

**RATE SCHEDULE IT
INTERRUPTIBLE TRANSPORTATION SERVICE**

1. AVAILABILITY

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

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

2. APPLICABILITY

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

3. SUBSIDIARY COMPANIES AND ZONES

3.1 General

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

3.2 Description

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

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

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

4.1 Interruptible Transportation Service

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

4.2 Receipt and Delivery Obligations

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

4.2.2 At each Delivery Point identified in Appendix A to the Service Agreement, Interruptible Transportation Service, Company is obligated to deliver to Shipper a daily quantity of gas which has an aggregate energy content of all gas received

from Shipper and accepted by Company at each Receipt Point destined for such Delivery Point, less Shipper's share of the energy content of Company Use Gas used in the transportation of such gas on such day.

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

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

4.3 Daily Gas Nominations

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

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

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

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

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

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

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

5. CHARGE FOR SERVICE

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

5.1 Shipper's Obligation to Pay

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

5.2 Monthly Commodity Charge

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

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

5.3 Allocation of Gas Delivered

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

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

6. TERM OF SERVICE

- 6.1 Shipper's Service Agreement, Interruptible Transportation Service shall be in full

force and effect until terminated by Shipper in accordance with section 6.2 or Company in accordance with section 6.3.

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

7. GENERAL TERMS AND CONDITIONS

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