damage to property, in any way connected with the property and equipment of the indemnitor or the presence of gas deemed hereby to be the responsibility of the indemnitor, unless such injury, death or damage is caused by the negligence or willful default of the indemnitee or any Person for whose actions the indemnitee is responsible in law; provided that neither Company nor Shipper shall be liable to indemnify the other unless the Person requesting indemnification shall have promptly notified the other in writing of any claim, suit or action for or in respect of which indemnification is to be claimed. The Person receiving such notification shall be entitled to participate in any such suit or action, and, to the extent that it may wish, assume the defense thereof with counsel who shall be to the reasonable satisfaction of the Person requesting indemnification, and after notice from the indemnitor to the indemnitee of its election so to assume the defense thereof, the indemnitor will not be liable to the indemnitee for any legal or other expenses incurred by the indemnitee in connection with the defense thereof. An indemnitor shall not be liable to indemnify an indemnitee on account of any settlement of any claim, suit or action effected without the consent of such indemnitor.

Claims made under this section 13 with respect to injury or death to Persons or damage to property occurring during the term of Shipper's Service Agreement shall survive the termination thereof.

13.2 Limitation of Liability

Notwithstanding anything to the contrary in this Gas Transportation Tariff:

- (a) Company shall have no liability for consequential damages;
- (b) Company shall have no liability in damages to Shipper in respect of failure for any reason whatever, other than Company's willful default, to accept receipt of, receive or deliver gas pursuant to the provisions of Shipper's Service Agreement; and
- (c) Shipper shall notwithstanding any such failure, for any reason whatever, to accept receipt of, receive or deliver gas, make payment to Company in the amounts, in the manner and at the times provided in Shipper's Service Agreement.

14. SEVERABILITY

If any provision of this Gas Transportation Tariff shall be contrary to or prohibited by applicable law, such provision shall be severable from the remaining provisions of the Gas Transportation Tariff and shall be deemed to be deleted therefrom, and all of the provisions of this Gas Transportation Tariff which are not contrary to or prohibited by applicable law shall, notwithstanding such deletion, remain in full force and effect. If any provision of this Gas Transportation Tariff requires the payment of interest at a rate which exceeds the rate which the Person to whom such interest is required to be paid is permitted under applicable law to receive, or which the Person required to pay such interest is permitted under applicable law to pay, such rate shall be reduced to the highest rate which is permitted under applicable law.

15. SURVIVAL OF OBLIGATION

Notwithstanding the termination of Shipper's Service Agreement, Shipper and Company shall remain liable thereafter to discharge all obligations incurred and to pay all amounts due or accruing due hereunder to the date of such termination in the manner provided herein and subject to the provisions of the Gas Transportation Tariff.

16. EXPANSIONS AND REDUCTIONS IN SERVICE

16.1 Shipper receiving service pursuant to Rate Schedule ~~T-4FT~~, Firm Transportation Service may reduce its ~~Maximum Daily Delivery Quantity~~MDDQ:

- (a) If no other Shipper receiving service pursuant to Rate Schedule ~~T-4FT~~, Firm Transportation Service takes up its reduction, provided that:
 - (i) Shipper receiving service pursuant to Rate Schedule ~~T-4FT~~, Firm Transportation Service gives written notice of the proposed changes to Company and all other Shippers receiving service pursuant to Rate Schedule ~~T-4FT~~, Firm Transportation Service;
 - (ii) Company and all other Shippers receiving service pursuant to Rate Schedule ~~T-4FT~~, Firm Transportation Service affected by such change consent in writing to the proposed changes;
 - (iii) Company and affected Shippers receiving service pursuant to Rate Schedule ~~T-4FT~~, Firm Transportation Service execute new Service Agreements, or amended Appendix A to existing Service Agreements, with such new agreement or amendment having an effective date as of the effective date of such changes which set forth new or altered Maximum Daily Delivery Quantities and Receipt Points.
- (b) If another Shipper receiving service pursuant to Rate Schedule ~~T-4FT~~, Firm Transportation Service takes up its reduction, provided that:

- (i) Shipper receiving service pursuant to Rate Schedule ~~T-4FT~~, Firm Transportation Service gives written notice of the proposed changes to Company and all other Shippers receiving service pursuant to Rate Schedule ~~T-4FT~~, Firm Transportation Service; and
- (ii) Company and all other Shippers receiving service pursuant to Rate Schedule ~~T-4FT~~, Firm Transportation Service affected by such change consent in writing to the proposed changes; and
- (iii) If the consents provided for in subsection 16.1(b)(ii) above are not received by Company within 10 days of the receipt or deemed receipt by the affected Shippers receiving service pursuant to Rate Schedule ~~T-4FT~~, Firm Transportation Service of the notice provided for in subsection 16.1(b)(i) above, then Company may modify the Service Agreements, or amend Appendix A to the existing Service Agreements with its Shippers receiving service pursuant to Rate Schedule ~~T-4FT~~, Firm Transportation Service, and such changes shall have an effective date as of the date of such changes which set forth new or altered Maximum Daily Delivery Quantities and Receipt Points.

16.2 Where it is proposed that a new Shipper, pursuant to Rate Schedule ~~T-4FT~~, Firm Transportation Service, be added or an increase in the ~~Maximum Daily Delivery Quantity~~ MDDQ is proposed by one or more of the existing Shippers, receiving service pursuant to Rate Schedule ~~T-4FT~~, Firm Transportation Service, the prospective new Shipper receiving service pursuant to Rate Schedule ~~T-4FT~~, Firm Transportation Service, or the current Shippers receiving service pursuant to Rate Schedule ~~T-4FT~~, Firm Transportation Service proposing such increase:

- (a) Shall give written notice of any such proposals to Company and may give a copy to all other Shippers receiving service pursuant to Rate Schedule ~~T-4FT~~, Firm Transportation Service;

- (b) Company and all other Shippers receiving service pursuant to Rate Schedule ~~T-4FT~~, Firm Transportation Service affected by such change may consent in writing to the proposed changes;
- (c) If the consents provided for in subsection 16.2(b) above are not received by Company within 10 days of the receipt or deemed receipt by the affected Shippers receiving service pursuant to Rate Schedule ~~T-4FT~~, Firm Transportation Service of the notice provided for in subsection 16.2(a) above, Company shall modify the Service Agreements, or amend Appendix A to the existing Service Agreements with its Shippers receiving service pursuant to Rate Schedule ~~T-4FT~~, Firm Transportation Service, and such changes shall have an effective date as of the date of such changes which set forth new or altered Maximum Daily Delivery Quantities and Receipt Points.

17. AUTHORIZED PERSONS

Shipper may, by notice to Company, authorize any Persons to make or receive deliveries of gas on behalf of Shipper in accordance with the provisions of Shipper's Service Agreement. Unless such authorization is revoked by notice from Shipper to Company, Shipper shall be bound by all actions taken by Person so authorized in connection with the receipt, delivery, measurement or testing of gas received or delivered by Company under Shipper's Service Agreement.

18. MISCELLANEOUS PROVISIONS

18.1 Effect of Headings

The headings used throughout the Tariff are inserted for reference purposes only and are not to be considered or taken into account in construing the terms and provisions of any

paragraph nor to be deemed in any way to qualify, modify or explain the effects of any such provisions or terms.

18.2 Words in Singular or Plural

In the interpretation of the Service Agreement and this Tariff, words in the singular shall be read and construed in the plural and words in the plural shall be read and construed in the singular where the context so requires.

18.3 Notices

~~Any notice, request, demand, statement or bill provided for in this Gas Transportation Tariff, or any notice which either Company or Shipper may desire to give to the other, shall be in writing or by electronic means (e-mail), mailed or delivered to the address set out in the Service Agreement for the addressee or to such other address as such party shall give notice to the other party to such effect. Any notice may be given by personal courier delivery or by mailing the same, postage pre-paid, in an envelope properly addressed to the party to whom the notice is to be given and shall be deemed to be received one business day after personal courier delivery and four business days after the mailing thereof if mailed within the same country or seven business days thereafter if mailed to another country, Saturdays, Sundays and statutory holidays at the point of mailing or receipt excepted. Any notice may also be given by facsimile addressed to the party to whom such notice is to be given at such party's stated address for notice and any notice so served shall be deemed to have been received by the addressee as of the date of the transmission of the same, Saturdays, Sundays and statutory holidays at the point of receipt excepted. Any notice may also be given by telephone followed immediately by letter, facsimile or e-mail, and any notice so given shall be deemed to have been received as of the date and time of the telephone notice.~~

18.4 18.3 Effective Date

This Gas Transportation Tariff shall be effective as from the date fixed by the National Energy Board.