

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 on 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 must be received by Company by 11:00 hours CCT on the Closing Date of such STFT Capacity Open Season and shall be irrevocable at that time;
- (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	
	Expected	Actual
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)