

RATE SCHEDULE**1. AVAILABILITY**

This Rate Schedule is available to Shipper under its Service Agreement.

2. APPLICABILITY

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

3. SERVICE DESCRIPTION AND SHIPPER'S OBLIGATION TO PAY

Service rendered by Company for Shipper under this Rate Schedule consists of:

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

Shipper shall be obligated to pay to Company for the aforementioned service a transportation charge for each Zone determined in accordance with section 8 hereof.

Shipper's obligation to pay Company's Cost of Service is not subject to adjustment under any circumstances, except as provided in subsection 8.1 hereof.

4. SERVICE AGREEMENT

This Rate Schedule is subject to all terms, conditions, stipulations and provisions of the Service Agreement.

5. GENERAL TERMS AND CONDITIONS

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

6. ZONES**6.1 General**

Company's transportation system shall be divided into two Zones in accordance with Schedule I, Annex II of the Northern Pipeline Act and described in subsection 6.2 hereof. Shipper, through its Service Agreement with Company, shall contract to have its gas transported through these Zones.

6.2 Description

Company's Phase I facilities shall consist of the following two Zones:

- (a) Zone 6 – From Caroline, Alberta to the Alberta/Saskatchewan border near Empress, Alberta; and
- (b) Zone 7 – From Caroline, Alberta to the Alberta/B.C. border near Coleman, Alberta.

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

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

7.2 Receipt and Delivery Obligations

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

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

7.3 Daily Gas Nominations

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

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

8. PAYMENT FOR SERVICE

Shipper shall be obligated to pay to Company in respect of each billing month, a charge for services rendered hereunder being Company's Cost of Service determined in accordance with Company's annual effective rate filing. Shipper's obligation to pay Company's Cost of Service is not subject to any adjustment or abatement under any circumstances except as specifically provided for in subsection 8.1 hereof, and such obligation shall be billed by Company to Shipper in accordance with section 5 of the General Terms and Conditions of this Gas Transportation Tariff.

8.1 Billing Adjustment for Failure to Deliver Gas or Make-Up Gas

8.1.1 If Company shall, in any Billing Month, fail for any reason to deliver to Shipper of the whole or any portion of the quantity of gas nominated by Shipper to Company in accordance with Shipper's Service Agreement, Shipper shall nevertheless be liable to Company for, and shall pay to Company in accordance with section 5 of the General Terms and Conditions of this Gas Transportation Tariff, Shipper's monthly charge for such Billing Month and all other amounts invoiced to Shipper pursuant to its Service Agreement, subject only to the provisions of this subsection 8.1.

8.1.2 In any Billing Month in which Shipper is required pursuant to section 9 of Rate Schedule FT, Firm Transportation Service of its Gas Transportation Tariff to make an adjustment for failure to accept gas or for receipt of Make-Up Gas, Shipper shall be entitled to reflect such adjustment in Shipper's payment of the monthly bill. Shipper shall provide Company with all pertinent data relating to the calculation of these adjustments with the monthly payment.

8.2 Methods of Allocating to a Zone

8.2.1 An amount shall be multiplied by a fraction the numerator of which shall be the Gas Plant In Service in a Zone and the denominator shall be Company's total Gas Plant In Service.

- 8.2.2** An amount shall be multiplied by a fraction the numerator of which is the dollar amount of return on rate base for the Zone and the denominator of which is the total dollar amount of return on rate base for all of Company's Zones.