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November 30, 2007

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

Filed Electronically

Attention: Ms. Claudine Dutil-Berry, Secretary

Dear Madam:

**Re: Foothills Pipe Lines Ltd. (“Foothills”)
Statement of Rates and Charges effective January 1, 2008 and Amendments to the
Foothills Gas Transportation Tariff – Phase 1 (“Tariff”)**

Pursuant to Section 60(1)(a) of the *National Energy Board Act*, Foothills encloses for filing rates and charges for transportation service on Foothills Zones 6, 7, 8 and 9, inclusive of the supporting Schedules A through F provided as Attachment 1 to this letter, and amendments to the Tariff. Foothills intends these rates and amendments to be effective January 1, 2008.

The rates and charges are based on methodology approved by the Board in Decision TG-8-2004 as amended by order TG-03-2007.

The tariff amendments will remove the requirement for shippers to provide a deposit when bidding for existing or new Firm Transportation on Zones 8 and 9 of the Foothills system if those shippers already hold transportation service on Foothills. This amendment will simplify the administration process for existing shippers bidding for Firm Transportation as a separate deposit will no longer be required, and Foothills will no longer be required to refund the deposit following the capacity allocation process. This revision is being made to TransCanada’s three wholly owned Canadian pipelines.

Attachment 2 to this letter is a black-lined copy of the relevant sections of the Tariff illustrating the 2008 rates and the amendments necessary to implement the changes to the bid deposit provision.

Attachment 3 to this letter is a clean copy of the relevant sections of the Tariff incorporating the amendments.

Foothills will notify its shippers and interested parties of the filing pursuant to Order TG-6-81, and will also post a copy of this Application on TransCanada’s Foothills System website at:

http://www.transcanada.com/Foothills/regulatory/reg_filings/index.html

November 30, 2007

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Ms. C. Dutil-Berry

In preparing this filing, Foothills provided both the amended Tariff and the rates and charges effective January 1, 2008 along with the supporting schedules to Foothills System shippers and interested parties, and met with shippers and interested parties on November 14, 2007. Foothills understands that any party that is opposed to the amendments 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 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
Schedules A through F

SUMMARY

Foothills Pipe Lines Ltd.

TRANSPORTATION RATES

Effective: January 1, 2008

REVENUE REQUIREMENT	Schedule	Amount (\$000)			
		Zone 6	Zone 7	Zone 8	Zone 9
Estimated Costs of Service:					
Operating & Maintenance	A	38,056	2,209	19,056	11,019
Return on Rate Base	B	11,897	1,371	17,798	17,484
Depreciation & Amortization	C	15,903	2,989	17,637	17,984
Taxes: Income and Other	D	9,908	2,057	15,643	11,656
Special Charge		1,162	132	555	420
Fuel Tax		n/a	n/a	3,000	1,200
Sub-Total		76,928	8,759	73,689	59,764
Adjustments:					
Previous (Over) Under	E	(8,597)	(289)	9,277	1,165
G&A Settlement Savings ¹		(1,432)	(151)	(833)	(622)
Total Revenue Requirement		66,899	8,319	82,132	60,308
Other Service Revenue					
STFT Revenue		-	-	(3,920)	(17,654)
Interruptible/Overrun Revenue		-	-	(266)	(8,725)
SGS Revenue		-	-	-	(2)
FT Service Revenue Requirement		66,899	8,319	77,946	33,927

BILLING DETERMINANTS

FT Contract MDQ (TJ/d)	F	2,354.29	761.12	2,319.79	1,158.98
Maximum Haul Distance (Km)		378.49	124.03	170.70	258.97
Total FT MDQ x Distance	F	829,436	94,402	395,989	300,141
Estimated STFT MDQ (TJ/d)		-	-	116.67	603.06
Estimated Interruptible/Overrun Deliveries (TJ)		-	-	2,636	99,164
Estimated SGS Deliveries (TJ)		-	-	-	49

TRANSPORTATION RATES

Effective Rates					
Demand Rate (\$/GJ / Km / Month)		0.0067213026	0.0073436317	0.0164032716	0.0094198745
Overrun Service (\$/GJ / Km)		0.0002424076	0.0002648523	n/a	n/a
Interruptible Rate (\$/GJ / Km)		n/a	n/a	0.0005915934	0.0003397332
Full Haul Rates (100% Load Factor)					
Demand Rate (\$/GJ)		0.0834080597	0.0298632997	0.0918045397	0.0799824557
Overrun Service (\$/GJ)		0.0917488525	0.0328496308	n/a	n/a
Interruptible Rate (\$/GJ)		n/a	n/a	0.1009849934	0.0879807068

* Numbers may not add up to totals due to rounding.

Note(s):

1. Forecasted Shippers' Savings with respect to Foothills' General & Administrative Expenses Settlement Agreement dated January 13, 2003 as approved in Board Order TG-2-2003, as amended November 3, 2006 and approved in Board Order TG-03-2007.

SCHEDULE A

OPERATING AND MAINTENANCE EXPENSES

For the 12-month period: January 1, 2008 to December 31, 2008

(\$000)

	<u>Total</u>	<u>Zone 6</u>	<u>Zone 7</u>	<u>Zone 8</u>	<u>Zone 9</u>
FIELD OPERATIONS EXPENSE					
TCPL OPERATING AGREEMENT	8,748	2,751	126	3,581	2,289
BP CANADA OPERATING AGREEMENT	<u>3,038</u>	<u>3,038</u>	<u>-</u>	<u>-</u>	<u>-</u>
	11,785	5,789	126	3,581	2,289
ELECTRICAL POWER					
JENNER, ACME AND CRAWLING VALLEY	6,578	6,578	-	-	-
DE/RE FACILITIES AT EMPRESS	7,338	7,338	-	-	-
BC	401	-	-	401	-
SASKATCHEWAN	<u>735</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>735</u>
	15,052	13,915	-	401	735
MAINTENANCE & INTEGRITY PROGRAM					
INVENTORY & MAINTENANCE PARTS	486	119	-	200	167
MAINTENANCE PROJECTS	6,397	2,479	-	1,887	2,031
COMMUNICATIONS	356	112	-	161	84
INTEGRITY PROGRAM	<u>5,811</u>	<u>61</u>	<u>17</u>	<u>5,600</u>	<u>134</u>
	13,050	2,771	17	7,847	2,415
G&A SETTLEMENT¹	22,581	11,562	1,316	5,520	4,184
LAND PAYMENTS	895	447	344	-	104
INSURANCE & PENSION OBLIGATIONS	1,429	732	83	349	265
GOVERNMENT AGENCY COSTS RECOVERY	<u>5,550</u>	<u>2,842</u>	<u>323</u>	<u>1,357</u>	<u>1,028</u>
TOTAL	<u>70,341</u>	<u>38,056</u>	<u>2,209</u>	<u>19,056</u>	<u>11,019</u>

* Numbers may not add up to totals due to rounding.

Note(s):

1. Agreed to amount for Foothills' General & Administrative Expenses pursuant to the Settlement Agreement dated January 13, 2003 as approved in Board Order TG-2-2003 as amended November 3, 2006 and approved in Board Order TG-03-2007.

**DEEMED AVERAGE CAPITALIZATION AND
RETURN ON RATEBASE
FOR THE YEAR ENDING DECEMBER 31, 2008**

(\$000)

ZONE 6

	<u>AMOUNT</u> <u>(\$000)</u>	<u>RATIO</u> <u>%</u>	<u>COST</u> <u>RATE</u> <u>%</u>	<u>COST</u> <u>COMPONENT</u> <u>%</u>
Debt - Funded	131,395	70.57	5.08	3.58
- Unfunded (Prefunded)	<u>(12,234)</u>	<u>(6.57)</u>	5.08	<u>(0.33)</u>
	119,161	64.00		3.25
Common Equity	<u>67,028</u>	36.00	8.71	<u>3.14</u>
Total Capitalization	<u><u>186,188</u></u>	<u><u>100.00</u></u>		<u><u>6.39</u></u>
Return on Rate Base	<u><u>11,897</u></u>			

ZONE 7

	<u>AMOUNT</u> <u>(\$000)</u>	<u>RATIO</u> <u>%</u>	<u>COST</u> <u>RATE</u> <u>%</u>	<u>COST</u> <u>COMPONENT</u> <u>%</u>
Debt - Funded	15,977	74.47	5.08	3.78
- Unfunded (Prefunded)	<u>(2,247)</u>	<u>(10.47)</u>	5.08	<u>(0.53)</u>
	13,730	64.00		3.25
Common Equity	<u>7,723</u>	36.00	8.71	<u>3.14</u>
Total Capitalization	<u><u>21,453</u></u>	<u><u>100.00</u></u>		<u><u>6.39</u></u>
Return on Rate Base	<u><u>1,371</u></u>			

* Numbers may not add up to totals due to rounding.

**DEEMED AVERAGE CAPITALIZATION AND
RETURN ON RATEBASE
FOR THE YEAR ENDING DECEMBER 31, 2008**

(\$000)

ZONE 8

	<u>AMOUNT</u> <u>(\$000)</u>	<u>RATIO</u> <u>%</u>	<u>COST</u> <u>RATE</u> <u>%</u>	<u>COST</u> <u>COMPONENT</u> <u>%</u>
Debt - Funded	191,090	68.61	5.08	3.49
- Unfunded (Prefunded)	<u>(12,830)</u>	<u>(4.61)</u>	5.08	<u>(0.23)</u>
	178,259	64.00		3.25
Common Equity	<u>100,271</u>	36.00	8.71	<u>3.14</u>
Total Capitalization	<u><u>278,530</u></u>	<u><u>100.00</u></u>		<u><u>6.39</u></u>
Return on Rate Base	<u><u>17,798</u></u>			

ZONE 9

	<u>AMOUNT</u> <u>(\$000)</u>	<u>RATIO</u> <u>%</u>	<u>COST</u> <u>RATE</u> <u>%</u>	<u>COST</u> <u>COMPONENT</u> <u>%</u>
Debt - Funded	197,539	72.19	5.08	3.67
- Unfunded (Prefunded)	<u>(22,422)</u>	<u>(8.19)</u>	5.08	<u>(0.42)</u>
	175,117	64.00		3.25
Common Equity	<u>98,503</u>	36.00	8.71	<u>3.14</u>
Total Capitalization	<u><u>273,620</u></u>	<u><u>100.00</u></u>		<u><u>6.39</u></u>
Return on Rate Base	<u><u>17,484</u></u>			

* Numbers may not add up to totals due to rounding.

SCHEDULE B-1

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RATE BASE - 2008

(\$000)

ZONE 6

Month	Net Plant Month End	Materials Supplies & Prepaid	Working Capital	Linepack	IROR	Rate Base End Month
January Opening Balance	181,506	1,771	3,832	2,644	-	189,754
January	180,250	1,667	4,161	2,644	-	188,722
February	178,994	1,648	4,161	2,644	-	187,448
March	177,720	1,629	4,161	2,644	-	186,154
April	179,269	1,610	4,161	2,644	-	187,684
May	181,259	1,591	4,161	2,644	-	189,655
June	180,424	1,572	4,161	2,644	-	188,801
July	179,182	1,554	4,161	2,644	-	187,541
August	177,929	1,535	4,161	2,644	-	186,269
September	176,640	1,516	4,161	2,644	-	184,961
October	175,349	1,497	4,161	2,644	-	183,652
November	174,057	1,478	4,161	2,644	-	182,341
December	172,767	1,459	4,161	2,644	-	181,031
Average Rate Base - 12 Month						<u>186,188</u>

ZONE 7

Month	Net Plant Month End	Materials Supplies & Prepaid	Working Capital	Linepack	IROR	Rate Base End Month
January Opening Balance	21,991	10	192	1,039	-	23,232
January	21,669	10	213	1,039	-	22,930
February	21,308	(0)	213	1,039	-	22,560
March	21,060	(0)	213	1,039	-	22,312
April	20,812	(0)	213	1,039	-	22,064
May	20,564	(0)	213	1,039	-	21,816
June	20,316	(0)	213	1,039	-	21,568
July	20,068	(0)	213	1,039	-	21,320
August	19,819	(0)	213	1,039	-	21,071
September	19,571	(0)	213	1,039	-	20,823
October	19,322	(0)	213	1,039	-	20,574
November	19,074	(0)	213	1,039	-	20,326
December	18,825	(0)	213	1,039	-	20,077
Average Rate Base - 12 Month						<u>21,453</u>

* Numbers may not add up to totals due to rounding.

SCHEDULE B-1

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RATE BASE - 2008

(\$000)

ZONE 8

Month	Net Plant Month End	Materials Supplies & Prepaid	Working Capital	Linepack	IROR	Rate Base End Month
January Opening Balance	280,900	2,858	4,513	1,473	-	289,744
January	279,605	2,858	2,410	1,473	-	286,346
February	278,204	2,841	2,410	1,473	-	284,928
March	276,765	2,825	2,410	1,473	-	283,472
April	275,322	2,808	2,410	1,473	-	282,013
May	273,883	2,791	2,410	1,473	-	280,557
June	272,442	2,775	2,410	1,473	-	279,100
July	270,997	2,758	2,410	1,473	-	277,638
August	269,549	2,741	2,410	1,473	-	276,173
September	268,106	2,725	2,410	1,473	-	274,713
October	266,739	2,708	2,410	1,473	-	273,329
November	265,367	2,691	2,410	1,473	-	271,941
December	265,595	2,675	2,410	1,473	-	272,152
Average Rate Base - 12 Month						<u>278,530</u>

ZONE 9

Month	Net Plant Month End	Materials Supplies & Prepaid	Working Capital	Linepack	IROR	Rate Base End Month
January Opening Balance	277,518	949	2,405	2,489	26	283,387
January	277,118	949	1,118	2,489	-	281,674
February	275,684	949	1,118	2,489	-	280,240
March	274,209	940	1,118	2,489	-	278,755
April	272,733	931	1,118	2,489	-	277,271
May	271,261	921	1,118	2,489	-	275,790
June	269,807	912	1,118	2,489	-	274,326
July	268,346	903	1,118	2,489	-	272,856
August	266,874	894	1,118	2,489	-	271,375
September	265,402	885	1,118	2,489	-	269,894
October	263,921	876	1,118	2,489	-	268,404
November	262,440	866	1,118	2,489	-	266,913
December	261,479	857	1,118	2,489	-	265,944
Average Rate Base - 12 Month						<u>273,620</u>

* Numbers may not add up to totals due to rounding.

SCHEDULE C

DEPRECIATION AND AMORTIZATION

(\$000)

ZONE 6

Month	Depreciation	Amortization	Amortization & Depreciation
January	1,298	14	1,312
February	1,299	14	1,313
March	1,299	14	1,313
April	1,299	14	1,314
May	1,314	14	1,328
June	1,317	14	1,331
July	1,317	14	1,331
August	1,317	14	1,332
September	1,318	14	1,332
October	1,318	14	1,332
November	1,319	14	1,333
December	1,319	14	1,333
TOTAL	<u><u>15,734</u></u>	<u><u>169</u></u>	<u><u>15,903</u></u>

ZONE 7

Month	Depreciation	Amortization	Amortization & Depreciation
January	248	10	258
February	248	-	248
March	248	-	248
April	248	-	248
May	248	-	248
June	248	-	248
July	248	-	248
August	248	-	248
September	248	-	248
October	249	-	249
November	249	-	249
December	249	-	249
TOTAL	<u><u>2,979</u></u>	<u><u>10</u></u>	<u><u>2,989</u></u>

* Numbers may not add up to totals due to rounding.

SCHEDULE C

DEPRECIATION AND AMORTIZATION

(\$000)

ZONE 8

Month	Depreciation	Amortization	Amortization & Depreciation
January	1,473	(5)	1,468
February	1,472	(5)	1,468
March	1,473	(5)	1,468
April	1,473	(5)	1,469
May	1,474	(5)	1,469
June	1,474	(5)	1,469
July	1,474	(5)	1,470
August	1,475	(5)	1,470
September	1,475	(5)	1,471
October	1,476	(5)	1,471
November	1,476	(5)	1,472
December	1,477	(5)	1,472
TOTAL	<u><u>17,692</u></u>	<u><u>(55)</u></u>	<u><u>17,637</u></u>

ZONE 9

Month	Depreciation	Amortization	Amortization & Depreciation
January	1,498	(2)	1,496
February	1,499	(2)	1,497
March	1,499	(2)	1,497
April	1,499	(2)	1,498
May	1,500	(2)	1,498
June	1,500	(2)	1,498
July	1,501	(2)	1,499
August	1,501	(2)	1,499
September	1,502	(2)	1,500
October	1,502	(2)	1,500
November	1,502	(2)	1,501
December	1,503	(2)	1,501
TOTAL	<u><u>18,007</u></u>	<u><u>(22)</u></u>	<u><u>17,984</u></u>

* Numbers may not add up to totals due to rounding.

SCHEDULE C-1

Page 1 of 4

DEPRECIATION BY ACCOUNT - 2008

(\$000)

ZONE 6

NEB Account No and Description	Depreciation Rate	Gross Plant at 31-Dec-2007	Additions & Retirements	Gross Plant at 31-Dec-2008	Depreciation For Year
460-Land	0.00%	222	-	222	-
461-Land Rights	3.00%	3,412	-	3,412	102
462-Compressor Structures	3.00%	34,412	-	34,412	1,032
463-Meas & Reg Structures	3.00%	-	-	-	-
464-Other Structures	3.00%	-	-	-	-
465-Pipeline Mains	3.00%	303,943	-	303,943	9,118
466-Compressor Equipment	3.00%	163,435	6,688	170,123	5,033
467-Meas & Reg Equipment	3.00%	-	-	-	-
468-Communications	3.00%	435	-	435	13
469-Other Equipment	3.00%	-	-	-	-
482-Leasehold Improvements	10.00%	307	14	321	31
483-Computer Equipment	24.41%	467	208	675	138
483-Office Furniture & Eqmt	8.90%	10	-	10	1
484-Transportation Eqmt	30.00%	-	-	-	-
485-Heavy Work Equipment	2.19%	80	-	80	-
486-Tools & Work Equipment	2.01%	686	-	686	-
488-Communication STR	5.21%	15	-	15	-
489-Other Equipment	0.00%	-	-	-	-
496-Standby Plant	3.00%	8,836	-	8,836	265
496-Engineering Adj. Unclassified	0.00%	-	-	-	-
497-Unallocated Plant	3.00%	-	-	-	-
TOTAL Gas Plant in Service		<u>516,260</u>	<u>6,909</u>	<u>523,169</u>	<u>15,734</u>
Composite Depreciation Rate	3.03%				

DEPRECIATION BY MONTH - 2008

(\$000)

Month	Gross Plant Start Month	Additions In Month	Retirements In Month	Gross Plant End Month	Depreciation For Month
January	516,260	18	-	516,278	1,298
February	516,278	22	-	516,300	1,299
March	516,300	19	-	516,319	1,299
April	516,319	5,673	-	521,992	1,299
May	521,992	912	-	522,904	1,314
June	522,904	44	-	522,948	1,317
July	522,948	98	-	523,047	1,317
August	523,047	25	-	523,072	1,317
September	523,072	24	-	523,096	1,318
October	523,096	24	-	523,120	1,318
November	523,120	24	-	523,144	1,319
December	523,144	25	-	523,169	1,319
TOTAL		<u>6,909</u>	<u>-</u>		<u>15,734</u>

* Numbers may not add up to totals due to rounding.

SCHEDULE C-1

DEPRECIATION BY ACCOUNT - 2008

(\$000)

ZONE 7

NEB Account No and Description	Depreciation Rate	Gross Plant at 31-Dec-2007	Additions & Retirements	Gross Plant at 31-Dec-2008	Depreciation For Year
460-Land	0.00%	-	-	-	-
461-Land Rights	3.00%	1,081	-	1,081	32
462-Compressor Structures	3.00%	490	-	490	15
463-Meas & Reg Structures	3.00%	-	-	-	-
464-Other Structures	3.00%	-	-	-	-
465-Pipeline Mains	3.00%	73,367	-	73,367	2,201
466-Compressor Equipment	3.00%	-	-	-	-
467-Meas & Reg Equipment	3.00%	-	-	-	-
468-Communications	3.00%	0	-	0	0
469-Other Equipment	3.00%	-	-	-	-
482-Leasehold Improvements	10.00%	40	3	42	-
483-Computer Equipment	24.41%	141	39	180	39
483-Office Furniture & Eqmt	8.90%	2	-	2	0
484-Transportation Eqmt	30.00%	-	-	-	-
486-Tools & Work Equip	2.01%	18	-	18	-
488-Communication STR	5.21%	3	-	3	-
489-Other Equipment	0.00%	0	-	0	-
496-Standby Plant	3.00%	23,072	-	23,072	692
496-Engineering Adj. Unclassified	0.00%	-	-	-	-
TOTAL Gas Plant in Service		<u>98,214</u>	<u>42</u>	<u>98,256</u>	<u>2,979</u>
Composite Depreciation Rate	3.03%				

DEPRECIATION BY MONTH - 2008

(\$000)

Month	Gross Plant Start Month	Additions In Month	Retirements In Month	Gross Plant End Month	Depreciation For Month
January	98,214	3	-	98,217	248
February	98,217	4	-	98,222	248
March	98,222	4	-	98,225	248
April	98,225	4	-	98,229	248
May	98,229	3	-	98,232	248
June	98,232	4	-	98,236	248
July	98,236	3	-	98,239	248
August	98,239	3	-	98,242	248
September	98,242	3	-	98,246	248
October	98,246	3	-	98,249	249
November	98,249	3	-	98,252	249
December	98,252	3	-	98,256	249
TOTAL		<u>42</u>	<u>-</u>		<u>2,979</u>

* Numbers may not add up to totals due to rounding.

DEPRECIATION BY ACCOUNT - 2008

(\$000)

ZONE 8

NEB Account No and Description	Depreciation Rate	Gross Plant at 31-Dec-2007	Additions & Retirements	Gross Plant at 31-Dec-2008	Depreciation For Year
401-Franchises and Consents	0.00%	468	-	468	-
402-Other Intangibles	3.00%	3,367	-	3,367	101
460-Land	0.00%	63	-	63	-
461-Land Rights	3.00%	1,005	-	1,005	30
462-Compressor Structures	3.00%	18,241	-	18,241	547
463-Meas & Reg Structures	3.00%	1,747	-	1,747	52
464-Other Structures	3.00%	-	-	-	-
465-Pipeline Mains	3.00%	278,899	3,100	281,999	8,367
466-Compressor Equipment	3.00%	236,736	402	237,138	7,103
467-Meas & Reg Equipment	3.00%	12,599	25	12,624	378
468-Communications	3.00%	2,876	-	2,876	86
469-Other Equipment	0.00%	343	-	343	10
482-Leasehold Improvements	10.00%	108	-	108	-
482-Leasehold Improvements	6.67%	425	-	425	28
482-Other Structures	2.19%	4,215	-	4,215	83
482-Leasehold Improvements	5.22%	588	15	603	31
483-Computer Equipment	24.41%	1,979	229	2,208	509
483-Office Furniture & Eqmt	8.90%	1,210	-	1,210	108
484-Transportation Eqmt	30.00%	1,894	43	1,937	(0)
485-Heavy Work Equipment	2.19%	2,411	-	2,411	53
486-Tools & Work Equip	2.01%	2,380	-	2,380	46
488-Communication STR	5.21%	452	-	452	23
489-Other Equipment	0.00%	-	-	-	-
496-Standby Plant	3.00%	4,469	-	4,469	134
496-Engineering Adj. Unclassified	0.00%	-	-	-	-
TOTAL Gas Plant in Service		<u>576,475</u>	<u>3,814</u>	<u>580,289</u>	<u>17,692</u>
Composite Depreciation Rate	3.06%				

DEPRECIATION BY MONTH - 2008

(\$000)

Month	Gross Plant Start Month	Additions In Month	Retirements In Month	Gross Plant End Month	Depreciation For Month
January	576,475	22	-	576,497	1,473
February	576,497	28	-	576,526	1,472
March	576,526	28	-	576,553	1,473
April	576,553	24	-	576,578	1,473
May	576,578	34	-	576,611	1,474
June	576,611	25	-	576,636	1,474
July	576,636	23	-	576,659	1,474
August	576,659	25	-	576,684	1,475
September	576,684	29	-	576,712	1,475
October	576,712	177	-	576,890	1,476
November	576,890	23	-	576,913	1,476
December	576,913	3,376	-	580,289	1,477
TOTAL		<u>3,814</u>	<u>-</u>		<u>17,692</u>

* Numbers may not add up to totals due to rounding.

SCHEDULE C-1

DEPRECIATION BY ACCOUNT - 2008

(\$000)

ZONE 9

NEB Account No and Description	Depreciation Rate	Gross Plant at 31-Dec-2007	Additions & Retirements	Gross Plant at 31-Dec-2008	Depreciation For Year
460-Land	0.00%	130	-	130	-
461-Land Rights	3.00%	1,310	-	1,310	39
462-Compressor Structures	3.00%	40,541	-	40,541	1,216
463-Meas & Reg Structures	3.00%	5,593	-	5,593	168
464-Other Structures	3.00%	1,610	-	1,610	48
465-Pipeline Mains	3.00%	326,467	39	326,506	9,794
466-Compressor Equipment	3.00%	198,348	1,017	199,365	5,951
467-Meas & Reg Equipment	3.00%	11,521	50	11,571	346
468-Communications	3.00%	162	-	162	5
469-Other Equipment	3.00%	-	-	-	-
482-Leasehold Improvements	10.00%	225	16	241	1
483-Computer Equipment	24.41%	387	240	626	122
483-Office Furniture & Eqmt	8.90%	11	-	11	1
484-Transportation Eqmt	30.00%	247	-	247	-
485-Heavy Work Equip	2.19%	132	-	132	-
486-Tools & Work Equip	2.01%	850	-	850	-
488-Communication STR	5.21%	11	-	11	1
489-Other Equipment	0.00%	-	-	-	-
496-Standby Plant	3.00%	10,509	-	10,509	315
496-Engineering Adj. Unclassified	0.00%	-	-	-	-
497-Unallocated Plant	3.00%	-	-	-	-
TOTAL Gas Plant in Service		<u>598,053</u>	<u>1,362</u>	<u>599,415</u>	<u>18,007</u>
Composite Depreciation Rate	3.01%				

DEPRECIATION BY MONTH - 2008

(\$000)

Month	Gross Plant Start Month	Additions In Month	Retirements In Month	Gross Plant End Month	Depreciation For Month
January	598,053	21	-	598,074	1,498
February	598,074	25	-	598,100	1,499
March	598,100	22	-	598,121	1,499
April	598,121	23	-	598,144	1,499
May	598,144	33	-	598,177	1,500
June	598,177	56	-	598,233	1,500
July	598,233	19	-	598,252	1,501
August	598,252	39	-	598,291	1,501
September	598,291	20	-	598,311	1,502
October	598,311	20	-	598,331	1,502
November	598,331	20	-	598,351	1,502
December	598,351	1,064	-	599,415	1,503
TOTAL		<u>1,362</u>	<u>-</u>		<u>18,007</u>

* Numbers may not add up to totals due to rounding.

SCHEDULE D

TAXES: INCOME AND OTHER

(\$000)

	<u>Zone 6</u>	<u>Zone 7</u>	<u>Zone 8</u>	<u>Zone 9</u>
RETURN ON RATEBASE	11,897	1,371	17,798	17,484
Add:				
Depreciation and Amortization	15,903	2,989	17,637	17,984
Large Corporation Tax	-	-	-	-
Deferred Tax Payback	-	-	-	-
Deduct:				
Return on Debt	5,988	687	8,778	8,788
Capital Cost Allowance	6,925	1,029	8,822	8,804
Loss Carryforward	-	-	-	-
TAXABLE INCOME EXCLUDING PROVISION	<u>14,888</u>	<u>2,644</u>	<u>17,836</u>	<u>17,877</u>
INCOME TAX RATE	30.50%	30.50%	32.50%	32.50%
INCOME TAX PROVISION (at R/(1-R) x Taxable Income Excluding Provision)	6,534	1,160	8,588	8,606
Deduct:				
Deferred Tax Payback	-	-	-	-
TOTAL INCOME TAXES	<u>6,534</u>	<u>1,160</u>	<u>8,588</u>	<u>8,606</u>
Taxes - Other than Income Tax	3,375	897	7,055	3,050
TOTAL TAXES: INCOME AND OTHER	<u><u>9,908</u></u>	<u><u>2,057</u></u>	<u><u>15,643</u></u>	<u><u>11,656</u></u>

* Numbers may not add up to totals due to rounding.

ADJUSTMENT FOR (OVER) OR UNDER COLLECTION

(\$000)

ZONE 6

	<u>2006 Forecast</u> ¹	<u>2006 Actual</u>	<u>2007 Forecast</u> ²		
Cost of Service					
Operating & Maintenance	25,820	24,928	27,863		
Return on Rate Base	13,545	13,448	11,779		
Depreciation & Amortization	16,166	15,700	16,004		
Taxes - Income + Other	10,238	10,582	10,258		
Special Charge	1,251	1,251	1,251		
Fuel Tax	n/a	n/a	n/a		
Sub-Total	<u>67,020</u>	<u>65,909</u>	<u>67,156</u>		
Adjustments:					
Previous (Over) Under	(3,358)	(3,358)	(13,040)		
G&A Settlement Savings	(792)	(690)	(1,203)		
STFT, IT & SGS Service	-	-	-		
Total Firm Revenue Requirement	<u>62,870</u>	<u>61,861</u>	<u>52,913</u>		
Service Revenue					
FT Service	<u>75,018</u>	<u>75,018</u>	<u>60,107</u>		
Total Revenue Generated	<u>75,018</u>	<u>75,018</u>	<u>60,107</u>		
Variance			<u>2006</u> ³	<u>2007</u> ⁴	<u>Total</u> ⁵
Revenue Required minus Revenue Generated	(12,148)	(13,157)	(1,009)	(7,194)	(8,203)
Interest on Variance	(541)	(585)	(45)	(350)	(395)
BILLING ADJUSTMENT FOR TEST YEAR	<u>(12,688)</u>	<u>(13,742)</u>	<u>(1,054)</u>	<u>(7,543)</u>	<u>(8,597)</u>

ZONE 7

	<u>2006 Forecast</u> ¹	<u>2006 Actual</u>	<u>2007 Forecast</u> ²		
Cost of Service					
Operating & Maintenance	1,641	1,589	1,975		
Return on Rate Base	1,759	1,749	1,469		
Depreciation & Amortization	3,180	3,117	3,132		
Taxes - Income + Other	2,177	2,214	2,171		
Special Charge	142	142	142		
Fuel Tax	n/a	n/a	n/a		
Sub-Total	<u>8,900</u>	<u>8,811</u>	<u>8,889</u>		
Adjustments:					
Previous (Over) Under	(215)	(215)	(120)		
G&A Settlement Savings	(82)	(72)	(128)		
STFT, IT & SGS Service	-	-	-		
Total Firm Revenue Requirement	<u>8,603</u>	<u>8,524</u>	<u>8,641</u>		
Service Revenue					
FT Service	<u>8,659</u>	<u>8,659</u>	<u>8,838</u>		
Total Revenue Generated	<u>8,659</u>	<u>8,659</u>	<u>8,838</u>		
Variance			<u>2006</u> ³	<u>2007</u> ⁴	<u>Total</u> ⁵
Revenue Required minus Revenue Generated	(56)	(135)	(79)	(197)	(276)
Interest on Variance	(2)	(6)	(4)	(10)	(13)
BILLING ADJUSTMENT FOR TEST YEAR	<u>(58)</u>	<u>(141)</u>	<u>(83)</u>	<u>(206)</u>	<u>(289)</u>

* Numbers may not add up to totals due to rounding.

Note(s):

- Forecast of 2006 as included in the 2007 rates application.
- Forecast of 2007 includes 9 months of actuals.
- Estimate/Actual (over) under collection from 2006.
- 2007 estimated (over) under collection.
- Total adjustment from 2006 and 2007.

ADJUSTMENT FOR (OVER) OR UNDER COLLECTION

(\$000)

ZONE 8

	<u>2006 Forecast</u> ¹	<u>2006 Actual</u>	<u>2007 Forecast</u> ²		
Cost of Service					
Operating & Maintenance	3,760	3,159	24,280		
Return on Rate Base	6,217	6,099	14,696		
Depreciation & Amortization	6,679	6,679	15,089		
Taxes - Income + Other	5,966	6,049	8,440		
Special Charge	295	295	295		
Fuel Tax	n/a	n/a	2,358		
Sub-Total	<u>22,916</u>	<u>22,281</u>	<u>65,157</u>		
Adjustments:					
Previous (Over) Under	(566)	(566)	(362)		
G&A Settlement Savings	(174)	(144)	(520)		
STFT, IT & SGS Service	-	-	(2,924)		
Total Firm Revenue Requirement	<u>22,176</u>	<u>21,571</u>	<u>61,352</u>		
Service Revenue					
FT Service	<u>22,124</u>	<u>22,124</u>	<u>52,878</u>		
Total Revenue Generated	<u>22,124</u>	<u>22,124</u>	<u>52,878</u>		
Variance			<u>2006</u> ³	<u>2007</u> ⁴	<u>Total</u> ⁵
Revenue Required minus Revenue Generated	52	(553)	(605)	8,474	7,869
Interest on Variance	<u>2</u>	<u>(25)</u>	<u>(27)</u>	<u>412</u>	<u>385</u>
BILLING ADJUSTMENT FOR TEST YEAR	54	(578)	(632)	8,886	8,253
BILLING ADJUSTMENT FROM BC SYSTEM (Schedule E-1)					<u>1,024</u>
BILLING ADJUSTMENT FOR TEST YEAR (TOTAL)					<u>9,277</u>

ZONE 9

	<u>2006 Forecast</u> ¹	<u>2006 Actual</u>	<u>2007 Forecast</u> ²		
Cost of Service					
Operating & Maintenance	10,423	9,886	12,884		
Return on Rate Base	19,214	19,101	17,708		
Depreciation & Amortization	18,193	17,821	18,266		
Taxes - Income + Other	13,481	16,270	13,124		
Special Charge	581	581	581		
Fuel Tax	<u>2,160</u>	<u>2,235</u>	<u>1,179</u>		
Sub-Total	<u>64,051</u>	<u>65,894</u>	<u>63,742</u>		
Adjustments:					
Previous (Over) Under	2,652	2,652	(1,453)		
G&A Settlement Savings	(437)	(372)	(507)		
STFT, IT & SGS Service	<u>(21,609)</u>	<u>(20,652)</u>	<u>(25,288)</u>		
Total Firm Revenue Requirement	<u>44,657</u>	<u>47,522</u>	<u>36,494</u>		
Service Revenue					
FT Service	<u>45,562</u>	<u>45,564</u>	<u>38,234</u>		
Total Revenue Generated	<u>45,562</u>	<u>45,564</u>	<u>38,234</u>		
Variance			<u>2006</u> ³	<u>2007</u> ⁴	<u>Total</u> ⁵
Revenue Required minus Revenue Generated	(904)	1,958	2,863	(1,740)	1,123
Interest on Variance	<u>(40)</u>	<u>87</u>	<u>127</u>	<u>(85)</u>	<u>43</u>
BILLING ADJUSTMENT FOR TEST YEAR	(945)	2,045	2,990	(1,825)	<u>1,165</u>

* Numbers may not add up to totals due to rounding.

Note(s):

- Forecast of 2006 as included in the 2007 rates application.
- Forecast of 2007 includes 9 months of actuals.
- Estimate/Actual (over) under collection from 2006.
- 2007 estimated (over) under collection.
- Total adjustment from 2006 and 2007.

SCHEDULE E-1

**TransCanada BC System
ADJUSTMENT FOR (OVER) OR UNDER COLLECTION**

(\$000)

REVENUE REQUIRED

	<u>2006 Forecast</u>	<u>2006 Actual</u>	<u>2007 Forecast ¹</u>
Costs			
Operating & Maintenance	15,073	14,985	3,256
NEB Cost Recovery	3,037	3,037	756
Compressor Fuel Tax	2,111	2,745	860
Property and Capital Tax	4,039	4,028	1,000
Earned Return	13,158	13,103	3,114
Depreciation	12,332	12,348	3,023
Income Taxes	-	(165)	(51)
Foothills Pipelines	22,225	22,225	5,556
Total Costs	<u>71,975</u>	<u>72,306</u>	<u>17,514</u>
Previous (Over) Under	(2,483)	(2,483)	-
Total Revenue Requirement	<u>69,492</u>	<u>69,823</u>	<u>17,514</u>
Other Services			
Deduct Interruptible Revenue	(773)	(1,004)	(1,006)
Deduct Other Revenues	(9)	(425)	(468)
Total Other Services	<u>(782)</u>	<u>(1,429)</u>	<u>(1,474)</u>
FT Revenue Required	<u>68,710</u>	<u>68,394</u>	<u>16,040</u>

REVENUE GENERATED

Service Revenue			
FT	69,011	68,417	15,355
Total Revenue Generated	<u>69,011</u>	<u>68,417</u>	<u>15,355</u>

VARIANCE

			2006 ²	2007 ³	Total ⁴
Revenue Required minus Revenue Generated	(301)	(23)	278	685	962
Interest on Variance	(19)	(1)	17	44	61
BILLING ADJUSTMENT FOR TEST YEAR	<u>(320)</u>	<u>(25)</u>	<u>295</u>	<u>729</u>	<u>1,024</u>

* Numbers may not add up to totals due to rounding.

Note(s):

- Forecast of 2007 includes 3 months of actuals.
- Estimate/Actual (over) under collection from 2006.
- 2007 estimated (over) under collection.
- Billing adjustment for TransCanada BC System for first 3 months of 2007 prior to integration with Foothills Pipe Lines (South B.C.) Ltd.

SCHEDULE F

FIRM TRANSPORTATION VOLUMES AND HAUL DISTANCE

SHIPPER	Annual Average MDQ (TJ)	Haul Distance (Km)	Annual Average MDQ x Dist. (TJ x Km)	Zone Allocation (%)
Zone 6				
NOVA Gas Transmission Ltd.	163.527	1.55	253.4669	
NOVA Gas Transmission Ltd.	2,190.766	378.49	829,183.0233	
	<u>2,354.293</u>		<u>829,436.4902</u>	51.201%
Zone 7				
NOVA Gas Transmission Ltd.	<u>761.121</u>	124.03	<u>94,401.8376</u>	5.827%
Zone 8				
Apache Canada Ltd.	12.712	170.70	2,169.9384	
Avista Corporation	182.341	170.70	31,125.6087	
Avista Energy, Inc.	27.841	170.70	4,752.4587	
British Columbia Hydro and Power Authority	43.673	170.70	7,454.9811	
Burlington Resources Canada Partnership	40.816	170.70	6,967.2912	
Canadian Natural Resources	13.383	170.70	2,284.4781	
Cascade Natural Gas Corporation	29.411	170.70	5,020.4577	
Chevron Canada Resources	22.144	170.70	3,779.9808	
City of Burbank	4.300	170.70	734.0100	
City of Glendale	4.362	170.70	744.5934	
City of Pasadena	4.362	170.70	744.5934	
City of Redding	8.117	170.70	1,385.5719	
Columbia Brewing Company	0.270	170.70	46.0890	
ConocoPhillips Western Canada Partnership	10.815	170.70	1,846.1205	
Devon Canada Corporation	17.925	170.70	3,059.7975	
EnCana Oil & Gas Partnership	67.948	170.70	11,598.7236	
Hermiston Generating Company, L.P.,	47.708	170.70	8,143.7556	
Husky Energy Marketing Inc.	12.630	170.70	2,155.9410	
IGI Resources, Inc.	116.960	170.70	19,965.0720	
Nexen Marketing	26.103	170.70	4,455.7821	
Northern California Power Agency	5.935	170.70	1,013.1045	
Northwest Natural Gas Company	157.267	170.70	26,845.4769	
Oxy Energy Canada, Inc.	43.732	170.70	7,465.0524	
Pacific Gas and Electric Company	644.696	170.70	110,049.6072	
Pan-Alberta Gas Ltd.	7.058	170.70	1,204.8006	
Paramount Resources Ltd.	21.187	170.70	3,616.6209	
Petro-Canada Oil and Gas	30.100	170.70	5,138.0700	
Portland General Electric Company	43.810	170.70	7,478.3670	
PPM Energy Canada Ltd.	82.623	170.70	14,103.7461	
Puget Sound Energy, Inc.	82.960	170.70	14,161.2720	
Sacramento Municipal Utility District	35.188	170.70	6,006.5916	
San Diego Gas & Electric Company	56.783	170.70	9,692.8581	
Sempra Energy Trading LLC	44.542	170.70	7,603.3194	
Shell Energy North America (Canada) Inc.	42.466	170.70	7,248.9462	
Sierra Pacific Power Company	136.031	170.70	23,220.4917	
Suncor Energy Inc.	43.648	170.70	7,450.7136	
Talisman Energy Canada	4.406	170.70	752.1042	
Tembec Enterprises Inc.	3.500	170.70	597.4500	
Terasen Gas Inc.	117.675	170.70	20,087.1225	
Turlock Irrigation District	14.534	170.70	2,480.9538	
United States Gypsum Company	7.832	170.70	1,336.9224	
	<u>2,319.794</u>		<u>395,988.8358</u>	24.444%

SCHEDULE F

FIRM TRANSPORTATION VOLUMES AND HAUL DISTANCE

SHIPPER	Annual Average MDQ (TJ)	Haul Distance (Km)	Annual Average MDQ x Dist. (TJ x Km)	Zone Allocation (%)
Zone 9				
Apache Canada Ltd.	31.482	258.97	8,152.8935	
ARC Resources Ltd.	10.858	258.97	2,811.8963	
BP Canada Energy Company	256.278	258.97	66,368.3137	
Burlington Resources Canada Partnership	52.433	258.97	13,578.5740	
Canadian Natural Resources	59.681	258.97	15,455.5886	
Cargill Limited	199.503	258.97	51,665.2919	
ConocoPhillips Canada Energy Partnership	23.603	258.97	6,112.4689	
ConocoPhillips Western Canada Partnership	20.042	258.97	5,190.2767	
Devon Canada Corporation	2.698	258.97	698.7011	
EnCana Oil & Gas Partnership	179.723	258.97	46,542.8653	
EnerMark Inc.	8.959	258.97	2,320.1122	
Hess Canada Gas Ltd.	21.207	258.97	5,491.9768	
Hunt Oil Company of Canada, Inc.	4.545	258.97	1,177.0187	
Husky Energy Marketing Inc.	121.925	258.97	31,574.9173	
MDU Resources Group, Inc.,	8.931	258.97	2,312.8611	
Middleton Energy Management Ltd.	6.353	258.97	1,645.2364	
Minnesota Corn Processors, LLC	8.550	258.97	2,214.1935	
Nexen Inc.	22.143	258.97	5,734.3727	
Nexen Marketing	17.472	258.97	4,524.7238	
Norse Energy ULC	6.353	258.97	1,645.2364	
Petro-Canada Oil and Gas	64.760	258.97	16,770.8972	
PrimeWest Energy Inc.	4.417	258.97	1,143.8705	
Progas Limited	27.063	258.97	7,008.5051	
	<u>1,158.979</u>		<u>300,140.7916</u>	18.528%

* Numbers may not add up to totals due to rounding.

Attachment 2

Tariff – black-lined

TABLE OF EFFECTIVE RATES

1. Rate Schedule FT, Firm Transportation Service

	Demand Rate (\$/GJ/Km/Month)
Zone 6	-0.00554777080 <u>0.0067213026</u>
Zone 7	-0.0078623962 <u>0.0073436317</u>
Zone 8*	-0.0133106152 <u>0.0164032716</u>
Zone 9	-0.0097795647 <u>0.0094198745</u>

2. Rate Schedule OT, Overrun Transportation Service

	Commodity Rate (\$/GJ/Km)
Zone 6	-0.00020063170 <u>0.0002424076</u>
Zone 7	-0.00028433870 <u>0.0002648523</u>

3. Rate Schedule IT, Interruptible Transportation Service

	Commodity Rate (\$/GJ/Km)
Zone 8*	0.00048137020 <u>0.0005915934</u>
Zone 9	-0.00035367190 <u>0.0003397332</u>

*For Zone 8, Shippers Haul Distance shall be 170.7 km.

- (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, except those who are also Shippers receiving gas transportation service pursuant to a Service Agreement, 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, if provided, 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, if provided, will be credited to the bill for the first month of service or returned to the Shipper if requested.

If Company awards Existing Capacity to a Prospective Shipper who is also a Shipper receiving gas transportation service pursuant to a Service Agreement and such Prospective Shipper fails to meet the requirements for Existing Capacity set out in Paragraph 4.1.5, the Existing Capacity awarded to such Prospective Shipper shall be withdrawn and such Prospective Shipper shall pay Company an amount equal to the lesser of:

(i) one month demand charges for the Requested Maximum Daily Delivery Quantity; or

(ii) \$10,000; or

- (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.

- (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, except those who are also Shippers receiving gas transportation service pursuant to a Service Agreement, 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, if provided, 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, if provided, will be credited to the bill for the first month of Service or returned to the Shipper if requested

If Company awards Expansion Capacity to a Prospective Shipper who is also a Shipper receiving gas transportation service pursuant to a Service Agreement and such Prospective Shipper fails to meet the requirements for Expansion Capacity set out in Paragraph 4.3.5, the Expansion Capacity awarded to such Prospective Shipper shall be withdrawn and such Prospective Shipper shall pay Company an amount equal to the lesser of:

- (i) one month demand charges for the Requested Maximum Daily Delivery Quantity; or

(ii) \$10,000;

- (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

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. GENERAL TERMS AND CONDITIONS

5.1 These terms and conditions are subject to the terms and conditions set forth in the Gas Transportation Tariff.

Attachment 3

Tariff – clean copy

TABLE OF EFFECTIVE RATES**1. Rate Schedule FT, Firm Transportation Service**

	Demand Rate (\$/GJ/Km/Month)
Zone 6	0.0067213026
Zone 7	0.0073436317
Zone 8*	0.0164032716
Zone 9	0.0094198745

2. Rate Schedule OT, Overrun Transportation Service

	Commodity Rate (\$/GJ/Km)
Zone 6	0.0002424076
Zone 7	0.0002648523

3. Rate Schedule IT, Interruptible Transportation Service

	Commodity Rate (\$/GJ/Km)
Zone 8*	0.0005915934
Zone 9	0.0003397332

*For Zone 8, Shippers Haul Distance shall be 170.7 km.

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, except those who are also Shippers receiving gas transportation service pursuant to a Service Agreement, 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, if provided, 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, if provided, will be credited to the bill for the first month of service or returned to the Shipper if requested.

If Company awards Existing Capacity to a Prospective Shipper who is also a Shipper receiving gas transportation service pursuant to a Service Agreement and such Prospective Shipper fails to meet the requirements for Existing Capacity set out in Paragraph 4.1.5, the Existing Capacity awarded to such Prospective Shipper shall be withdrawn and such Prospective Shipper shall pay Company an amount equal to the lesser of:

- (i) one month demand charges for the Requested Maximum Daily Delivery Quantity; or
 - (ii) \$10,000;
- (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, except those who are also Shippers receiving gas transportation service pursuant to a Service Agreement, 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, if provided, 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, if provided, will be credited to the bill for the first month of Service or returned to the Shipper if requested

If Company awards Expansion Capacity to a Prospective Shipper who is also a Shipper receiving gas transportation service pursuant to a Service Agreement and such Prospective Shipper fails to meet the requirements for Expansion Capacity set out in Paragraph 4.3.5, the Expansion Capacity awarded to such Prospective Shipper shall be withdrawn and such Prospective Shipper shall pay Company an amount equal to the lesser of:

- (i) one month demand charges for the Requested Maximum Daily Delivery Quantity; or

- (ii) \$10,000;
- (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. GENERAL TERMS AND CONDITIONS

- 5.1** These terms and conditions are subject to the terms and conditions set forth in the Gas Transportation Tariff.

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		

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)