October 5, 2010

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Walli:

Re: Union Gas Limited – Pre-Approval of The Cost Consequences of Three Long-Term Transportation Contracts

Please find attached Union Gas Limited's ("Union") application and evidence seeking approval of the cost consequences of the three long-term transportation contracts that support the development of new natural gas infrastructure. Union wishes to execute these contracts to provide additional diversity in its overall transportation portfolio and in its gas supply options available to Ontario customers. This application is made pursuant to section 36 of the *Ontario Energy Board Act, 1998.*

Union submits that the cost consequences of the three long-term transportation contracts are prudent and respectfully requests that the Board initiate a written process to review its application regarding these contracts. Union is seeking approval by the end of this year. As detailed in the attached evidence, Union has placed a condition on its bids that, prior to executing these contracts, it must first receive pre-approval from the Board to recover the resulting costs in rates. If approval is not received, Union will not proceed with the contracts.

Please contact me at (519) 436-5473 if you have any questions or wish to discuss this submission in more detail.

Yours truly,

[Original signed by]

Karen Hockin
Manager, Regulatory Initiatives

c.c.: Emily Kirkpatrick, Torys
Mark Kitchen, Union Gas
Neil McKay, Board Staff

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15 (Schedule. B);

AND IN THE MATTER OF an Application by Union Gas Limited for an order or orders pre-approving of the costs associated with three long-term gas transportation contracts;

APPLICATION

1. Union Gas Limited ("Union") is a business corporation, incorporated under the laws of Ontario, with its head office in the Municipality of Chatham-Kent.

2. Union conducts an integrated natural gas utility business that combines the operations of selling, distributing, transmitting and storing gas within the meaning of the *Ontario Energy Board Act, 1998* (the "Act").

3. In accordance with the Filing Guidelines for Pre-Approval of Long-Term Natural Gas Supply and/or Upstream Transportation Contracts, issued by the Ontario Energy Board (the "Board") in EB 2008-0280, Union is seeking pre-approval of the costs associated with three long-term gas transportation contracts.

4. From July 5 to August 25, 2010, TransCanada Pipelines ("TCPL") conducted a New Capacity Open Season. During that Open Season, Union bid on and has been awarded three new long-term transportation contracts on the TCPL system. The three contracts are for transportation on the TCPL system between Niagara and Kirkwall, between Parkway and Union's Eastern Delivery Area ("EDA"), and between Parkway and Union's Northern

Delivery Area ("NDA"). All three contracts are aimed at improving the security and diversity of supply for Union's infranchise customers.

5. Union's bid for these contracts was made conditional on receiving pre-approval from the Board to recover the resulting costs through its rates.

6. The Niagara to Kirkwall contract is a minimum ten-year contract for 21,101 GJ/d (20,000 Dth/d) firm transportation service. The annual demand commitment for this transportation contract at current approved NEB rates is $697,000 CDN/year or $7 million over the 10 year term of the contract. Service on the Niagara to Kirkwall contract will commence November 1, 2012.

7. The Parkway to EDA contract is a minimum ten-year contract for 20,000 GJ/d firm short-haul capacity. Based upon TCPL's current rates, transportation service on this contract is estimated to cost $2,827,400 CDN/year or $28 million over the 10 year term of the contract. Service on the Parkway to EDA contract will commence November 1, 2013.

8. The Parkway to NDA contract is a minimum ten-year contract for 10,000 GJ/d firm short-haul capacity. Based upon TCPL's current rates, transportation service on this contract is estimated to cost $1,072,500 CDN/year or $11 million over the 10 year term of the contract. Service on the Parkway to NDA contract will commence November 1, 2013.

9. Union hereby applies for an order or orders, pursuant to section 36 of the Act, pre-approving the costs associated with the Niagara to Kirkwall, Parkway to EDA, and Parkway to NDA contracts.

10. Union also applies to the Board for such interim order or orders approving interim rates or other charges and accounting orders as may from time to time appear appropriate or necessary.

11. Union further applies to the Board for all necessary orders and directions concerning pre-hearing and hearing procedures for the determination of this application.

12. This application is supported by written evidence. This evidence may be amended from time to time as required by the Board, or as circumstances may require.

13. The persons affected by this application are the customers resident or located in the municipalities, police villages and Indian reserves served by Union, together with those to whom Union sells gas, or on whose behalf Union distributes, transmits or stores gas. It is impractical to set out in this application the names and addresses of such persons because they are too numerous.

14. The address of service for Union is:

Union Gas Limited
P.O. Box 2001
50 Keil Drive North
Chatham, Ontario
N7M 5M1

Attention:	Karen Hockin Manager, Regulatory Initiatives
Telephone:	(519) 436-5473
Fax:	(519) 436-4641

- and -

Torys LLP
Suite 3000, Maritime Life Tower
P.O. Box 270
Toronto-Dominion Centre
Toronto, Ontario
M5K 1N2

Attention:	Emily Kirkpatrick
Telephone:	(416) 865-7337
Fax:	(416) 865-7380

DATED: October 5, 2010

UNION GAS LIMITED
By its Solicitors

Torys
Suite 3000, Maritime Life Tower
P.O. Box 270
Toronto-Dominion Centre
Toronto, Ontario
M5K 1N2

Attention:	Emily Kirkpatrick
Telephone:	(416) 865-7337
Fax:	(416) 865-7380

UNION GAS LIMITED

Application for Pre-Approval of Three Long-Term Transportation Contracts

INTRODUCTION

A New Capacity Open Season was conducted by TransCanada Pipelines ("TCPL") from July 5th thru August 25th 2010. Union Gas Limited ("Union") bid on and was awarded capacity for three new long term transportation contracts on the TCPL system. Union placed a condition on its bids that prior to executing these contracts it would first receive pre-approval from the Ontario Energy Board (the "Board") to recover the resulting costs in rates. As with other gas supply costs, Union's ratepayers will be allocated the cost of these contracts. One of the contracts is at Niagara and two of the contracts are at Parkway.

The following is Union's evidence in support its request for pre-approval of the cost consequences of the Niagara and Parkway contracts by the Board. The evidence is based on the guidelines issued by the Board in EB-2008-0280 under which utilities may apply for pre-approval of the cost consequences of the long-term contracts that support the development of new natural gas infrastructure.

THE NIAGARA CONTRACT

Union intends to contract with TCPL for 21,101 GJ/day (20,000 Dth/day) of firm transportation from Niagara to Kirkwall. Service on the Niagara contract will commence November 1, 2012.

The parameters for the contract with TCPL for Niagara to Kirkwall transportation service are listed below:

- Transportation Provider: TransCanada Pipeline
- Quality of Service: FT (Firm Transportation Service)
- Primary Term: November 1, 2012 through October 31, 2022
- Volume: 21,101 GJ/d (20,000 Dth/d)
- Rate: TCPL NEB approved mainline toll, currently demand is at $2.75281/GJ/month
- Receipt Point: Niagara
- Delivery Point: Kirkwall
- Renewal Notice: Upon expiration of the primary term, Union has the option to renew up to the existing volume indefinitely, for further periods of at least one year, on 6 months prior notice.

A map of the TCPL system noting the requested pipeline contracts can be found in Appendix A.

Union will file the Niagara to Kirkwall firm transportation contract once received from TCPL. Union may request confidential treatment of its contract in accordance with the Board's Practice Direction on Confidential Filings. Under TCPL's New Capacity Transportation Access Procedure, TransCanada is in the process of preparing a binding transportation service Precedent Agreement ("PA") for the transportation services requested by Union.

Included in this PA will be the terms and conditions on which the service is offered, including the contract pre-approval condition. TCPL, Union, and all other shippers that have been awarded capacity in the New Capacity Open Season will be signing this standardized PA. It is Union's understanding that TCPL intends to submit a facility application to the NEB in order to construct or modify their facilities in order to serve the Niagara capacities. This project will not proceed unless approved by the NEB. Once the facilities are in service, the PA will terminate and be replaced with TCPL's standard FT Service Contract at NEB approved rates. A proforma copy of the contract, along with the related FT Toll Schedule and General Terms and Conditions are attached (Appendix B and Appendix C).

RELATIONSHIPS

Union is a subsidiary of Spectra Energy Corporation. TCPL is a subsidiary of TransCanada Corporation. Union, its affiliates and parent are unrelated to TCPL, its affiliates and parent. Union contracts for natural gas transportation services on TCPL's pipeline subsidiaries to serve its franchise customers. TCPL and its power generation affiliate TransCanada Energy contract for transportation services on Union's Dawn/Trafalgar transmission system. These commercial arrangements all operate under NEB, FERC or OEB approved terms of service and are the only rights or obligations that exist between the parties of the contract.

NEED/ BENEFITS/COSTS/RISK MITIGATION

The Niagara interconnect is an international border point and market centre that joins TCPL's mainline to the Niagara Spur Loop Line in New York state (jointly owned by National Fuel, Tennessee Gas Pipeline and Dominion Transmission). To date, this has been a major export point for Canadian gas destined for markets in the U.S. Northeast.

To accommodate requests from Marcellus Shale Gas producers for capacity on their pipelines that would physically export gas into Canada via Niagara, pipeline operators downstream of the Niagara interconnect are proceeding with plans to reverse flow on some of their lines.

The Niagara/Kirkwall contracted capacity will interconnect with Union's Dawn/Trafalgar transmission system at Kirkwall using existing pipelines that are currently used to export gas to the U.S. To receive volumes at Kirkwall, Union must make modifications to the station to allow for bidirectional flow.

Union's Niagara contract will allow the utility to purchase a portion of these Marcellus supplies at Niagara and ship the gas into Ontario for the purpose of improving security and diversity of supply for Union's in-franchise customers. When deciding to acquire this capacity, Union took the following into consideration:

1. Marcellus Shale is the most rapidly growing supply basin on the continent.
2. Production from the Marcellus is expected to compete in Midwestern and Eastern markets with the predominantly west-to-east flow of gas from basins in the west and south-to-north flow of gas from the Gulf of Mexico.
3. Marcellus is in close proximity to Ontario and already well connected to the pipeline infrastructure linking Ontario to the region.
4. Attracting this supply to Ontario would improve the diversity and security of supply to the province.
5. Pipeline operators between the Marcellus and Dawn (National Fuel, Empire, Tennessee, TCPL and Union) held their open season efforts over the past year. A seamless path for

this supply to flow into Ontario via TCPL and through to the Dawn Hub now exists (subject to Board approval of Union's new C1 and M12X services).

6. Adding this source of supply to Union's gas supply portfolio helps to shield the portfolio from declining production in the Western Canadian Sedimentary Basin ("WCSB").
7. Holding firm transportation capacity between Niagara and Kirkwall provides Union with firm access to secure supply at a well-established hub.
8. Delivering supply at Kirkwall adds diversity to the points on Union's transmission system which are receiving supply.

The annual demand commitment for this transportation contract at current approved NEB rates is $697,000 CDN/year or $7 million over the 10 year term of the contract. An assessment of the landed costs (supply and transportation costs including fuel) for the Niagara contract compared to possible alternatives is found in Appendix D. The landed cost analysis is based upon forecasted gas pricing (supply and basis differentials for a 10 year term spanning November 2012 through October 2022), plus transportation tolls and fuel ratios in effect at the time Union conducted its analysis in July and August of 2010.

As indicated in Appendix D, the 10 year average landed gas supply cost of this contract is projected to be $8.58 Cdn/GJ. This is less expensive than WCSB supply options but projected to be slightly higher than other sources of supply currently within the Gas Supply portfolio.

The Niagara contract fits into Union's overall gas supply portfolio in terms of contract length, volume and services. Union's total portfolio on Nov 1, 2010 will equal 480,500 GJ/d. Of this volume, 58% is in-place for one-year, 4% is in-place for 2 years, 32% for 5 years and 5% for 7 years. When the Niagara contract joins the portfolio in Nov 2012, the proportion of one-year capacity in the portfolio would be 58%, capacity in-place for another 2 to 5 years would be 37% and the 10-year Niagara capacity would make up the remaining 4%.

A graph detailing transportation pipeline contracts, terms and services currently held by Union can be found in Appendix E.

Union's annual gas supply purchases are underpinned by a variety of upstream transportation contracts, with respect to supply source, transportation provider, volume and term. Union proposes to add the Niagara capacity for the purpose of further diversifying the sources of supply within this portfolio. The Niagara capacity will result in annual imports of 7.7 PJ's from the developing Marcellus Shale Gas play for a 10-year term. At present, this represents 5.7 % of Union's annual sales service purchases of 135.7 PJ's/year.

Should Union's purchases on behalf of in-franchise customers decline drastically during the course of the Niagara/Kirkwall supply contract, Union has sufficient flexibility within the balance of its portfolio to decontract supply from other sources before it would be necessary to leave this capacity unfilled.

Union and other successful bidders for capacity are in the process of concluding negotiations with TCPL on a precedent agreement that details the facilities, costs, approval process and timeline for constructing this capacity. In the event that TCPL is unable to meet the proposed in-service dates, Union will be given prior notice by TCPL. Based upon this notice, Union would determine if the resulting shortfall would be of a sufficient duration to require alternative "bridging" arrangements.

For the Niagara/Kirkwall capacity, a delay in the in-service date would likely be bridged by sourcing replacement supply at the nearby Dawn Market Hub until the Niagara/Kirkwall capacity is brought into service. The cost of arranging this alternative source of supply will be included in Union's gas costs for that time period.

If, during the term of the contracts, TCPL encounters operational obstacles to providing service from Niagara, Union could replace these purchases with supply from the Dawn Market Hub, or arrange for incremental supplies along the other routes serving Ontario. Alternatively, Union could purchase an exchange service between the Niagara receipt point and Union's system.

Supply risk related to the availability of Marcellus Shale gas arriving for sale at Niagara is mitigated by the number of upstream projects. To date three projects in upstate New York, resulting in over 800,000 Mcf/d of firm transportation, will physically connect Marcellus supply with TCPL at their Niagara and Chippawa interconnects along the Canadian/U.S. border. The three projects are:

1. Empire Pipeline's Tioga County Expansion Project will transport 350,000 Mcf/d of Marcellus gas to their cross border interconnect with TCPL at Chippawa. The project is expected to be in-service as early as September 2011.
2. The Northern Access expansion of National Fuel Gas Supply is a fully contracted project that will transport 320,000 Mcf/d of Marcellus gas to Niagara. The expansion is targeted for completion as early as June 2012.

3. The Northeast Supply Diversification Project of Tennessee Gas Pipeline will ship up to 150,000 Mcf/d of Marcellus production to Niagara. The project is planned to be in service by November 1, 2012.

Because Niagara is the border point for a major natural gas transmission corridor between Canada and the U.S., it is already well integrated into the continent-wide natural gas marketplace and is accessible to many shippers. Due to this connectivity, Niagara already serves as a focal point for the purchase and sale of natural gas in the region and enjoys good price discovery due to the industry publications that are reporting pricing and transactional information on those transactions.

Union’s Gas Procurement Policy will apply to supply purchased at Niagara. Union will acquire the Niagara supply by way of RFP only from suppliers holding a Gas Purchase Agreement that is in good standing and who are maintaining acceptable credit arrangements with Union.

Union, in acquiring the Niagara capacity and tying in the emerging Marcellus Shale Gas play into Ontario’s supply mix, is providing its in-franchise customers the benefit of a diverse and secure source of supply.

Contracting for new sources of supply for Ontario from Niagara helps to promote security of supply by introducing nearby alternatives in the face of the trend towards declining supply flowing from the WCSB. The Niagara/Kirkwall capacity will become part of Union’s upstream transportation portfolio and used to source gas supply for the franchise.

THE PARKWAY CONTRACTS

Union intends to contract with TCPL for 20,000 GJ/day of firm short-haul capacity between Parkway and Union's Eastern Delivery Area ("EDA"), and 10,000 GJ/day of firm short-haul capacity between Parkway and Union's Northern Delivery Area ("NDA"). Service will commence on November 1, 2013.

The parameters for the contracts with TCPL for Parkway to Union EDA and Parkway to Union NDA firm transportation services are listed below:

A. Contract for: Union Parkway Belt to Union EDA

- Transportation Provider: TransCanada Pipeline
- Quality of Service: FT (Firm Transportation Service)
- Primary Term: November 1, 2013 through October 31, 2023
- Volume: 20,000 GJ/d
- Rate: TCPL NEB approved mainline toll, currently demand is at $5.89043/GJ/month
- Receipt Point: Union Parkway Belt
- Delivery Point: Union EDA
- Renewal Notice: Upon expiration of the primary term, Union has the option to renew up to the existing volume indefinitely, for further periods of at least one year, on 6 months prior notice.

B. Contract for: Union Parkway Belt to Union NDA

- Transportation Provider: TransCanada Pipeline

- Quality of Service: FT (Firm Transportation Service)
- Primary Term: November 1, 2013 through October 31, 2023
- Volume: 10,000 GJ/d
- Rate: TCPL NEB approved mainline toll, currently demand is at $8.93682/GJ/month
- Receipt Point: Union Parkway Belt
- Delivery Point: Union NDA
- Renewal Notice: Upon expiration of the primary term, Union has the option to renew up to the existing volume indefinitely, for further periods of at least one year, on 6 months prior notice

A map of the TCPL system noting the requested pipeline contracts can be found in Appendix A.

Union will file contracts for Parkway to Union EDA and Parkway to Union NDA firm transportation services once received from TCPL. Union may request confidential treatment of its contracts in accordance with the Board's Practice Direction on Confidential Filings. Under TCPL's New Capacity Transportation Access Procedure, TransCanada is in the process of preparing a binding transportation service Precedent Agreement ("PA") for the transportation services requested by Union.

Included in this PA will be the terms and conditions on which the service is offered, including the contract pre-approval condition precedent which is the subject of this application. TCPL, Union and all other shippers that have been awarded capacity in the New Capacity Open Season will be signing this standardized PA. It is Union's understanding that TCPL intends to submit a facility application to the NEB in order to construct or modify their facilities in order to serve the Parkway capacities. This project will not proceed unless approved by the NEB.

Once the capacity enters service, the PA will terminate and be replaced with TCPL's standard FT Service Contract at NEB approved rates. A proforma copy of the contract, along with the related FT Toll Schedule and General Terms and Conditions are attached (Appendix B and Appendix C).

RELATIONSHIPS

Union is a subsidiary of Spectra Energy Corporation. TCPL is a subsidiary of TransCanada Corporation. Union, its affiliates and parent are unrelated to TCPL, its affiliates and parent. Union contracts for natural gas transportation services on TCPL's pipeline subsidiaries to serve its franchise. TCPL and its power generation affiliate TransCanada Energy contract for transportation services on Union's Dawn/Trafalgar transmission system. These commercial arrangements all operate under NEB, FERC or OEB approved terms of service and are the only rights or obligations that exist between the parties of the contracts.

NEEDS/ BENEFITS / COSTS/RISK MITIGATION

When deciding to acquire the Parkway to EDA and Parkway to NDA capacities by way of TCPL's New Capacity Open Season, Union took the following into consideration:

1. These contracts will serve year-round base load demands in the EDA and NDA. The balance of the EDA and NDA demands will continue to be supplied from Empress using a combination of TCPL's long-haul FT and Storage Transportation Services ("STS").

2. Holding transportation capacity that originates at Parkway will allow Union to begin offering its NDA and EDA customer base access to the more diversified and growing sources of gas supply that are entering the province from the U.S. To date customers in these delivery areas have been served exclusively from Empress by WCSB-sourced supplies.
3. Continuing to expand the diversity of gas supply options available to Ontario customers will facilitate competition in the sale of gas within the province and protects the interests of consumers with respect to price, reliability and quality of service.
4. The short-haul path out of Parkway is currently constrained due to insufficient capacity on the TCPL system between Parkway and its facilities at Maple in the north-western GTA. As a result, TCPL has not offered service originating at Parkway using their existing facilities.

The following annual transportation costs are based on TCPL's current rates. For the Parkway to EDA capacity, transportation service would cost $2,827,400 CDN/year or $28 million over the 10 year term of the contract. For the Parkway to NDA capacity, transportation service would cost $1,072,500 CDN/year or $11 million over the 10 year term of the contract.

Appendix F contains the landed cost analysis prepared by Union. The analysis uses forecast gas prices at the Dawn Market Hub and Empress over the 10 year term of the contract, and assumes that TCPL's short-haul and long-haul tolls remain constant for 10 years at their current level. Appendix F indicates that serving the EDA from the Dawn Market Hub via the Parkway short-haul path lands gas in the EDA at $9.08 CAD/GJ versus sourcing supply at Empress and shipping to the EDA via TCPL FT long-haul for $9.57 CAD/GJ. Serving the NDA from the Dawn Market Hub via the Parkway short-haul path lands gas in the NDA at $9.20 Cdn/GJ versus sourcing supply at Empress and shipping to the NDA via TCPL FT long-haul for $9.14 Cdn/GJ.

Union and other successful bidders for capacity are in the process of concluding negotiations with TCPL on a PA that details the facilities, costs, approval process and timeline for constructing this capacity.

In the event that TCPL was unable to meet the proposed in-service dates, Union will be given prior notice by TCPL. Based upon this notice, Union would determine if the resulting shortfall would be of a sufficient duration to require alternative "bridging" arrangements.

Should Union foresee that demands could exceed the capabilities of its portfolio of existing TCPL capacity (FT long-haul and STS capacity), Union could "bridge" the shortfall by acquiring Short-Term Firm Transportation ("STFT") capacity from TCPL, or third party exchanges, until the Parkway short-haul capacity is brought into service.

Union, in acquiring the Parkway capacity is providing its infranchise customers the benefit of a diverse and secure source of supply. The Parkway contracts, as the last leg of transport, will open a path for non-WCSB supply to be introduced to Union's NDA and EDA.

Long term markets in Union's franchise help to underpin the expansion of new infrastructure in the province for the benefit all customers. By acquiring the Parkway capacity, Union is supporting the efforts of TCPL and its other shippers in removing a bottleneck that is impeding the flow of natural gas within the heart of the Ontario marketplace.

SUMMARY

By contracting for new sources of supply for Ontario from Niagara and diversifying the supply path serving Union's EDA and NDA customers, Union is providing alternative sources of supply to its customers which may not otherwise be available. In addition, these actions help promote security of supply by introducing nearby alternatives in the face of the trend towards declining supply flowing from the WCSB.

Based on this analysis, Union believes that these contracts will be a benefit to ratepayers in Ontario. Security of supply will be increased by connecting to a separate supply basin. System integrity benefits result from connection to more receipt points along the Union Gas system and diversity of supply is enhanced through contract term and addition of another supply basin.

It is Union's view that the Board should approve the cost consequences of the three contracts as prudent. Union respectfully requests pre-approval of the cost consequences of the Niagara and Parkway long-term contracts as addressed and supported by the evidence above.

Filed: 2010-10-05
EB-2010-XXXX
Exhibit A
Appendix A

TransCanada Pipeline Map: Ontario and U.S. Export/Import Locations

Niagara to Kirkwall Path

Parkway to Union EDA

Source: TransCanada Pipelines

Filed: 2010-10-05
EB-2010-XXXX
Exhibit A
Appendix B

FIRM TRANSPORTATION SERVICE CONTRACT

THIS FIRM TRANSPORTATION SERVICE CONTRACT, made as of the ____ day of

___________, 20__.

BETWEEN: TRANSCANADA PIPELINES LIMITED
a Canadian corporation
("TransCanada")

OF THE FIRST PART

and

____

____

____
("Shipper")

OF THE SECOND PART

WITNESSES THAT:

WHEREAS TransCanada owns and operates a natural gas pipeline system extending from a point near the Alberta/Saskatchewan border where TransCanada's facilities interconnect with the facilities of NOVA Gas Transmission Ltd. easterly to the Province of Quebec with branch lines extending to various points on the Canada/United States of America International Border; and

WHEREAS Shipper has satisfied in full, or TransCanada has waived, each of the conditions precedent set out in Sections 1.1 (b) and (c) of TransCanada's Firm Transportation Service Toll Schedule referred to in Section 7.1 hereof (the "FT Toll Schedule"); and

WHEREAS Shipper has requested and TransCanada has agreed to transport quantities of gas, that are delivered by Shipper or Shipper's agent to TransCanada at the Receipt Point(s) referred to in Section 3.2 hereof (the "Receipt Point(s)"), to the Delivery Point(s) referred to in Section 3.1 hereof (the "Delivery Point(s)") pursuant to the terms and conditions of this Contract; and

(**Insert A**)

WHEREAS the quantities of gas delivered hereunder by Shipper or Shipper's agent to TransCanada are to be removed from the province of production of such gas by Shipper and/or Shipper's suppliers and/or its (their) designated agent(s) pursuant to valid and subsisting permits and/or such other authorizations in respect thereof.

NOW THEREFORE THIS CONTRACT WITNESSES THAT, in consideration of the covenants and agreement herein contained, the parties hereto covenant and agree as follows:

ARTICLE I - COMMENCEMENT OF SERVICE

(**Insert B**)

ARTICLE II - GAS TO BE TRANSPORTED

2.1 Subject to the provisions of this Contract, the FT Toll Schedule, the List of Tolls, and the General Terms and Conditions referred to in Section 7.1 hereof, TransCanada shall provide transportation service hereunder for Shipper in respect of a quantity of gas which, in any one day from the Date of Commencement until the ___ day of ___________, ____, shall not exceed _______ GJ (the "Contract Demand").

ARTICLE III - DELIVERY POINT(S) AND RECEIPT POINT(S)

3.1 The Delivery Point(s) hereunder are those points specified as such in Exhibit "1" which is attached hereto and made a part hereof.

3.2 The Receipt Point(s) hereunder are those points specified as such in Exhibit "1" hereof.

ARTICLE IV - TOLLS

4.1 Shipper shall pay for all transportation service hereunder from the Date of Commencement in accordance with TransCanada's FT Toll Schedule, List of Tolls, and General Terms and Conditions set out in TransCanada's Transportation Tariff as the same may be amended or approved from time to time by the National Energy Board (the "NEB").

(**Insert C**)

ARTICLE V - TERM OF CONTRACT

5.1 This Contract shall be effective from the date hereof and shall continue until the ___ day of _____________, ____.

ARTICLE VI - NOTICES

6.1 Any notice, request, demand, statement or bill (for the purpose of this paragraph, collectively referred to as "Notice") to or upon the respective parties hereto shall be in writing and shall be directed as follows:

IN THE CASE OF TRANSCANADA: TransCanada PipeLines Limited

(i) mailing address:	P.O. Box 1000 Station M Calgary, Alberta T2P 4K5	
(ii) delivery address:	TransCanada Tower 450 – 1st Street S.W. Calgary, Alberta T2P 5H1	
	Attention: Telecopy:	Director, Customer Service _____________
(iii) nominations:	Attention: Telecopy:	Manager, Nominations & Allocations _____________
(iv) bills:	Attention: Telecopy:	Manager, Contracts & Billing _____________
(v) other matters:	Attention: Telecopy:	Director, Customer Service _____________

IN THE CASE OF SHIPPER:

(i) mailing address:	_________________ _________________ _________________	
(ii) delivery address:	_________________ _________________	
(iii) nominations:	Attention: Telecopy:	_________________ _________________

(iv) bills:	Attention:	________________
	Telecopy:	________________
	E-mail address:	________________
(v) other matters:	Attention:	________________
	Telecopy:	________________

Notice may be given by telecopier or other telecommunication device and any such Notice shall be deemed to be given four (4) hours after transmission. Notice may also be given by personal delivery or by courier and any such Notice shall be deemed to be given at the time of delivery. Any Notice may also be given by prepaid mail and any such Notice shall be deemed to be given four (4) days after mailing, Saturdays, Sundays and statutory holidays excepted. In the event regular mail service, courier service, telecopier or other telecommunication service shall be interrupted by a cause beyond the control of the parties hereto, then the party sending the Notice shall utilize any service that has not been so interrupted to deliver such Notice. Each party shall provide Notice to the other of any change of address for the purposes hereof. Any Notice may also be given by telephone followed immediately by personal delivery, courier, prepaid mail, telecopier or other telecommunication, and any Notice so given shall be deemed to be given as of the date and time of the telephone notice.

ARTICLE VII - MISCELLANEOUS PROVISIONS

7.1 The FT Toll Schedule, the List of Tolls, and the General Terms and Conditions set out in TransCanada's Transportation Tariff as amended or approved from time to time by the NEB are all by reference made a part of this Contract and operations hereunder shall, in addition to the terms and conditions of this Contract, be subject to the provisions thereof. TransCanada shall notify Shipper at any time that TransCanada files with the NEB revisions to the FT Toll Schedule, the List of Tolls, and/or the General Terms and Conditions (the "Revisions") and shall provide Shipper with a copy of the Revisions.

7.2 The headings used throughout this Contract, the FT Toll Schedule, the List of Tolls, and the General Terms and Conditions are inserted for convenience of reference only and are not to be considered or taken into account in construing the terms or provisions thereof nor to be deemed in any way to qualify, modify or explain the effect of any such provisions or terms.

7.3 This Contract shall be construed and applied, and be subject to the laws of the Province of Alberta, and, when applicable, the laws of Canada, and shall be subject to the rules, regulations and orders of any regulatory or legislative authority having jurisdiction.

(**Insert D)**

IN WITNESS WHEREOF, the parties hereto have executed this Contract as of the date first above written.

TRANSCANADA PIPELINES LIMITED

per ________________________________

per ________________________________

----

per ________________________________

per ________________________________

EXHIBIT "1"

This is EXHIBIT "1" to the FIRM TRANSPORTATION SERVICE CONTRACT made as of the _______ day of _________________, 20 __ between TRANSCANADA PIPELINES LIMITED ("TransCanada") and _____________________________ ("Shipper").

The Delivery Point(s) hereunder is (are) the (those) point(s) of interconnection between the pipeline facilities of TransCanada and _______________________ which is (are) located at:

The Receipt Point(s) hereunder is (are) the (those) point(s) of interconnection between the pipeline facilities of TransCanada and _______________________ which is (are) located at:

DIFFERENT CONTRACT VERSIONS

I For a Firm Transportation Service Contract Executed Following Completion of a Precedent Agreement:

Insert A

WHEREAS the parties hereto have heretofore entered into an agreement dated as of the ___ day of ____________, 20__, (the "Precedent Agreement") which bound them, subject to the fulfillment or waiver of the conditions precedent therein set forth, to enter into a Contract substantially upon the terms and conditions hereinafter described; and

WHEREAS the conditions precedent of the Precedent Agreement have been satisfied or waived; and

Insert B

1.1 TransCanada shall use reasonable efforts to have the additional facilities (and/or obtain such transportation arrangements on other gas transmission systems) as may be required to effect the transportation of the gas hereunder (the "Necessary Capacity") in place by the _____day of _____, 20__, or as soon as possible thereafter. TransCanada's ability to provide service by the ____day of _____, 20__, will be subject to, inter alia:

(a) the timing of receipt by Shipper and TransCanada of the authorizations referred to in paragraphs 1 and 2 of the Precedent Agreement which are required prior to the commencement of construction of TransCanada's facilities and the timing of the commencement of the services required by TransCanada (if any) on the systems of Great Lakes Gas Transmission Limited Partnership, TransQuebec and Maritimes Pipeline Inc., and Union Gas Limited; and

(b) the lead time required for the acquisition, construction and installation of those facilities required by TransCanada.

TransCanada shall use reasonable efforts to provide Shipper with ten (10) days advance Notice of the anticipated availability of the Necessary Capacity (the "Advance Notice"). TransCanada shall give Shipper Notice of the actual date of availability of the Necessary Capacity ("TransCanada's Notice"), and service hereunder shall not commence prior to the actual date of availability of the Necessary Capacity.

1.2 The date of commencement of service hereunder (the "Date of Commencement") shall be the earlier of:

(a) the date for which Shipper first nominates and TransCanada authorizes service hereunder; or

(b) the tenth (10th) day following the day on which Shipper received TransCanada's Notice;

PROVIDED that Shipper shall not be obligated to a Date of Commencement which is earlier than the _____day of _______, 20__, unless mutually agreed upon by both parties.

II Firm Transportation Service Contract Requiring Displacement of a Firm Transportation Service Contract:

Insert A

(nothing)

Insert B

1.1 As TransCanada does not otherwise have sufficient pipeline capacity on its system to offer this service, another shipper who has a long term Firm Transportation Service contract(s) for the purpose of delivering gas to the same Delivery Point(s) (the "Other Contract") must agree to reductions in the Contract Demand under the Other Contract equal to the Contract Demand hereunder effective as of the Date of Commencement.

1.2 The date of commencement of service hereunder (the "Date of Commencement") shall be the date for which Shipper first nominates, and TransCanada authorizes deliveries hereunder, pursuant to the provisions of this Contract.

1.3 Notwithstanding Section 5.1 hereof, if the Date of Commencement has not occurred on or before the ___ day of __________, 20__, then either party may at any time thereafter, provided that service shall not have commenced hereunder, terminate this Contract forthwith by Notice to the other party.

III Firm Transportation Service Contract Not Following a Precedent Agreement and Not Requiring Displacement of a Firm Transportation Service Contract:

Insert A

(nothing)

Insert B

1.1 The date of commencement of service hereunder (the "Date of Commencement") shall be the ___ day of __________, 20__.

IV Contracts with Emerson I and II, Dawn, Niagara Falls, Iroquois, Chippawa or East Hereford as Delivery Points

Insert C

4.2 Shipper shall pay for all delivery pressure service hereunder from the Date of Commencement in accordance with TransCanada's FT Toll Schedule, List of Tolls and General Terms and Conditions set out in TransCanada's Transportation Tariff as the same may be amended or approved from time to time by the NEB.

(a) Emerson I (Viking) Delivery Point

Insert D

ARTICLE VIII - DELIVERY PRESSURE

8.1 TransCanada shall increase the line pressure of the gas it delivers to Shipper at the Point to the pressure necessary for Shipper to have Viking Gas Transmission Company accept receipt of such gas from Shipper for transportation from the Delivery Point, provided that, from the Date of Commencement until the termination of this Contract, TransCanada shall not be obligated to provide a pressure greater than 5 170 kPa (g).

(b) Emerson II (Great Lakes) Delivery Point

Insert D

ARTICLE VIII - DELIVERY PRESSURE

8.1 TransCanada shall increase the line pressure of the gas it delivers to Shipper at the Delivery Point to the pressure necessary for Shipper to have Great Lakes Gas Transmission Limited Partnership accept receipt of such gas from Shipper for transportation from the Delivery Point, provided that, from the Date of Commencement until the termination of this Contract, TransCanada shall not be obligated to provide a pressure greater than 5 460 kPa (g).

(c) Dawn Delivery Point

Insert D

ARTICLE VIII - DELIVERY PRESSURE

8.1 TransCanada shall increase the line pressure of the gas it delivers to Shipper at the Delivery Point to a pressure of not less than 4 850 kPa (g).

(d) Niagara Falls Delivery Point

Insert D

ARTICLE VIII - DELIVERY PRESSURE

8.1 TransCanada shall increase the line pressure of the gas it delivers to Shipper at the Delivery Point to a pressure of not less than 4 830 kPa (g).

(e) Iroquois Delivery Point

Insert D

ARTICLE VIII - DELIVERY PRESSURE

8.1 TransCanada shall increase the line pressure of the gas it delivers to Shipper at the Delivery Point to the pressure necessary for Shipper to have Iroquois Gas Transmission System, L.P. accept receipt of such gas from Shipper for transportation from the Delivery Point, provided that, from the Date of Commencement until the termination of this Contract, such pressure is not greater than 9 895 kPa (g).

(f) Chippawa Delivery Point

Insert D

ARTICLE VIII - DELIVERY PRESSURE

8.1 TransCanada shall increase the line pressure of the gas it delivers to Shipper at the Chippawa Delivery Point to the pressure necessary for Shipper to have Empire State Pipeline accept receipt of such gas from Shipper for transportation from the Chippawa Delivery Point, provided that such pressure is not greater than 8 450 kPa (g).

(g) East Hereford Delivery Point

Insert D

ARTICLE VIII - DELIVERY PRESSURE

8.1 TransCanada shall increase the line pressure of the gas it delivers to Shipper at the East Hereford Delivery Point to the pressure necessary for Shipper to have Portland Natural Gas Transmission System accept receipt of such gas from Shipper for transportation from the East Hereford Delivery Point, provided that such pressure is not greater than 8 650 kPa (g).

Filed: 2010-10-05
EB-2010-XXXX
Exhibit A
Appendix C

FIRM TRANSPORTATION SERVICE

FT TOLL SCHEDULE

INDEX

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1. AVAILABILITY

1.1 Any Shipper shall be eligible to receive service pursuant to this Toll Schedule provided that Shipper:

(a) has entered into a Firm Transportation Service Contract with TransCanada having a minimum term of one (1) year; or has obtained an Order of the NEB, pursuant to subsection 71(2) of the National Energy Board Act as amended from time to time ("71(2) Order"), requiring TransCanada to transport gas for Shipper subject to the provisions of this Toll Schedule and to the terms and conditions contained in the 71(2) Order; and

(b) has pipeline facilities interconnecting with TransCanada's facilities at the delivery point(s) specified in the Contract, or which has provided TransCanada with adequate assurances that arrangements have been made to have an authorized gas distribution or transmission company act as Shipper's agent in receiving from TransCanada the gas to be delivered pursuant to this Toll Schedule; and

(c) has provided TransCanada with financial assurances as required by TransCanada pursuant to Section XXIII of the General Terms and Conditions referred to in Section 11 hereof.

1.2 **Facilities Construction Policy**

In order to provide service pursuant to this Toll Schedule, TransCanada utilizes capacity available from its own gas transmission system and from its firm transportation service entitlement on the Great Lakes Gas Transmission Company system, the Union Gas Limited system, and the Trans Quebec & Maritimes Pipeline Inc. system (the "Combined Capacity"). If a request for service pursuant to this Toll Schedule (the "Requested Service") requires an increase to the Combined Capacity, TransCanada is prepared to use all reasonable efforts to enable it to increase the Combined Capacity to the extent necessary provided that:

(a) there is reasonable expectation of a long term requirement for the increase in the Combined Capacity; and

(b) the NEB approves the additional facilities and/or transportation services necessary to increase the Combined Capacity; and

(c) the availability provisions of subsection 1.1 hereof are satisfied with respect to the Requested Service.

2. APPLICABILITY AND CHARACTER OF SERVICE

2.1 On each day during the term of the Contract Shipper shall be entitled to request service hereunder. Nominations for service shall be made pursuant to Section XXII of the General Terms and Conditions. Service hereunder shall not be subject to curtailment or interruption except as provided in Section XI, XIV, and XV of the General Terms and Conditions; PROVIDED HOWEVER, that if Shipper fails to provide on an ongoing and timely basis to TransCanada satisfactory evidence of its right to remove from the province of production all or any part of the quantities of gas to be transported by TransCanada under the Contract, Shipper shall be in default hereunder (the "Default") to the extent of the daily quantity not authorized for removal from the province of production as aforesaid (the "Default Quantity"), and TransCanada shall be entitled to immediately suspend service for a quantity up to, and including, the Default Quantity until such time as Shipper remedies the Default. TransCanada shall terminate any such suspension and resume service as to that part of the Default Quantity in respect of which the Default has been remedied.

3. MONTHLY BILL

3.1 The monthly bill payable to TransCanada for service hereunder shall include the demand charge and the commodity charge in effect during the billing month for transportation service and, where applicable, for delivery pressure service and shall be calculated by applying, as follows, the applicable tolls as approved by the NEB (as set forth in the List of Tolls referred to in Section 11 hereof):

(a) **Transportation Service**

(i) Demand Charge

For each month, the demand charge for transportation service shall be equal to the applicable Monthly Demand Toll multiplied by Shipper's Contract Demand. If Shipper's Contract Demand changes during a month, then a weighted average daily Contract Demand shall be determined for such month and shall be used to calculate the demand charge for such month. The said demand charge is payable by Shipper notwithstanding any failure by Shipper during such month, for any reason whatsoever including force majeure or a default by Shipper under Section 2.1 hereof, to deliver Shipper's Authorized Quantity to TransCanada at the receipt point.

(ii) Commodity Charge

For each month the commodity charge for transportation service shall be equal to the applicable Commodity Toll multiplied by Shipper's Authorized Quantities for transportation service between each authorized receipt point and delivery point or area.

(b) **Delivery Pressure Service**

For each month, the demand charge for delivery pressure service at each delivery point at which a toll for delivery pressure has been set shall be equal to the applicable Delivery Pressure Monthly Demand Toll multiplied by Shipper's Contract Demand in effect at each such delivery point. If Shipper's Contract Demand changes during a month, then a weighted average daily Contract Demand shall be determined for such month and shall be used to calculate the demand charge for such month. The said demand charge is payable by Shipper notwithstanding any failure by Shipper during such month, for any reason whatsoever including force majeure or a default by Shipper under Section 2.1 hereof, to deliver Shipper's Authorized Quantity to TransCanada at the receipt point.

(c) **Fuel**

For each month, a Shipper shall provide, on a daily basis, a quantity of fuel in accordance with Section IV (1)(a) of the General Terms and Conditions.

4. MINIMUM BILL

4.1 The minimum monthly bill for service hereunder shall be the demand charges determined in Paragraphs 3.1 (a) (i) and (if applicable) 3.1 (b) hereof, after giving effect to any adjustment pursuant to Section 5 hereof.

5. DEMAND CHARGE ADJUSTMENTS

5.1 If during any day, TransCanada fails to deliver the quantity of gas requested by Shipper up to the Contract Demand, for any reason related solely to TransCanada's operations, including an event of force majeure occurring on any of the pipeline systems of

TransCanada, Great Lakes Gas Transmission Company ("GLGT"), Union Gas Limited ("Union") and Trans Québec & Maritimes Pipeline Inc. ("TQM"), then the monthly demand charge shall be reduced by an amount equal to the applicable Daily Demand Toll multiplied by the difference between the quantity of gas which TransCanada actually delivered to Shipper on such day, and the quantity of gas which such Shipper in good faith nominated hereunder on such day. If TransCanada refuses to accept deliveries of Shipper's gas or curtails receipts from or deliveries to Shipper pursuant to Paragraph 8 (Energy Imbalance Recovery) of Section XXII of the General Terms and Conditions, then there shall be no corresponding reduction in the monthly demand charge to Shipper. Notwithstanding the foregoing, if the quantity of gas which TransCanada fails to deliver is the subject of an accepted nomination for a Diversion and/or an Alternate Receipt, then TransCanada shall only be obligated to reduce the monthly demand charge if such Diversion is a Diversion and/or such Alternate Receipt is of the nature described in sub-Section 1(h)(ii) or 2(h)(ii) in Section XV of the General Terms and Conditions and in all other cases there shall be no reduction in the monthly demand charge.

6. ALTERNATE RECEIPT AND DIVERSION OF GAS

6.1 (a) Subject to the provisions herein, Shipper shall have the right to nominate an Alternate Receipt and/or a Diversion under Shipper's Contract in the manner provided herein.

(b) The aggregate of all nominations for delivery hereunder shall not exceed the Contract Demand under Shippers Contract.

(c) Shipper shall not be entitled to nominate a Diversion to a delivery point or delivery area which is upstream of the receipt point specified in Shipper's Contract or upstream of the Alternate Receipt point.

(d) Shipper shall not be entitled to nominate an Alternate Receipt from a receipt point, that is upstream of the receipt point specified in Shippers Contract or is downstream of the delivery point or delivery area specified in Shippers Contract.

(e) For the purpose of Section XVI of the General Terms and Conditions, Alternate Receipts and Diversions shall be equivalent to service under an STS Contract.

6.2 Any nomination by Shipper for an Alternate Receipt and/or a Diversion under Shipper's Contract must be received by TransCanada's Gas Control Department in Calgary at the time specified pursuant to Section XXII of the General Terms and Conditions.

6.3 TransCanada shall have the right to not accept a nomination made pursuant to Section 6.2 hereof or to accept only a portion of the quantities so nominated if the Alternate Receipt and/or the Diversion nominated would negatively impact TransCanada's ability to provide those transportation services which, pursuant to Section XV of the General Terms and Conditions, have a priority of service which is higher than that of the Alternate Receipt and/or the Diversion nominated by Shipper or if such Alternate Receipt and /or Diversion would otherwise be immediately curtailed pursuant to Paragraph 1(e) or 2(e) of Section XV of the General Terms and Conditions. TransCanada shall have the right to curtail Alternate Receipts, and/or Diversions in accordance with Section XV of the General Terms and Conditions.

6.4. **Alternate Receipt and Diversions Return Home**

In the event that TransCanada does not accept a nomination for an Alternate Receipt and/or a Diversion pursuant to Sections 6.2 and 6.3 hereof, or accepts only a portion of the quantity so nominated, then TransCanada shall exercise reasonable efforts to allow Shipper to re-nominate the receipt point and/or delivery point or delivery area specified in Shipper's Contract. TransCanada shall have the right to reject any such re-nomination, or to accept only a portion of the quantity so re-nominated, if the re-nomination would negatively impact any other authorized transportation service. In any event, Shipper shall pay the Daily Demand Toll based on the receipt point and delivery point or area specified in Shipper's Contract for the entire quantity set out in an Alternate Receipt and/or Diversion nomination which was rejected by TransCanada pursuant to Section 6.3 hereof.

(a) In addition to the charges payable pursuant to Section 3.1(a) and (c) above, Shipper shall pay TransCanada for all Alternate Receipts and Diversions, a charge equal to the aggregate of:

(i) the product obtained by multiplying the amount, if any, by which the Daily Demand Toll, applicable from the Alternate Receipt point to the delivery point or area specified in Shipper’s Contract, exceeds the applicable Daily Demand Toll from the receipt point to the delivery point or area which are specified in Shipper's Contract by Shippers Authorized Quantity, and

(ii) the product obtained by multiplying the amount, if any, by which the Daily Demand Toll, applicable from the receipt point specified in the Shipper's Contract to the Diversion point, exceeds the applicable Daily Demand Toll from the receipt point to the delivery point or area which are specified in the Shipper's Contract, by Shippers Authorized Quantity.

(b) If the gas is diverted hereunder to a Delivery Point at which a delivery pressure charge has been approved by the NEB and no delivery pressure charge exists for the Delivery Point specified in Shipper's Contract, then Shipper shall pay TransCanada, in addition to the charges provided above, an amount equal to the applicable Delivery Pressure Toll multiplied by Shipper's total Diversion quantity at such Delivery Point for such month (a "Point Diversion Delivery Pressure Charge"). If a delivery pressure charge exists at the delivery point specified in Shipper's Contract, then Shipper shall pay TransCanada, in addition to the delivery pressure charge described in Section 3.1(b) above, an amount (a "Point Diversion Delivery Charge") equal to the product obtained by multiplying Shipper's total Diversion quantity at the delivery point which is the subject of the Diversion multiplied by that amount, if any, by which the Delivery Pressure Toll at the delivery point which is the subject of the Diversion exceeds the delivery pressure toll at the delivery point specified in Shipper's Contract.

The total delivery pressure charge for Diversion quantities shall be the sum of the Point Diversion Delivery Pressure Charges at all applicable Delivery Points plus the delivery pressure charge, if any, payable pursuant to Section 3.1(b) above.

7. ASSIGNMENT

7.1 Any company which shall succeed by purchase, merger or consolidation to the properties, substantially or in entirety, of Shipper or of TransCanada, as the case may be, shall be entitled to the rights and shall be subject to the obligations of its predecessor in title under any Contract into which this Toll Schedule is incorporated and any related contracts. Further, either Shipper or TransCanada may, without relieving itself of its obligations under any Contract into which this Toll Schedule is incorporated (unless consented to by the other party which consent shall not be unreasonably withheld), assign any of its rights and obligations thereunder to another party. Nothing herein shall in any way prevent either party to such Contract from pledging or mortgaging its rights thereunder as security for its indebtedness. Such Contract shall be binding upon and shall inure to the benefit of the respective successors and assigns of the parties thereto. No assignment hereunder in respect of a service which has already resulted in a reduction of the affected distributor's Contract Demand shall entitle such distributor to any further reduction in its Contract Demand.

7.2 Assignments at a discount negotiated between assignors and assignees are permitted, provided that the approved toll continues to be paid to TransCanada.

7.3 Prior to the effective date of any assignment of any Contract subject to sub-Section XXIII(3)(b) of the General Terms and Conditions of TransCanada’s Tariff, assignee shall as requested by TransCanada, execute an assignment of any related Financial Assurances Agreements (as defined in Section 4.4(c)(ii) of the Transportation Access Procedure) or execute a new Financial Assurances Agreement.

7.4 Save as herein provided, assignments of any Contracts into which this Toll Schedule is incorporated are expressly prohibited.

8. RENEWAL RIGHTS

8.1 Pursuant to any Contract into which this FT Toll Schedule is incorporated and which Contract has been determined by TransCanada to be serving a long term market, and subject to the following conditions, Shipper shall have the option (the "Renewal Option") of extending the existing term (the "Existing Term") of the Contract for a period of no less than one (1) year (the "Renewal Term") and revising the Contract Demand to a level no greater than the Contract Demand set out in the Contract (the "Renewal OD") provided that the following conditions are met:

(a) TransCanada receives written notice from Shipper of Shipper's election to exercise the Renewal Option which sets out the term and Contract Demand of such renewal (the "Renewal Provisions") no less than six (6) months before the termination date which would otherwise prevail under the Contract; and

(b) Shipper supplies TransCanada at the time of such notice with evidence satisfactory to TransCanada that Shipper will meet the availability provisions of the FT Toll Schedule in respect of the Renewal Provisions prior to the commencement of the Renewal Term.

TransCanada may accept late notice of Shipper's election to exercise the Renewal Option if TransCanada, in its sole discretion, determines that TransCanada will have the required capacity available after providing capacity for all of TransCanada's obligations pursuant to prior outstanding requests from Shipper and/or others, that such renewal will not adversely impact TransCanada's system operations and that all of the costs for providing this service will be covered by TransCanada's tolls. Contracts may be revised as of the effective renewal date to adhere to the then current Pro Forma Firm Transportation Service Contract.

Shipper may exercise the Renewal Option more than one time provided that the conditions found in this Section 8.1 and in Section 8.2 hereof are met upon each and every exercise of the Renewal Option.

8.2 Provided TransCanada has either received timely notice as provided in Section 8.1(a) above from Shipper of Shipper's election to exercise the Renewal Option, or accepted late notice from Shipper of his election to exercise the Renewal Option, and provided that Shipper has met the availability provisions of the FT Toll Schedule in respect of the Renewal Provisions, the Contract shall be amended as follows:

(a) the Contract Demand set out in the Contract shall be revised to the level specified in the Renewal Provisions, effective as of the commencement of the Renewal Term; and

(b) the term of the Contract shall be extended to that specified in the Renewal Provisions, effective as of the expiry of the Existing Term.

8.3 All renewals shall be stated in GJ.

9. TEMPORARY RECEIPT AND/OR DELIVERY POINT(S)

9.1 Upon receipt of a written request from Shipper, TransCanada may, in its sole discretion, allow Shipper to temporarily change the receipt and/or delivery point(s) under a Contract. Such a temporary change in receipt and/or delivery point(s), once authorized by TransCanada, shall apply for a minimum duration of three (3) months and shall not exceed the remaining term of the Contract.

9.2 Shipper's limited entitlement to obtain temporary receipt and/or delivery point(s) may apply to the full Contract Demand specified in the Contract, or any portion thereof.

9.3 For transportation service from a temporary receipt point and/or to a temporary delivery point, Shipper shall pay the following:

(a) the greater of the Monthly Demand Toll payable for transportation from the original receipt point to the original delivery point specified in the Contract, and the Demand Toll which applies:

(i) from the original receipt point to the temporary delivery point;

(ii) from the temporary receipt point to the original delivery point; or

(iii) from the temporary receipt point to the temporary delivery point;

as the case may be:

(b) the applicable Commodity Toll for the quantity of gas delivered after giving effect to the temporary receipt and/or delivery point(s); and

(c) the greater of the Delivery Pressure Monthly Demand Toll applicable to the original delivery point specified in the Contract and the Delivery Pressure Monthly Demand Toll which applies to the temporary delivery point, plus any fuel related to the delivery pressure.

9.4 The Demand charges set out in subsections 9.3 a) and c) above are payable by Shipper notwithstanding any failure by Shipper during such month, for any reason whatsoever, including force majeure or a default by Shipper under Section 2.1 hereof, to deliver Shipper's Receipt Gas to TransCanada at the temporary receipt point.

9.5 Shipper shall pay for or provide, on a daily basis, a quantity of fuel based on the applicable monthly fuel ratio established by TransCanada for transportation for the quantity of gas delivered after giving effect to the temporary receipt and/or delivery point(s).

9.6 Upon acceptance by TransCanada of Shipper's request for a temporary receipt or delivery point, transportation service hereunder shall be firm in accordance with Section 2.1 of this FT Toll Schedule.

9.7 If Shipper executes an Exhibit “B” to any STS-L Contract, Shipper shall not be entitled to change any receipt and/or delivery points pursuant to this Section 9 for any of the Linked FT Contracts during the Linked Term both set out in such Exhibit “B”.

10. CONVERSION RIGHTS

10.1 Shipper may convert service pursuant to an FT Contract to service pursuant to an FT-SN Contract provided that:

(a) Shipper submits a written request to TransCanada for conversion of a specified FT Contract;

(b) all the availability conditions set out in Section 1 of the FT-SN Toll Schedule have been satisfied; and

(c) TransCanada determines, in its sole discretion, it is able to accommodate the conversion to FT-SN with consideration for any operational matters including, but not limited to, flow control valves, meter capacity, changes in delivery patterns and transient effects.

11. MISCELLANEOUS PROVISIONS

11.1 The General Terms and Conditions and the List of Tolls of TransCanada's Transportation Tariff, as amended from time to time, are applicable to this Toll Schedule and are hereby made a part hereof. If there is any conflict between the provisions of this Toll Schedule and the General Terms and Conditions, the provisions of this Toll Schedule shall prevail.

11.2 This Toll Schedule, the List of Tolls and the General Terms and Conditions are subject to the provisions of the National Energy Board Act or any other legislation passed in amendment thereof or substitution therefor.

11.3 This Toll Schedule together with the provisions of the General Terms and Conditions supercedes and replaces all previous Toll Schedules applicable to the Contract.

Long-term Transportation Contracting Analysis

Route (A)	Point of Supply (B)	Basis Differential $US/mmBtu (C)	Supply Cost $US/mmBtu (D) = Nymex + C	Unitized Demand Charge $US/mmBtu (E)	Commodity Charge $US/mmBtu (F)	Fuel Charge $US/mmBtu (G)	100% LF Transportation Inclusive of Fuel $US/mmBtu (I) = E + F + G	Landed Cost $US/mmBtu (J) = D + I	**Landed Cost $Cdn/Gj (K)**	Point of Delivery (L)
Vector - 2008	Chicago	0.26	7.61	0.2500	0.0019	0.0822	0.3341	$7.95	**$8.23**	Dawn
Trunkline/Panhandle	Trunkline Field Zone	0.12	7.48	0.1900	0.0274	0.3305	0.5479	$8.03	**$8.31**	Dawn
Panhandle Longhaul	Panhandle Field Zone	-0.34	7.01	0.4251	0.0442	0.3268	0.7961	$7.81	**$8.09**	Dawn
Alliance/Vector	Alliance Field Zone	-0.66	6.70	1.6209	-0.2934	0.3683	1.6957	$8.39	**$8.69**	Dawn
TCPL SWDA	Empress	-0.31	7.05	1.2630	0.0541	0.1974	1.5145	$8.56	**$8.87**	Dawn
TCPL Niagara	Niagara	0.84	8.20	0.0874	0.0000	0.0000	0.0874	$8.29	**$8.58**	Dawn

Assumptions used in Devleoping Long-term Transportation Contracting Analysis

Annual Gas Supply & Fuel Ratio Forecasts	**Point of Supply Col (B) above**	**2012 $US/mmBtu**	**2013 $US/mmBtu**	**2014 $US/mmBtu**	**2015 $US/mmBtu**	**2016 $US/mmBtu**	**2017 $US/mmBtu**	**2018 $US/mmBtu**	**2019 $US/mmBtu**	**2020 $US/mmBtu**	**2021 $US/mmBtu**	**Average Annual Gas Supply Cost $US/mmBtu Col (D) above**	**Fuel Ratio Forecasts Col (G) above**
Henry Hub (NYMEX) $US/mmBtu		$5.91	$6.18	$6.45	$6.99	$6.98	$7.05	$7.85	$8.25	$8.66	$9.24	$7.36	
Vector - 2008	Chicago	$6.09	$6.37	$6.67	$7.26	$7.20	$7.30	$8.11	$8.54	$8.95	$9.63	$7.61	1.08%
Trunkline/Panhandle	Trunkline Field Zone	$5.95	$6.24	$6.54	$7.11	$7.10	$7.19	$7.99	$8.41	$8.82	$9.42	$7.48	4.42%
Panhandle Longhaul	Panhandle Field Zone	$5.62	$5.87	$6.10	$6.63	$6.58	$6.69	$7.49	$7.90	$8.32	$8.93	$7.01	4.46%
Alliance/Vector	Alliance Field Zone	$5.27	$5.53	$5.78	$6.31	$6.25	$6.42	$7.19	$7.60	$7.99	$8.62	$6.70	5.50%
TCPL SWDA	Empress	$5.56	$5.84	$6.12	$6.68	$6.63	$6.78	$7.56	$7.97	$8.37	$8.99	$7.05	2.80%
TCPL Niagara	Niagara	$6.50	$6.84	$7.22	$7.88	$7.85	$7.93	$8.74	$9.18	$9.59	$10.24	$8.20	0.00%

Sources for Assumptions:

Gas Supply Prices (Col D): Energy & Environmental Analysis; April 2010

Fuel Ratios (Col G): Average ratio over the previous 12 months or Pipeline Forecast

Transportation Tolls (Cols E & F): Tolls in effect on Alternative Routes at the time of Union's Analysis

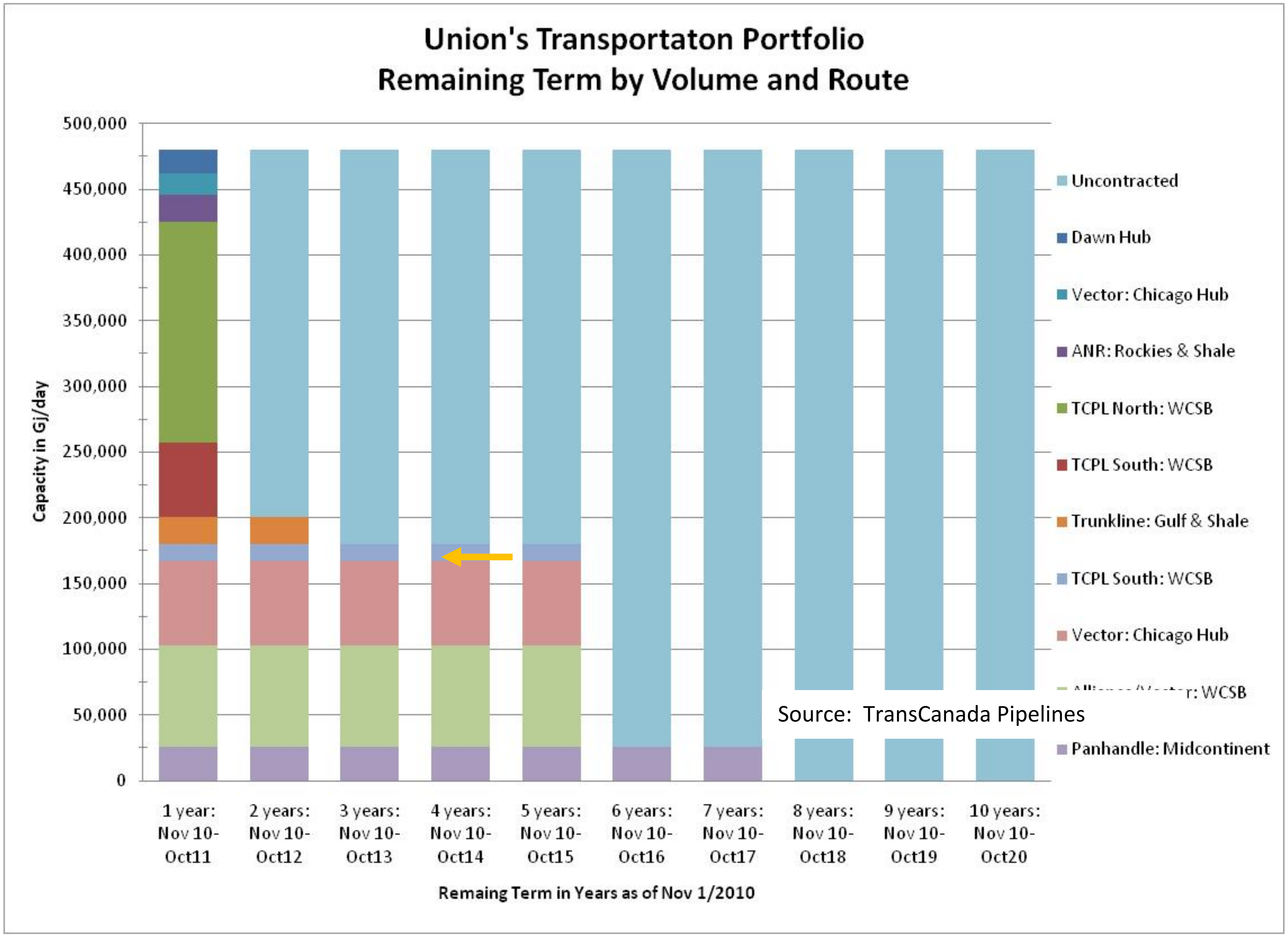
Foreign Exchange (Col K) $1 US = 1.093 CDN

Energy Conversions (Col K) 1 Dth = 1 mmBtu = 1.055056 GJs

Union's Analysis Completed: Jul-10

Filed: 2010-10-05
EB-2010-XXXX
Exhibit A
Appendix E

Union's Transportation Portfolio: Contract Term, Volume and Service



Long-term Transportation Contracting Analysis

Route (A)	Point of Supply (B)	Basis Differential $US/mmBtu (C)	Supply Cost $US/mmBtu (D) = Nymex + C	Unitized Demand Charge $US/mmBtu (E)	Commodity Charge $US/mmBtu (F)	Fuel Charge $US/mmBtu (G)	100% LF Transportation Inclusive of Fuel $US/mmBtu (I) = E + F + G	Landed Cost $US/mmBtu (J) = D + I	Landed Cost $Cdn/GJ (K)	Point of Delivery (L)
Dawn to EDA	Dawn	0.68	8.39	0.2620	0.0068	0.1051	0.3739	$8.77	**$9.08**	EDA
Dawn to NDA	Dawn	0.68	8.39	0.3587	0.0111	0.1230	0.4929	$8.89	**$9.20**	NDA
Dawn to WDA	Dawn	0.68	8.39	0.8101	0.0310	0.2023	1.0434	$9.44	**$9.77**	WDA
TCPL EDA	Empress	-0.30	7.42	1.5162	0.0652	0.2381	1.8194	$9.24	**$9.57**	EDA
TCPL NDA	Empress	-0.30	7.42	1.1656	0.0498	0.1876	1.4030	$8.82	**$9.14**	NDA
TCPL WDA	Empress	-0.30	7.42	0.7551	0.0318	0.1216	0.9085	$8.33	**$8.62**	WDA

Assumptions used in Devleoping Long-term Transportation Contracting Analysis:

Annual Gas Supply & Fuel Ratio Forecasts	Point of Supply Col (B) above	2013 $US/mmBtu	2014 $US/mmBtu	2015 $US/mmBtu	2016 $US/mmBtu	2017 $US/mmBtu	2018 $US/mmBtu	2019 $US/mmBtu	2020 $US/mmBtu	2021 $US/mmBtu	2022 $US/mmBtu	Average Annual Gas Supply Cost $US/mmBtu Col (D) above	Fuel Ratio Forecasts Col (G) above
Henry Hub (NYMEX) $US/mmBtu		$6.18	$6.45	$6.99	$6.98	$7.05	$7.85	$8.25	$8.66	$9.24	$9.50	$7.72	
Dawn to EDA	Dawn	$6.65	$7.01	$7.66	$7.63	$7.72	$8.54	$8.98	$9.40	$10.02	$10.31	$8.39	1.24%
Dawn to NDA	Dawn	$6.65	$7.01	$7.66	$7.63	$7.72	$8.54	$8.98	$9.40	$10.02	$10.31	$8.39	1.45%
Dawn to WDA	Dawn	$6.65	$7.01	$7.66	$7.63	$7.72	$8.54	$8.98	$9.40	$10.02	$10.31	$8.39	2.38%
TCPL EDA	Empress	$5.84	$6.12	$6.68	$6.63	$6.78	$7.56	$7.97	$8.37	$8.99	$9.23	$7.42	3.21%
TCPL NDA	Empress	$5.84	$6.12	$6.68	$6.63	$6.78	$7.56	$7.97	$8.37	$8.99	$9.23	$7.42	2.53%
TCPL WDA	Empress	$5.84	$6.12	$6.68	$6.63	$6.78	$7.56	$7.97	$8.37	$8.99	$9.23	$7.42	1.64%

Sources for Assumptions:

Gas Supply Prices (Col D): Energy & Environmental Analysis; April 2010

Fuel Ratios (Col G): Average ratio over the previous 12 months or Pipeline Forecast

Transportation Tolls (Cols E & F): Tolls in effect on Alternative Routes at the time of Union's Analysis

Foreign Exchange (Col K) $1 US = 1.093 CDN

Energy Conversions (Col K) 1 Dth = 1 mmBtu = 1.055056 GJs

Union's Analysis Completed: Jul-10