



450 – 1<sup>st</sup> Street S.W.  
Calgary, Alberta T2P 5H1  
Tel: (403) 920-7186  
Fax: (403) 920-2347  
Email: norm\_bowman@transcanada.com

July 25, 2007

National Energy Board  
444 Seventh Avenue S.W.  
Calgary, Alberta  
T2P 0X8

Filed Electronically

**Attention: Mr. David Young, Acting Secretary**

Dear Sir:

**Re: Foothills Pipe Lines Ltd. (“Foothills”)  
Amendments to the Gas Transportation Tariff – Phase 1 (the “Tariff”)**

Pursuant to Section 60(1)(a) of the *National Energy Board Act*, enclosed for filing are amendments to Foothills’ Tariff related to Short Term Firm Transportation Service (“STFT”). Foothills intends the amendments to be effective September 1, 2007.

**STFT Bid Process Simplification**

The amendments will simplify the bid process for customers requesting STFT service. Currently, customers submit a fully executed Service Agreement and Appendix A to the Service Agreement for all STFT bids. Foothills is simplifying this process by requiring that all customers who intend to bid for STFT enter into a Service Agreement STFT which will no longer expire automatically. Customers will then be required to submit only a one page Appendix A to the Service Agreement to support each subsequent bid.

Attachment 1 to this letter is a black-lined copy of the relevant sections of the Tariff illustrating the amendments necessary to implement the changes to the STFT bid process as well as a small number of minor tariff cleanup items.

Attachment 2 to this letter is a clean copy of the relevant sections of the Tariff incorporating the amendments.

Foothills is notifying its shippers and interested parties pursuant to Order TG-6-81 of this submission. Foothills will also post a copy of this filing on TransCanada’s Foothills System website at:

July 25, 2007  
Page 2  
Mr. D. Young

[http://www.transcanada.com/Foothills/regulatory/reg\\_filings/index.html](http://www.transcanada.com/Foothills/regulatory/reg_filings/index.html)

In preparing this filing, TransCanada held a meeting to discuss the proposal with shippers on April 24, 2007 and also provided the Tariff amendments to Foothills System shippers and interested parties prior to filing. TransCanada understands that any party opposed to these changes will advise the Board accordingly.

Please direct all notices and communications regarding this filing to Greg Szuch by e-mail at [greg\\_szuch@transcanada.com](mailto:greg_szuch@transcanada.com) or by phone at (403) 920-5321.

Yours truly,

**Foothills Pipe Lines Ltd.**

a wholly owned subsidiary of TransCanada PipeLines Limited

*Original Signed By*

Norm Bowman,  
Director, Regulatory Services

Encls.

cc: Interested Parties – TG-6-81  
Foothills Firm and Interruptible Shippers

**Attachment 1  
STFT Bid Process  
Black-lined Copy**

- (a) the quantity of STFT Capacity which is available for such STFT Capacity Open Season;
- (b) the period that the STFT Capacity is available; and
- (c) the Closing Date for such STFT Capacity Open Season.

#### 4.2.2 STFT Capacity Bid Process

If Company posts STFT Capacity pursuant to subsection 4.2.1, Prospective Shippers may bid for such STFT Capacity, on any Banking Day 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 Closing Date 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 STFT Capacity being offered or submit multiple bids where the aggregate MDDQ of the multiple bids exceeds the 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.

**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, and executed an Appendix A to such Service Agreement 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;

## 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 subsection 1(b) of Rate Schedule STFT~~Shippers Service Agreement, Short Term Firm Transportation Service shall remain in full force and effect until terminated in accordance with subsection 3.2.

3.2 Either Company or Shipper shall be entitled to terminate Shipper's Service Agreement, Short Term Firm Transportation Service by providing the other with at least 60 days prior written notice of such termination. The Service Agreement, Short Term Firm Transportation Service shall terminate and be of no further force or effect upon expiration of such notice period, provided however that nothing herein shall relieve any party from any obligations which arose prior to the effective date of such termination, including all obligations under Appendix A to Shippers Service Agreement, Short Term Firm Transportation Service.

~~3.2.3~~ 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.

Company: Foothills Pipe Lines Ltd.

450 First Street S.W.

Calgary, AB

T2P 5H1

Attention: Manager, ~~Western Markets and Interconnects~~ Commercial West, Markets Team

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.

## 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.

**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  
Limited Ltd.

~~TransCanada~~ Foothills Pipe      Lines

\_\_\_\_\_  
(signature)

\_\_\_\_\_  
(signature)

\_\_\_\_\_  
(name/title)

\_\_\_\_\_  
(name/title)

\_\_\_\_\_  
(signature)

\_\_\_\_\_  
(signature)



| (name/title)

—(name/title)

**Attachment 2  
STFT Bid Process  
Clean Copy**

**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 MDDQ, or an existing Shipper who does not have renewal rights pursuant to section 10 of Rate Schedule FT, Firm Transportation Service (all hereinafter referred to as “Prospective Shipper”) shall each be afforded the rights to obtain firm service under Rate Schedule FT, 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 of Company’s transportation system, 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, Existing Capacity, STFT Capacity and Expansion Capacity will be offered to successful Prospective Shippers in a bidding process 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 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.

**2. APPLICABILITY**

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

### 3. PROCEDURES FOR ZONES 6 AND 7

#### 3.1 General

**3.1.1** There will be a single queue for Prospective Shippers requesting firm service under Rate Schedule FT, Firm Transportation Service for Zones 6 and 7 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 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 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 Existing Capacity**

Where Company determines that Existing Capacity is available in Zones 6 or 7, Company shall offer to Prospective Shipper in the queue a portion of the Existing Capacity equal to the lesser of the balance of the Existing Capacity remaining, after taking into consideration offers to be made to Prospective Shippers having a higher priority in the queue, and the 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 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 Service Agreement, Firm Transportation Service. Prospective Shipper may accept Company's offer by completing, duly executing and returning to Company all copies of the Service Agreement, Firm Transportation Service within a time period specified by Company. The failure by Prospective Shipper to return all copies of the 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 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. 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 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 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 8 AND 9**

### **4.1 Existing Capacity Open Season**

#### **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 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 quantity of STFT Capacity which is available for such STFT Capacity Open Season;
- (b) the period that the STFT Capacity is available; and
- (c) the Closing Date for such STFT Capacity Open Season.

#### **4.2.2 STFT Capacity Bid Process**

If Company posts STFT Capacity pursuant to subsection 4.2.1, Prospective Shippers may bid for such STFT Capacity, on any Banking Day up to and including the Closing Date, as follows:

- (a) Prospective Shippers shall submit a completed and unedited 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 Closing Date 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 STFT Capacity being offered or submit multiple bids where the aggregate MDDQ of the multiple bids exceeds the 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**

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 Requested Term (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 STFT Capacity has been awarded;
- (c) Subject to subsection 4.2.3(d), if two or more bids have the same priority and the STFT Capacity is not sufficient to provide the total Requested Maximum Daily Delivery Quantity, then the STFT Capacity shall be awarded to such bids on a pro rata basis based on the MDDQ specified in each bid;
- (d) If the 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 STFT Capacity will be awarded to such bid. The remaining 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 STFT Capacity has been awarded; and
- (e) Company shall be deemed to have accepted the bids of Prospective Shippers when Company awards STFT Capacity to such Prospective

Shippers. Company shall notify such Prospective Shippers who have been awarded STFT Capacity within one Banking Day after the Closing Date for such STFT Capacity Open Season.

#### **4.2.4 Requirements for STFT Capacity**

Where Company awards 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**

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 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**

#### **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.



## APPENDIX A

(SHIPPER NAME)  
PROJECT STATUS SUMMARY

Description of Activity	Completion Dates	
	Expected	Actual
1. Gas Sales Precedent Agreement(s)		
• letter of intent		
• precedent agreement		
2. Gas Supply Contract(s)		
3. Upstream Transporter(s)		
• letter of intent		
• transportation contract		
• facilities		
4. Application for gas removal permit (Province _____ docket no. _____)		
• filed		
• approved		
5. Application to NEB for export licence (Board file no. _____ )		
• filed		
• approved		
6. Application to downstream authority(ies)		
• Office of the Fossil Energy (OFE) (docket no. _____ )		
• filed		
• approved		
• FERC (docket no. _____ )		
• filed		
• approved		
• other		
• filed		
• approved		
7. Downstream Transporter(s)		
• letter of intent		
• transportation contract		
• facilities		
8. Other Information Supporting Shipper's Request		

**APPENDIX B**

**EXISTING CAPACITY / EXPANSION CAPACITY BID FORM**

To: Foothills Pipe Lines Limited  
450 - 1st Street S.W.  
Calgary, AB, Canada  
T2P 5H1

Attention: Manager, Western End-Users and Interconnects  
Sales and Marketing

Fax: (403) 920-2383

Dear Sir/Madam:

\_\_\_\_\_ (Applicant) hereby requests gas transportation service from Foothills Pipe Lines Limited and concurrently provides the following information relative to this request:

1. Name, address, telephone, E-mail address and telecopier numbers of Applicant:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

2. Name, title, address, telephone, E-mail address and telecopier numbers of Applicant's representative:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

3. Applicant's status (check one):

Producer \_\_\_\_\_ Gatherer \_\_\_\_\_

LDC \_\_\_\_\_ End-User \_\_\_\_\_

Broker \_\_\_\_\_ Pipeline \_\_\_\_\_

Other (please describe) \_\_\_\_\_

- 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)

	<u>Summer</u>	<u>Winter</u>
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 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, and executed an Appendix A to such Service Agreement 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.	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



**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 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) Shipper's Haul Distance for Zone 8 or Zone 9 as applicable;
- (c) the FT 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 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 FT, Firm Transportation Service to a maximum of the aggregate Maximum Daily Delivery Quantity for such Delivery Point under Rate Schedule FT, 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:

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

\*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 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.

**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 Shippers Service Agreement, Short Term Firm Transportation Service shall remain in full force and effect until terminated in accordance with subsection 3.2.

3.2 Either Company or Shipper shall be entitled to terminate Shipper's Service Agreement, Short Term Firm Transportation Service by providing the other with at least 60 days prior written notice of such termination. The Service Agreement shall terminate and be of no further force or effect upon expiration of such notice period, provided however that nothing herein shall relieve any party from any obligations which arose prior to the effective date of such termination, including all obligations under Appendix A to Shippers Service Agreement, Short Term Firm Transportation Service.

3.3 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 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, Commercial West, Markets Team

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.

## 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.

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 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

Foothills Pipe Lines Ltd.

\_\_\_\_\_  
(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.