



uniongas

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April 18, 2011

BY RESS & Courier

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
Suite 2700, 2300 Yonge Street
Toronto, Ontario
M4P 1E4

Dear Ms. Walli:

Re: Union Gas Limited and the Municipality of Red Lake
EB-2011-0040 – Leave to Construct
EB-2011-0041 – Franchise Agreement
EB-2011-0041 – Certificate of Public Convenience and Necessity

Further to the Board's letter dated April 11, 2011, please find attached two copies of Union's responses to the Board's interrogatories.

Sincerely,

Mark Murray, LL.B.
Manager, Regulatory Projects and Lands Acquisition
:mjp
Encl.

cc: Neil McKay, Manager Facilities Applications
Zora Crnojacki, Project Advisor
All Intervenors (by email)

Board Staff
IRR'S

UNION GAS LIMITED
Response to Interrogatory
from Board Staff

Project Need

1. Reference: Prefiled Evidence / page 1 of 18 / para. 1 to 4

Preamble:

Union states that the businesses and residents of Red Lake have requested natural gas service.

Question:

Please expand on the reasons that Union considers it appropriate to seek leave to construct the proposed project at this time. Please include both Phase I and Phase II in your response.

Response:

Union is proposing to develop the Red Lake project as a phased project as a result of a number of factors, including: funding availability, the size of the project, the remote location of the project, and Union's past experience in developing projects of this type.

Union is requesting approval for both phases of the project at this time as it is Union's position that all of the issues associated with both phases can be addressed in one leave to construct Hearing.

Union is proposing to develop Phase 1 in 2011. Goldcorp Inc. has agreed to pay an aid to construct in the amount of \$25,600,000.00 to complete Phase I of the project. The pipeline for the Phase I portion of the project between the Griffith Mine site and Harry's Corner (corner of Highways 125 and 105) has been upsized to provide for the anticipated capacity needed for Phase II of the project. Goldcorp is providing approximately \$7,000,000.00 to fund this upsizing. (Please refer to Union's response to Board Staff Interrogatory #16).

While Union is committed to constructing Phase II of the project, it does not have a definite date for construction. The construction of Phase II is dependent on the Municipality of Red Lake receiving funding that would allow them to pay a total aid to construct of \$11,900,000.00, comprised of \$4,900,000.00 aid to construct to Union for Phase II and the reimbursement of \$7,000,000.00 to Goldcorp for Phase I.

At this point in time, Union does not have any funding commitments for Phase II. Union continues to work with the municipality to assist them in acquiring the necessary funds to complete the project.

Preliminary costs and economics have been completed for Phase II of the project. Detailed costs and economics will not be completed until the exact date of construction has been determined. Presently, if Phase II is constructed in 2012, the estimated cost of construction is \$12,000,000.00 and Phase II of the project would have a PI of 0.64. Phase II would require an aid to construct of approximately \$4,900,000.00 to have a PI of 1.0. This amount is in addition to the \$7,000,000.00 that Goldcorp advanced for the upsizing of Phase I.

While Union acknowledges that EBO 188 does not require a PI of 1.0 for distribution projects to new communities, it is appropriate that the PI for the project be 1.0 so that Goldcorp and the Municipality of Red Lake pay for all of the costs of the project, as they will receive all of the benefits. There are no other dimensions to this project that would allow the consideration of a PI lower than 1.0, and therefore no rationale for other customers to subsidize this project. Union will review the project when funding is available, to determine if the project is economical and can be constructed without a significant impact to Union's other customers.

As Union does not have a definitive date when Phase II of the project will be constructed, Union requests that no start or termination dates be attached as conditions of approval.

UNION GAS LIMITED
Response to Interrogatory
from Board Staff

Project Costs

2. Reference: Prefiled Evidence / page 7 of 18 / para. 33, 37 and 40, Schedule 3, page 1

Preamble:

The evidence at paragraph 33 states the following: "Estimates of the capital costs for Phase I for the construction of the proposed pipeline and station facilities are \$26,905,036.00. These costs are provided in Schedule 3. As the exact timing for Phase II is not known at this time, the cost for Phase II is not being included in this filing." Total estimated project costs for Phase I in Schedule 3 include pipelines costs for NPS 8, 6, 4 and 2 diameter pipelines. Phase I according to description (para 40) does not include NPS 2 pipelines.

Questions:

- a) Please clarify if the total estimates project costs in Schedule 3 include any of the costs for NPS 2 pipelines that are planned to be constructed in Phase II.
- b) If so, please explain provide an updated schedule of the total estimated costs for Phase I only.

Response:

- a) After reviewing Goldcorp's requirements it was determined that the preferred pipe size for the facilities between Harry's Corner (corner of Highways 105 and 125) and the Balmertown mine site should be NPS 8 pipeline instead of NPS 6. There are no significant differences in constructing NPS 8 verses NPS 6 and the increased pipe size allows for more flexibility on the system. The costs difference between the two pipe sizes is approximately \$400,000.00. There are no NPS 2 pipelines associated with Phase I of the project.
- b) A revised cost schedule is attached as Attachment # 1 to this interrogatory.

Red Lake Project

Total Revised Estimated Project Costs

Pipeline and Equipment

Pipe NPS 8 & 4	\$	3,702,747
Valve, Fitting, misc	\$	1,771,305

Total Pipeline and Equipment	\$	5,474,052
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Construction and Labour

Prime Contract	\$	19,146,848
Ancillary Contracts	\$	1,225,838
Company Labour	\$	193,141
Land Rights / Regulatory	\$	69,906

Total Construction and Labour	\$	20,635,733
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Contingencies	\$	1,188,489
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Total Estimated Project Costs Phase 1	\$	27,298,274
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UNION GAS LIMITED
Response to Interrogatory
from Board Staff

Project Financing

3. Reference: Prefiled Evidence / page 2 of 18 / para. 7

Preamble:

The evidence at paragraph 7 states the following: “For the current Project there are a number of partners who are responsible for providing funding for various phases of the Project.”

Questions:

- a) Please specify the nature of the “various phases of the Project” referred to in this paragraph. Does this refer to Phase I and Phase II or additional phases? Please list the names of the partners involved in providing the funding and indicate for which phases these partners would be providing funding. Please also provide the partners’ respective levels of committed contributions to the various phases of the project at this time.
- b) Please provide the details of the Phase I project financing plan and any credit facilities that may be required.

Response:

- a) and b) Please refer to Union’s response to Board Staff Interrogatory # 1.

UNION GAS LIMITED
Response to Interrogatory
from Board Staff

4. Reference: Prefiled Evidence / page 7 of 18 / para. 37

Preamble:

The evidence at paragraph 37 states the following: "A Discounted Cash flow ("DCF") analysis has been completed for Phase I. It can be found at Schedule 4. This schedule indicates that the proposed facilities have a net present value of 0 with Goldcorp paying an aid to construct of \$25,601,796.00."

Questions:

With respect to Goldcorp's \$25.6 million contribution in aid of construction for Phase I, please:

- a) Describe the process between Union and Goldcorp for determining the agreed upon amount of the contribution.
- b) Provide details of the arrangements associated with this contribution and state how, when, and under what conditions this contribution will be paid to Union.
- c) Explain the method of calculating the actual capital contribution adjustment once the construction is completed and the actual costs are determined.

Response:

- a) The contribution from Goldcorp was negotiated between Union and Goldcorp. Please refer to Clause 10 of the Northern Gas Distribution Contracts between Union Gas Limited and Red Lake Gold Mines dated March 11, 2011. These documents will be filed with the Board in confidence.
- b) Please refer to Clause 10 of the Northern Gas Distribution Contracts between Union Gas Limited and Red Lake Gold Mines dated March 11, 2011. These documents will be filed with the Board in confidence.
- c) Please refer to Clause 11 of the Northern Gas Distribution Contracts between Union Gas Limited and Red Lake Gold Mines dated March 11, 2011. These documents will be filed with the Board in confidence.

UNION GAS LIMITED
Response to Interrogatory
from Board Staff

Project Economics

5. Reference: Prefiled Evidence / para. 20 / page 4 of 18

Preamble:

The evidence at paragraph 20 states the following: “The Rate 20 contract will be upgraded to a Rate 100 on November 1, 2014 when Goldcorp has all of its new gas burning generation facilities in place.”

Questions:

- a) Please explain why the Rate 20 contract will be changed to a Rate 100 contract and indicate what expected impact that will have in terms of the volumes and project economics.
- b) Please file the standard form of the Rate 20 and Rate 100 contract.

Response:

- a) Goldcorp intends to increase the amount of natural gas it uses each year between 2011 and 2014. With the increased volumes, Goldcorp would qualify for the Rate 100 contract in 2014. The project economics have been calculated to include the change in Rate Class.
- b) Please refer to the standard form of the Rate 20 contract attached as Attachment # 1 to this interrogatory and the Rate 100 contract attached as Attachment # 2 to this interrogatory.

Contract ID	
Contract Name	
DUNS#	

The Northern GAS DISTRIBUTION CONTRACT ("Contract"), made as of the ____ day of _____, 200__

BETWEEN:

UNION GAS LIMITED

hereinafter called "Union"

- and -

COMPANY NAME

hereinafter called "Customer"

WHEREAS, Customer has requested from Union and Union has agreed to provide Customer with Services;

AND WHEREAS, if Customer has elected direct purchase services, Customer will be responsible for supplying Gas to Union;

AND WHEREAS, Union will distribute Gas to Customer's Point(s) of Consumption under this Contract pursuant to the Rate Schedule identified in Schedule 1;

IN CONSIDERATION of the mutual covenants contained herein, the parties agree as follows:

1. INCORPORATIONS

The following are hereby incorporated in and form part of this Contract:

- a) Contract Parameters contained in Schedule 1 as amended from time to time; and
- b) The latest posted version of the Service Terms and Conditions contained in Schedule 2 subject to Section 12.18 of Union's General Terms and Conditions; and
- c) The latest posted version of Union's General Terms and Conditions subject to Section 12.18 of Union's General Terms and Conditions; and
- d) Rate Schedule Rate 20 as amended from time to time and as approved by the Ontario Energy Board.

2. PRELIMINARY AND CONTINUING CONDITIONS

This Contract and the right, and obligations of the parties hereunder shall be conditional upon the fulfilment and maintenance in good standing of the following conditions:

- a) Security arrangements acceptable to Union shall be supplied and maintained in accordance with the General Terms and Conditions; and
- b) If Customer has elected Bundled Transportation Services ("Bundled T"), Customer and Union shall have executed and maintained in good standing a Northern Bundled T contract; and
- c) If Customer has elected Transportation Service ("T-service") and Customer had previously been provided a service by Union that utilized Union's contracted upstream transportation capacity, Customer and Union shall have executed and maintained in good standing a Temporary Transportation Contract Assignment Agreement with Union during the term of this contract.

The above conditions must be initially satisfied by Customer 25 Days prior to the Day of First Delivery.

3. CONTRACT TERM

This Contract shall be effective from the date hereof. However, the Service, obligations, terms and conditions hereunder, shall commence on the Day of First Delivery. Subject to the provisions hereof, the Contract shall continue in full force and effect for each Contract Year until notice to terminate is provided by either Union or Customer. Such Notice must be delivered at least three (3) months prior to the end of a Contract Year.

4. SERVICES PROVIDED

Union agrees to provide Services as specified in Schedule 1 and Customer agrees to pay for such Services pursuant to these Contract terms and conditions as set out in this Contract, the referenced attachments, and the rate(s) referenced in Schedule 1.

If Customer has elected Bundled T Services, and if Union does not receive Gas from Customer under the Northern Bundled T contract, then Union's obligations to provide Services under this Contract may, at Union's option, be suspended or terminated by Union. This suspension or termination will be effective as of the date specified in Union's notice to Customer, notwithstanding the Notice provisions of the General Terms and Conditions.

5. NOTICES

Notices shall be delivered pursuant to the Notice provision of Union's General Terms and Conditions (Section 4) and delivered to the addresses as referenced in Schedule 1.

6. CONTRACT SUCCESSION

This Contract replaces all previous Northern Gas Distribution (or similar) Contracts, subject to settlement of any Surviving Obligations.

The undersigned execute this Contract as of the above date.

CUSTOMER

.....
I have the Authority to bind the Corporation, or Adhere C/S, if applicable

.....
Please Print Name

UNION GAS LIMITED

.....
I have the Authority to bind the Corporation, or Adhere C/S, if applicable

Manager, Contract Billing and Operational Support

Contract ID	
Contract Name	
DUNS#	

Schedule 1

Northern Gas Distribution Contract General Contract Parameters

1. **DATES**

This Schedule 1 is effective on the 1st day of _____, 200__.
 "Day of First Delivery" means the 1st day of _____, 200__.
 The Contract Year shall expire at the end of _____, 200__.

2. **POINT OF RECEIPT FOR T-SERVICE**

Gas under this Contract will be received by Union for Service at the following Point of Receipt:
 (Select applicable: Manitoba, Western, Northern, Sault Ste. Marie, Central, Eastern) Delivery
 Area.

3. **TYPE OF SERVICE**

Service under this Contract shall be a combination of Firm and Interruptible service in the
 quantity and for the Point(s) of Consumption specified in this Schedule 1.

a) Distribution Parameters:

Service	Daily Contract Demand (10 ³ m ³ /Day)
Firm Transportation Service (Rate 20T)	
Firm Delivery Service (Rate 20)	
Interruptible Transportation Service (Rate 25T)	
Interruptible Sales Service (Rate 25)	

b) Balancing Service

Service	Minimum Tolerance (GJ)	Maximum Tolerance (GJ)
Customer Balancing Service (CBS)		

c) T-Service Storage

This Storage Service will commence on the 1st day of _____, 200__.
 This Storage Service will end on _____, 200__.

If the end of the Storage term is later than the end of the Contract Year, Customer shall fulfill the requirements of the Storage Service until the Storage Service end date indicated above.

T-Service Storage Parameters:

T-Service Storage Service	Contracted Daily Storage Injection/Withdrawal Entitlement (GJ/Day)	Maximum Storage Quantity Entitlement (GJ)
Firm Storage Service (Rate 20T)		

4. RATES FOR SERVICE

Rate 25 Interruptible Service Rates:

Service	Delivery Charge	Gas Supply Charge
Interruptible Service (Rate 25)	\$ 0.00 / 10 ³ m ³	\$ /10 ³ m ³ *
Interruptible Service (Rate 25T)	\$ 0.00 / 10 ³ m ³	N/A

* Gas Supply Charge is determined and amended from time to time by Union to reflect market pricing. In circumstances where Rate 25 Gas sales service is interrupted by Union, Gas supply may be available under the Rate 30 Rate Schedule.

5. DELIVERY PRESSURE AND POINTS OF CONSUMPTION

Point(s) of Consumption

Meter Number	Location Description	Maximum Hourly Volume (m³/hour)	Delivery Gauge Pressure (kPa)	Notice Period for Interruption (hours)
				4
				4
				4

6. **CONTACT LIST FOR NOTICES**

Notice for Nominations:

Company Name

Position Title

Phone: (xxx) xxx-xxxx

Fax: (xxx) xxx-xxxx

Union Gas Limited

Position Title

50 Keil Dr N, Chatham Ontario N7M 5M1

Phone: (xxx) xxx-xxxx

Fax: (xxx) xxx-xxxx

Notices for Invoices and Payments:

Company Name

Position Title

Mail address

Union Gas Limited

Position Title

50 Keil Dr N, Chatham Ontario N7M 5M1

Phone: (xxx) xxx-xxxx

Fax: (xxx) xxx-xxxx

Notices for Interruptions/Force Majeure

Company Name

Position Title

Phone: (xxx) xxx-xxxx

Fax: (xxx) xxx-xxxx

Notices for All Other Matters:

Company Name

Position Title

Courier address:

Phone: (xxx) xxx-xxxx

Fax: (xxx) xxx-xxxx

Union Gas Limited

Position Title

50 Keil Dr N, Chatham Ontario N7M 5M1

Phone: (xxx) xxx-xxxx

Fax: (xxx) xxx-xxxx

The undersigned execute this Contract as of the above date.

I have the Authority to bind the Corporation, or

Adhere C.S. if applicable

Customer

I have the Authority to bind the Corporation, or

Adhere C.S. if applicable

Union Gas Limited

Manager, Contract Billing and Operational Support

Please Print Name

SCHEDULE "2"
Terms And Conditions
Northern Gas Distribution Contract

1. UPSTREAM TRANSPORTATION CAPACITY AND COSTS

Where Customer contracts for T-service and Customer accepts an assignment of a portion of Union's upstream capacity with TCPL ("Temporary Transportation Contract Assignment Agreement(s)" or "Assignment Agreement(s)"), the Assignment Agreement(s) shall continue in full force and effective for each Contract Year until notice to terminate the Assignment Agreement(s) is provided by either Union or Customer. Such Notice must be delivered not less than 7 months prior to the end of the Assignment Agreement(s). Customer agrees to execute any renewals of the Assignment Agreement(s) as required by either Union or TCPL.

2. RECEIPT AND DISTRIBUTION

2.01 Receipt

Where Customer contracts for T-service, Union agrees to receive a quantity of Gas at the Point of Receipt identified in Schedule 1. However, Union is not obligated to accept quantities of Gas that exceed any of the following:

- a) the sum of the receipts as confirmed by Union with the upstream transporter, for that Day;
- b) an amount that would result in Customer exceeding the CBS Maximum Tolerance;
- c) an amount that would result in Customer exceeding the Maximum Storage Quantity Entitlement, if applicable;
- d) an amount that would result in Customer exceeding the Contracted Daily Storage Injection/Withdrawal Entitlement, if applicable.

2.02 Distribution to Point(s) of Consumption

Subject to the Maximum Hourly Volume parameters, Union agrees to distribute a quantity of Gas to the Point(s) of Consumption, not to exceed the sum of Firm Contract Demand and Interruptible Contract Demand for the applicable Point of Consumption. On any Day during the Contract Year, Customer's Gas usage shall be deemed as follows:

First Gas used	Gas up to the Firm Daily Contract Demand then in effect and, if applicable, prorated between contracted Firm services based on Daily Contract Demand
Next Gas used	Interruptible T-service, if applicable and available
Next Gas used	Rate 25a sales service, if applicable and available
Next Gas used	Rate 25 sales service, if applicable and available
Next Gas Used	Overrun, whether authorized or unauthorized

When Customer contracts for T-service, quantities consumed by Customer will be applied to T-service parameters based on the quantity of Gas delivered by Customer. Gas delivered by Customer includes Gas withdrawn from Customer's CBS account.

2.03 Type Of Distribution Service

The type of Distribution Service herein shall be a combination of Firm and Interruptible Service for each Point of Consumption as identified in Schedule 1.

The Interruptible Daily Contract Demand at a Point of Consumption is subject to interruption by Union. Union shall provide Customer notice of interruption not less than the Notice Period for Interruption for each Point of Consumption, as identified in Schedule 1.

2.04 Overrun

If, on any day, Customer consumes Gas in excess of the quantities Union is obligated to distribute, such excess shall be deemed overrun and shall be deemed to be purchased from Union by Customer as either Authorized or Unauthorized Overrun. If Union specifically provides prior written authorization to Customer to exceed the quantities identified in Section 3 of Schedule 1, such excess shall be Authorized Overrun and Customer shall incur charges as identified below. Unless Union specifically provides prior written authorization to exceed the quantities identified in Section 3 of Schedule 1, any excess shall be Unauthorized Overrun and, in addition to any other remedies Union may pursue, Customer shall incur charges as identified below.

Authorized Overrun

If Customer contracts for Firm Service only and has consumed in excess of the Firm Daily Contract Demand then Customer shall be charged the 100% load factor rate for distribution service plus the gas supply charge.

If Customer contracts for Interruptible Service or for a combined Firm and Interruptible Service and has consumed gas in excess of total Daily Contract Demand in Schedule 1, then Customer shall be charged a rate equivalent to 100% of the maximum delivery charge identified in the Rate 25 Rate Schedule plus the highest spot cost at Dawn on the day the overrun was authorized, as published in the Canadian Gas Price Reporter ("CGPR") plus all costs associated with transporting such overrun to the appropriate Delivery Area.

In addition, if Customer contracts for T-service and consumes in excess of the sum of their deliveries to Union and their Rate 25 Sales Service Contract Demand, then such excess shall be deemed overrun and Customer shall be charged a rate equivalent to 100% of the maximum delivery charge identified in the Rate 25 Rate Schedule plus the highest spot cost at Dawn on the day the overrun was authorized, as published in the Canadian Gas Price Reporter ("CGPR") plus all costs associated with transporting such overrun to the appropriate Delivery Area.

Unauthorized Overrun

If Customer contracts for Firm Service or a combined Firm and Interruptible Service and has consumed in excess of the Daily Contract Demand in Schedule 1, then Customer shall be charged a rate equivalent to 150% of the maximum delivery charge identified in the Rate 25 Rate Schedule plus the higher of the spot cost at Dawn in the month that the overrun occurs or the month following, as published in the Canadian Gas Price Reporter ("CGPR") plus all costs associated with transporting such overrun to the appropriate Delivery Area.

In addition, if Customer contracts for T-service and consumes in excess of the sum of their deliveries to Union and their Rate 25 Sales Service Contract Demand, then such excess shall be

deemed overrun and Customer shall be charged a rate equivalent to 150% of the maximum delivery charge identified in the Rate 25 Rate Schedule plus the highest of the spot cost at Dawn in the month the overrun occurs or the month following, as published in the Canadian Gas Price Reporter ("CGPR") plus all costs associated with transporting such overrun to the appropriate Delivery Area.

3. CUSTOMER BALANCING SERVICE ("CBS")

If Customer contracts for T-service, Customer shall also contract for CBS service.

3.01 Customer Balancing Service Account

The CBS Account shall mean the account used to accumulate the daily differences arising between the quantities of Gas received by Union (excluding fuel and including storage withdrawal) at the Receipt Point from Customer and the quantity of Gas distributed by Union to Customer's Point(s) of Consumption. Where the quantities received by Union exceed the quantities distributed by Union, the resulting change in the CBS Account balance shall be positive. Where the quantities delivered by Union exceed the quantities received by Union, the resulting change in the CBS Account balance shall be negative.

Unless authorized by Union, the CBS Account balance cannot exceed the Maximum Tolerance or the Minimum Tolerance defined in Schedule 1.

The CBS is an interruptible service. When injections into the CBS Account are interrupted, any quantities injected by Customer shall be treated the same as quantities that exceed the Maximum Tolerance. When withdrawals to the CBS Account are interrupted, any quantities withdrawn by Customer shall be treated the same as quantities that exceed the Minimum Tolerance.

3.02 Operation Within Tolerances

Operational constraints may impact the ability for Union to provide CBS Services. If, in Union's opinion, CBS services are not available and if the CBS Account balance is positive, upon notification from Union, Customer must remove the balance within 5 days. If the CBS Account balance remains positive at the end of the 5 days, upon 3 days notice from Union, the positive balance will be forfeited to Union without recourse.

If, in Union's opinion, CBS services are not available and if the CBS Account balance is negative, upon notification from Union, Customer must replace the balance within 5 days. If the CBS Account balance remains negative at the end of the 5 days, the negative balance will be purchased by Customer at the Rate 25 price currently in effect, or the Rate 30 price if in effect and available.

3.03 Operation in Excess of Tolerances

If the CBS Account balance exceeds the Maximum Tolerance, any quantities in excess of the Maximum Tolerance shall immediately be charged the maximum cumulative balancing fee as defined in TCPL's tariffs. In addition, upon 3 days notice from Union, any balance in excess of the Maximum Tolerance will be forfeited to Union without recourse.

The CBS Account balance will not be less than the Minimum Tolerance.

3.04 Disposition of Gas at Contract Termination

If this Contract terminates or expires and Customer does not have a contract for Storage Services with Union then, unless otherwise agreed to by Union, any positive CBS account balance shall be immediately forfeited to Union without recourse.

Unless otherwise agreed to by Union, any negative CBS account balance as of the date of termination or expiry shall be deemed to have been purchased by Customer at the Rate 25 price currently in effect, or the Rate 30 price if in effect and available.

3.05 Termination of Service

If the balancing agreement between Union and TCPL used to facilitate this service terminates, the CBS service may also be terminated by Union on the same date.

3.06 CBS Charges

CBS charges are tiered and are determined depending upon the daily opening balances of the Customer's CBS account. The associated rates are posted on Union's website.

3.07 Energy Conversion

Balancing of receipt by Union with distribution to Customer is calculated in energy. The distribution to Customer is converted from volume to energy using Union's standard practices.

4. T-SERVICE STORAGE SERVICE

If a R20 or R100 Customer contracts for T-service storage service, the injection, storage and withdrawal of Gas for Customer by Union will be subject to Union's agreements as amended from time to time for storage and transportation services with TCPL and the constraints imposed by virtue of those agreement(s) and the operational procedures and constraints on Union's system.

Further, should the OEB change the methodology used to determine storage parameters, any resulting changes to Customer's storage parameters would be reflected effective November 1 of the next Contract Year.

4.01 Storage Injection

Union agrees to inject a quantity of Gas to storage, provided Union is not obligated to inject a quantity of Gas that exceeds the Contracted Daily Storage Injection/Withdrawal Entitlement or exceeds the Maximum Storage Quantity Entitlement.

4.02 Storage Withdrawal

Union agrees to withdraw a quantity of Gas from storage, provided Union is not obligated to withdraw a quantity of Gas that exceeds the Contracted Daily Storage Injection/Withdrawal Entitlement or exceeds the quantity of gas remaining in Customer's Maximum Storage Quantity Entitlement. If the total quantity of gas remaining in Customer's storage is less than 20% of Customer's Maximum Storage Quantity Entitlement, Customer's withdrawal entitlement will be reduced to 67% of the Contracted Daily Storage Injection/Withdrawal Entitlement.

4.03 Storage Overrun

Unless Union specifically provides written authorization to exceed contract parameters, any excess shall be unauthorized overrun and, in addition to any other remedies Union may pursue, Customer shall incur charges as referenced in the applicable Rate Schedule.

4.04 Renewal of Storage Service

Unless otherwise agreed to by Union, the availability of storage will be determined by Union each year. Customer must request storage as part of the annual renewal process as provided for in Section 3 of the Contract.

4.05 Survival of Gas Storage Obligations

Upon the termination of this Contract, Customer shall have until the storage service end date, as set out in Section 3(c) of Schedule 1, to withdraw all Gas remaining in Customer's storage account. Any Gas remaining in the Customer's storage account, after the storage service end date, shall immediately be forfeited to Union without any recourse. The provisions of this section 4.05 shall survive the termination of this Contract.

5. CHANGES TO CONTRACT PARAMETERS (SCHEDULE 1)

Any changes to End Use locations, consumption patterns, or upstream supply may have a corresponding change to the parameters in Schedule 1 as determined by Union. If there is a change, Customer will receive a revised Schedule 1 from Union prior to the effective date of the change. If Customer does not acknowledge and agree to the revised Schedule 1 in writing at least 25 days prior to the effective date of the change then the Contract will be terminated.

Contract ID	
Contract Name	
DUNS#	

The Northern GAS DISTRIBUTION CONTRACT ("Contract"), made as of the ____ day of _____, 200__

BETWEEN:

UNION GAS LIMITED

hereinafter called "Union"

- and -

COMPANY NAME

hereinafter called "Customer"

WHEREAS, Customer has requested from Union and Union has agreed to provide Customer with Services;

AND WHEREAS, if Customer has elected direct purchase services, Customer will be responsible for supplying Gas to Union;

AND WHEREAS, Union will distribute Gas to Customer's Point(s) of Consumption under this Contract pursuant to the Rate Schedule identified in Schedule 1;

IN CONSIDERATION of the mutual covenants contained herein, the parties agree as follows:

1. INCORPORATIONS

The following are hereby incorporated in and form part of this Contract:

- a) Contract Parameters contained in Schedule 1 as amended from time to time; and
- b) The latest posted version of the Service Terms and Conditions contained in Schedule 2 subject to Section 12.18 of Union's General Terms and Conditions; and
- c) The latest posted version of Union's General Terms and Conditions subject to Section 12.18 of Union's General Terms and Conditions; and
- d) Rate Schedule Rate 100 as amended from time to time and as approved by the Ontario Energy Board.

2. PRELIMINARY AND CONTINUING CONDITIONS

This Contract and the rights and obligations of the parties hereunder shall be conditional upon the fulfilment and maintenance in good standing of the following conditions:

- a) Security arrangements acceptable to Union shall be supplied and maintained in accordance with the General Terms and Conditions; and
- b) If Customer has elected Bundled Transportation Services ("Bundled T"), Customer and Union shall have executed and maintained in good standing a Northern Bundled T contract; and
- c) If Customer has elected Transportation Service ("T-service") and Customer had previously been provided a service by Union that utilized Union's contracted upstream transportation capacity, Customer and Union shall have executed and maintained in good standing a Temporary Transportation Contract Assignment Agreement with Union during the term of this contract.

The above conditions must be initially satisfied by Customer 25 Days prior to the Day of First Delivery.

3. CONTRACT TERM

This Contract shall be effective from the date hereof. However, the Service, obligations, terms and conditions hereunder, shall commence on the Day of First Delivery. Subject to the provisions hereof, the Contract shall continue in full force and effect for each Contract Year until notice to terminate is provided by either Union or Customer. Such Notice must be delivered at least three (3) months prior to the end of a Contract Year.

4. SERVICES PROVIDED

Union agrees to provide Services as specified in Schedule 1 and Customer agrees to pay for such Services pursuant to these Contract terms and conditions as set out in this Contract, the referenced attachments, and the rate(s) referenced in Schedule 1.

If Customer has elected Bundled T Services, and if Union does not receive Gas from Customer under the Northern Bundled T contract, then Union's obligations to provide Services under this Contract may, at Union's option, be suspended or terminated by Union. This suspension or termination will be effective as of the date specified in Union's notice to Customer, notwithstanding the Notice provisions of the General Terms and Conditions.

5. ADJUSTED MINIMUM ANNUAL VOLUME ("AMAV")

Firm Minimum Annual Volume

In each Contract Year, Customer shall consume or, in any event, pay for the Firm Minimum Annual Volume ("FMAV") as adjusted in the formula below. The payment required for the Firm quantity not consumed in any Contract Year (the "Firm Deficiency Volume" or "FDV") shall be calculated by multiplying FDV by the Firm Delivery Commodity Charge identified in the Rate Schedule in effect on the last day of the Contract Year. This payment shall only apply if the FDV is greater than zero.

Where:

$$FDV = [FMAV \times [(U - D_F) / U]] - [FV - (F + O)]$$

And:

FMAV	=	Firm Minimum Annual Volume (as identified in Schedule 1)
U	=	number of days in the Contract Year
D_F	=	number of days of Force Majeure in the Contract Year where service is curtailed below the Firm Contract Demand, then in effect
FV	=	total firm volume distributed to Customer in the Contract Year
F	=	volumes distributed to the Points of Consumption during Force Majeure
O	=	total Authorized and/or Unauthorized Overrun Gas distributed to Customer in the Contract Year

The adjusted FMAV shall not be less than the qualifying annual volume defined in the Rate Schedule.

6. NOTICES

Notices shall be delivered pursuant to the Notice provision of Union's General Terms and Conditions (Section 4) and delivered to the addresses as referenced in Schedule 1.

7. CONTRACT SUCCESSION

This Contract replaces all previous Northern Gas Distribution (or similar) Contracts, subject to settlement of any Surviving Obligations.

The undersigned execute this Contract as of the above date.

CUSTOMER

I have the Authority to bind the Corporation, or Adhere C/S, if applicable

Please Print Name

UNION GAS LIMITED

I have the Authority to bind the Corporation, or Adhere C/S, if applicable

Manager, Contract Billing and Operational Support

Contract ID	
Contract Name	
DUNS#	

Schedule 1

Northern Gas Distribution Contract General Contract Parameters

1. DATES

This Schedule 1 is effective on the 1st day of _____, 200_.
 "Day of First Delivery" means the 1st day of _____, 200_.
 The Contract Year shall expire at the end of _____, 200_.

2. POINT OF RECEIPT FOR T-SERVICE

Gas under this Contract will be received by Union for Service at the following Point of Receipt:
 (Select applicable: Manitoba, Western, Northern, Sault Ste. Marie, Central, Eastern) Delivery Area.

3. TYPE OF SERVICE

Service under this Contract shall be a combination of Firm and Interruptible service in the quantity and for the Point(s) of Consumption specified in this Schedule 1.

a) Distribution Parameters:

Service	Daily Contract Demand (10 ³ m ³ /Day)
Firm Transportation Service (Rate 100T)	
Firm Delivery Service (Rate 100)	
Interruptible Transportation Service (Rate 25T)	
Interruptible Sales Service (Rate 25)	

b) Balancing Service

Service	Minimum Tolerance (GJ)	Maximum Tolerance (GJ)
Customer Balancing Service (CBS)		

c) T-Service Storage

This Storage Service will commence on the 1st day of _____, 200_.
 This Storage Service will end on _____, 200_.

If the end of the Storage term is later than the end of the Contract Year, Customer shall fulfill the requirements of the Storage Service until the Storage Service end date indicated above.

T-Service Storage Parameters:

T-Service Storage Service	Contracted Daily Storage Injection/Withdrawal Entitlement (GJ/Day)	Maximum Storage Quantity Entitlement (GJ)
Firm Storage Service (Rate 100T)		

4. RATES FOR SERVICE

Rate 25 Interruptible Service Rates:

Service	Delivery Charge	Gas Supply Charge
Interruptible Service (Rate 25)	\$ 0.00 / 10^3m^3	\$ / 10^3m^3 *
Interruptible Service (Rate 25T)	\$ 0.00 / 10^3m^3	N/A

* Gas Supply Charge is determined and amended from time to time by Union to reflect market pricing. In circumstances where Rate 25 Gas sales service is interrupted by Union, Gas supply may be available under the Rate 30 Rate Schedule.

5. DELIVERY PRESSURE AND POINTS OF CONSUMPTION

Point(s) of Consumption

Meter Number	Location Description	Maximum Hourly Volume (m^3/hour)	Delivery Gauge Pressure (kPa)	Notice Period for Interruption (hours)
				4
				4
				4

6. FIRM MINIMUM ANNUAL VOLUME ("FMAV")

The FMAV is equal to _____ 10^3m^3 .

7. **CONTACT LIST FOR NOTICES**

Notice for Nominations:

Company Name	Union Gas Limited
Position Title	Position Title
Phone: (xxx) xxx-xxxx	50 Keil Dr N, Chatham Ontario N7M 5M1
Fax: (xxx) xxx-xxxx	Phone: (xxx) xxx-xxxx
	Fax: (xxx) xxx-xxxx

Notices for Invoices and Payments:

Company Name	Union Gas Limited
Position Title	Position Title
Mail address:	50 Keil Dr N, Chatham Ontario N7M 5M1
	Phone: (xxx) xxx-xxxx
	Fax: (xxx) xxx-xxxx

Notices for Interruptions/Force Majeure

Company Name
Position Title
Phone: (xxx) xxx-xxxx
Fax: (xxx) xxx-xxxx

Notices for All Other Matters:

Company Name	Union Gas Limited
Position Title	Title Position
Courier address:	50 Keil Dr N, Chatham Ontario N7M 5M1
Phone: (xxx) xxx-xxxx	Phone: (xxx) xxx-xxxx
Fax: (xxx) xxx-xxxx	Fax: (xxx) xxx-xxxx

The undersigned execute this Contract as of the above date.

Have the Authority to bind the Corporation, or
Adhere C.S. if applicable
Customer

Have the Authority to bind the Corporation, or
Adhere C.S. if applicable
Union Gas Limited

Manager, Contract Billing and Operational Support

SCHEDULE "2"
Terms And Conditions
Northern Gas Distribution Contract

1. UPSTREAM TRANSPORTATION CAPACITY AND COSTS

Where Customer contracts for T-service and Customer accepts an assignment of a portion of Union's upstream capacity with TCPL ("Temporary Transportation Contract Assignment Agreement(s)" or "Assignment Agreement(s)"), the Assignment Agreement(s) shall continue in full force and effective for each Contract Year until notice to terminate the Assignment Agreement(s) is provided by either Union or Customer. Such Notice must be delivered not less than 7 months prior to the end of the Assignment Agreement(s). Customer agrees to execute any renewals of the Assignment Agreement(s) as required by either Union or TCPL.

2. RECEIPT AND DISTRIBUTION

2.01 Receipt

Where Customer contracts for T-service, Union agrees to receive a quantity of Gas at the Point of Receipt identified in Schedule 1. However, Union is not obligated to accept quantities of Gas that exceed any of the following:

- a) the sum of the receipts as confirmed by Union with the upstream transporter, for that Day;
- b) an amount that would result in Customer exceeding the CBS Maximum Tolerance;
- c) an amount that would result in Customer exceeding the Maximum Storage Quantity Entitlement, if applicable;
- d) an amount that would result in Customer exceeding the Contracted Daily Storage Injection/Withdrawal Entitlement, if applicable.

2.02 Distribution to Point(s) of Consumption

Subject to the Maximum Hourly Volume parameters, Union agrees to distribute a quantity of Gas to the Point(s) of Consumption, not to exceed the sum of Firm Contract Demand and Interruptible Contract Demand for the applicable Point of Consumption. On any Day during the Contract Year, Customer's Gas usage shall be deemed as follows:

First Gas used	Gas up to the Firm Daily Contract Demand then in effect and, if applicable, prorated between contracted Firm services based on Daily Contract Demand
Next Gas used	Interruptible T-service, if applicable and available
Next Gas used	Rate 25a sales service, if applicable and available
Next Gas used	Rate 25 sales service, if applicable and available
Next Gas Used	Overrun, whether authorized or unauthorized

When Customer contracts for T-service, quantities consumed by Customer will be applied to T-service parameters based on the quantity of Gas delivered by Customer. Gas delivered by Customer includes Gas withdrawn from Customer's CBS account.

2.03 Type Of Distribution Service

The type of Distribution Service herein shall be a combination of Firm and Interruptible Service for each Point of Consumption as identified in Schedule 1.

The Interruptible Daily Contract Demand at a Point of Consumption is subject to interruption by Union. Union shall provide Customer notice of interruption not less than the Notice Period for Interruption for each Point of Consumption, as identified in Schedule 1.

2.04 Overrun

If, on any day, Customer consumes Gas in excess of the quantities Union is obligated to distribute, such excess shall be deemed overrun and shall be deemed to be purchased from Union by Customer as either Authorized or Unauthorized Overrun. If Union specifically provides prior written authorization to Customer to exceed the quantities identified in Section 3 of Schedule 1, such excess shall be Authorized Overrun and Customer shall incur charges as identified below. Unless Union specifically provides prior written authorization to exceed the quantities identified in Section 3 of Schedule 1, any excess shall be Unauthorized Overrun and, in addition to any other remedies Union may pursue, Customer shall incur charges as identified below.

Authorized Overrun

If Customer contracts for Firm Service only and has consumed in excess of the Firm Daily Contract Demand then Customer shall be charged the 100% load factor rate for distribution service plus the gas supply charge.

If Customer contracts for Interruptible Service or for a combined Firm and Interruptible Service and has consumed gas in excess of total Daily Contract Demand in Schedule 1, then Customer shall be charged a rate equivalent to 100% of the maximum delivery charge identified in the Rate 25 Rate Schedule plus the highest spot cost at Dawn on the day the overrun was authorized, as published in the Canadian Gas Price Reporter ("CGPR") plus all costs associated with transporting such overrun to the appropriate Delivery Area.

In addition, if Customer contracts for T-service and consumes in excess of the sum of their deliveries to Union and their Rate 25 Sales Service Contract Demand, then such excess shall be deemed overrun and Customer shall be charged a rate equivalent to 100% of the maximum delivery charge identified in the Rate 25 Rate Schedule plus the highest spot cost at Dawn on the day the overrun was authorized, as published in the Canadian Gas Price Reporter ("CGPR") plus all costs associated with transporting such overrun to the appropriate Delivery Area.

Unauthorized Overrun

If Customer contracts for Firm Service or a combined Firm and Interruptible Service and has consumed in excess of the Daily Contract Demand in Schedule 1, then Customer shall be charged a rate equivalent to 150% of the maximum delivery charge identified in the Rate 25 Rate Schedule plus the higher of the spot cost at Dawn in the month that the overrun occurs or the month following, as published in the Canadian Gas Price Reporter ("CGPR") plus all costs associated with transporting such overrun to the appropriate Delivery Area.

In addition, if Customer contracts for T-service and consumes in excess of the sum of their deliveries to Union and their Rate 25 Sales Service Contract Demand, then such excess shall be

deemed overrun and Customer shall be charged a rate equivalent to 150% of the maximum delivery charge identified in the Rate 25 Rate Schedule plus the highest of the spot cost at Dawn in the month the overrun occurs or the month following, as published in the Canadian Gas Price Reporter ("CGPR") plus all costs associated with transporting such overrun to the appropriate Delivery Area.

3. CUSTOMER BALANCING SERVICE ("CBS")

If Customer contracts for T-service, Customer shall also contract for CBS service.

3.01 Customer Balancing Service Account

The CBS Account shall mean the account used to accumulate the daily differences arising between the quantities of Gas received by Union (excluding fuel and including storage withdrawal) at the Receipt Point from Customer and the quantity of Gas distributed by Union to Customer's Point(s) of Consumption. Where the quantities received by Union exceed the quantities distributed by Union, the resulting change in the CBS Account balance shall be positive. Where the quantities delivered by Union exceed the quantities received by Union, the resulting change in the CBS Account balance shall be negative.

Unless authorized by Union, the CBS Account balance cannot exceed the Maximum Tolerance or the Minimum Tolerance defined in Schedule 1.

The CBS is an interruptible service. When injections into the CBS Account are interrupted, any quantities injected by Customer shall be treated the same as quantities that exceed the Maximum Tolerance. When withdrawals to the CBS Account are interrupted, any quantities withdrawn by Customer shall be treated the same as quantities that exceed the Minimum Tolerance.

3.02 Operation Within Tolerances

Operational constraints may impact the ability for Union to provide CBS Services. If, in Union's opinion, CBS services are not available and if the CBS Account balance is positive, upon notification from Union, Customer must remove the balance within 5 days. If the CBS Account balance remains positive at the end of the 5 days, upon 3 days notice from Union, the positive balance will be forfeited to Union without recourse.

If, in Union's opinion, CBS services are not available and if the CBS Account balance is negative, upon notification from Union, Customer must replace the balance within 5 days. If the CBS Account balance remains negative at the end of the 5 days, the negative balance will be purchased by Customer at the Rate 25 price currently in effect, or the Rate 30 price if in effect and available.

3.03 Operation in Excess of Tolerances

If the CBS Account balance exceeds the Maximum Tolerance, any quantities in excess of the Maximum Tolerance shall immediately be charged the maximum cumulative balancing fee as defined in TCPL's tariffs. In addition, upon 3 days notice from Union, any balance in excess of the Maximum Tolerance will be forfeited to Union without recourse.

The CBS Account balance will not be less than the Minimum Tolerance.

3.04 Disposition of Gas at Contract Termination

If this Contract terminates or expires and Customer does not have a contract for Storage Services with Union then, unless otherwise agreed to by Union, any positive CBS account balance shall be immediately forfeited to Union without recourse.

Unless otherwise agreed to by Union, any negative CBS account balance as of the date of termination or expiry shall be deemed to have been purchased by Customer at the Rate 25 price currently in effect, or the Rate 30 price if in effect and available.

3.05 Termination of Service

If the balancing agreement between Union and TCPL used to facilitate this service terminates, the CBS service may also be terminated by Union on the same date.

3.06 CBS Charges

CBS charges are tiered and are determined depending upon the daily opening balances of the Customer's CBS account. The associated rates are posted on Union's website.

3.07 Energy Conversion

Balancing of receipt by Union with distribution to Customer is calculated in energy. The distribution to Customer is converted from volume to energy using Union's standard practices.

4. T-SERVICE STORAGE SERVICE

If a R20 or R100 Customer contracts for T-service storage service, the injection, storage and withdrawal of Gas for Customer by Union will be subject to Union's agreements as amended from time to time for storage and transportation services with TCPL and the constraints imposed by virtue of those agreement(s) and the operational procedures and constraints on Union's system.

Further, should the OEB change the methodology used to determine storage parameters, any resulting changes to Customer's storage parameters would be reflected effective November 1 of the next Contract Year.

4.01 Storage Injection

Union agrees to inject a quantity of Gas to storage, provided Union is not obligated to inject a quantity of Gas that exceeds the Contracted Daily Storage Injection/Withdrawal Entitlement or exceeds the Maximum Storage Quantity Entitlement.

4.02 Storage Withdrawal

Union agrees to withdraw a quantity of Gas from storage, provided Union is not obligated to withdraw a quantity of Gas that exceeds the Contracted Daily Storage Injection/Withdrawal Entitlement or exceeds the quantity of gas remaining in Customer's Maximum Storage Quantity Entitlement. If the total quantity of gas remaining in Customer's storage is less than 20% of Customer's Maximum Storage Quantity Entitlement, Customer's withdrawal entitlement will be reduced to 67% of the Contracted Daily Storage Injection/Withdrawal Entitlement.

4.03 Storage Overrun

Unless Union specifically provides written authorization to exceed contract parameters, any excess shall be unauthorized overrun and, in addition to any other remedies Union may pursue, Customer shall incur charges as referenced in the applicable Rate Schedule.

4.04 Renewal of Storage Service

Unless otherwise agreed to by Union, the availability of storage will be determined by Union each year. Customer must request storage as part of the annual renewal process as provided for in Section 3 of the Contract.

4.05 Survival of Gas Storage Obligations

Upon the termination of this Contract, Customer shall have until the storage service end date, as set out in Section 3(c) of Schedule 1, to withdraw all Gas remaining in Customer's storage account. Any Gas remaining in the Customer's storage account, after the storage service end date, shall immediately be forfeited to Union without any recourse. The provisions of this section 4.05 shall survive the termination of this Contract.

5. CHANGES TO CONTRACT PARAMETERS (SCHEDULE 1)

Any changes to End Use locations, consumption patterns, or upstream supply may have a corresponding change to the parameters in Schedule 1 as determined by Union. If there is a change, Customer will receive a revised Schedule 1 from Union prior to the effective date of the change. If Customer does not acknowledge and agree to the revised Schedule 1 in writing at least 25 days prior to the effective date of the change then the Contract will be terminated.

GENERAL TERMS AND CONDITIONS

1	NOMINATION REQUIREMENTS FOR IN-FRANCHISE CONTRACTED SERVICES.....	3
1.01	NOMINATION CYCLE TIMELINES.....	3
1.02	NOMINATION DEADLINE FOR SERVICES REQUIRING UNION TO NOMINATE ON OTHER PIPELINES	3
1.03	NOMINATION QUANTITIES (UNITS).....	3
1.04	COMPRESSOR FUEL	3
1.05	UNION'S ACCEPTANCE OF NOMINATIONS	4
1.06	CONFIRMATION PROCESS.....	4
1.07	SCHEDULING PROCESS	4
1.08	SUBSEQUENT NOMINATIONS.....	4
1.09	PARKWAY CALL	4
2	FORCE MAJEURE	5
2.01	FORCE MAJEURE NOT AVAILABLE	5
2.02	FORCE MAJEURE DECLARED BY UNION.....	6
2.03	FORCE MAJEURE DECLARED BY CUSTOMER.....	6
2.04	APPLICABILITY TO CONTRACTUAL ANNUAL QUANTITY REQUIREMENTS	6
3	TERMINATION AND SUSPENSION.....	6
3.01	TERMINATION OF CONTRACT AND SUSPENSION OF SERVICE	6
3.02	EFFECT OF TERMINATION	7
4	NOTICE.....	7
5	BILLING.....	8
5.01	MONTHLY BILLING.....	8
5.02	RIGHT OF EXAMINATION.....	8
5.03	PAYMENTS	8
5.03-1	<i>Payment Date.....</i>	8
5.03-2	<i>Remedies For Non-Payment</i>	8
5.03-3	<i>Adjustment of Underpayment or Overpayment.....</i>	8
5.04	FINANCIAL ASSURANCE.....	9
5.05	NON-PAYMENT REMEDY	9
6	QUALITY	10
6.01	NATURAL GAS QUALITY.....	10
6.02	FREEDOM FROM OBJECTIONABLE MATTER.....	10
6.03	PARTIES' RESPONSIBILITIES.....	10
7	MEASUREMENT	10
7.01	DETERMINATION OF VOLUME AND ENERGY	10
7.02	METERING BY UNION, CHECK MEASURING EQUIPMENT.....	10
7.03	OBSERVATION OF MEASUREMENT WORK	11
7.04	CALIBRATION AND TEST OF METERS	11
7.05	CORRECTION OF METERING ERRORS - FAILURE OF METERS	11
8	POSSESSION OF AND RESPONSIBILITY FOR GAS	11
8.01	POINT OF RECEIPT AND POINT OF CONSUMPTION CONTROLS	11

8.02	TITLE TO THE GAS.....	12
8.03	COMMON CARRIER AND INSURANCE	12
8.04	RIGHT TO COMMINGLE THE GAS.....	12
9	FACILITIES AT CONSUMPTION POINT	12
9.01	CONSTRUCTION, MAINTENANCE AND ENTRY	12
9.02	PROPERTY, EASEMENTS, UTILITIES.....	12
10	INDEMNITY	13
11	REPRESENTATIONS AND WARRANTIES BY AGENT	13
12	MISCELLANEOUS PROVISIONS	14
12.01	INTERPRETATION	14
12.01-1	<i>Definitions and Industry Usage</i>	<i>14</i>
12.01-2	<i>Expanded Meaning</i>	<i>14</i>
12.01-3	<i>Inconsistency.....</i>	<i>14</i>
12.01-4	<i>Currency</i>	<i>14</i>
12.01-5	<i>Time.....</i>	<i>14</i>
12.02	ASSIGNABILITY	14
12.03	PROPER LAW OF CONTRACT	15
12.04	SUCCESSORS AND ASSIGNS	15
12.05	ENTIRE CONTRACT	15
12.06	CONFIDENTIALITY	15
12.07	PRIORITY OF SERVICE	15
12.08	WAIVER AND FUTURE DEFAULT	15
12.09	LAWS, REGULATIONS AND ORDERS	15
12.10	RIGHT TO CONTRACT	16
12.11	SURVIVING OBLIGATIONS.....	16
12.12	JOINT AND SEVERAL LIABILITY	16
12.13	INVALIDITY OF PROVISIONS	16
12.14	SERVICE CURTAILMENT	16
12.15	UNAUTHORIZED USE OF SERVICES.....	16
12.16	CONSEQUENTIAL CLAIMS OR DAMAGES	17
12.17	FURTHER ASSURANCES.....	17
12.18	AMENDMENT	17
12.19	COUNTERPARTS	17
13	DEFINITIONS	17

GENERAL TERMS AND CONDITIONS

1 NOMINATION REQUIRMENTS FOR IN-FRANCHISE CONTRACTED SERVICES

Customers with contracted Services requiring Nominations to Union must submit Nominations to Union in accordance with Union's nomination provisions. These Nominations must be submitted to Union via fax or Unionline where available for Nominations.

Union follows the North American Energy Standard Board (NAESB) timeline standards providing for 4 available nomination cycles for each Gas Day. Each of the nomination cycles follows the same process sequence: Nomination, acceptance, confirmation and scheduling.

1.01 Nomination Cycle Timelines

The table below identifies the deadlines for each of the 4 standard nomination cycles. All times are identified as Eastern Clock Time ("ECT")

Nomination Cycle	Fax Deadline	Unionline Deadline (where available)	Scheduling Deadline	Effective Flow
Timely (Cycle 1)	1130 hours	1230 hours	1730 hours	1000 hours
Evening (Cycle 2)	1800 hours	1900 hours	2300 hours	1000 hours

Intra-Day Nominations can be used to modify nominated quantities on the current Gas Day.

Nomination Cycle	Fax Deadline	Unionline Deadline (where available)	Scheduling Deadline	Effective Flow
Intra-Day 1 (Cycle 3)	1000 hours	1100 hours	1500 hours	1800 hours
Intra-Day 2 (Cycle 4)	1700 hours	1800 hours	2200 hours	2200 hours

1.02 Nomination Deadline for Services requiring Union to Nominate on Other Pipelines

The Nomination deadline for any contracted services (ie. exchanges) requiring Union to nominate on upstream pipelines is 1030 hours ECT. These services are only offered on the Timely Nomination Cycle. If nominated after 1030 hours ECT and before the close of the Timely Nomination Cycle deadline Union will attempt to accommodate on a reasonable efforts basis. Union does not accept changes to the nominated quantities for these services after the close of the Timely Nomination Cycle deadline.

1.03 Nomination Quantities (Units)

All Services are required to be nominated in whole Gigajoules (GJ's)

1.04 Compressor Fuel

For Services requiring Customer to provide Compressor Fuel in kind, the nominated fuel requirements will be calculated by rounding to the nearest whole GJ.

1.05 Union's Acceptance of Nominations

Union will accept Nominations for contracted Services on each of the 4 standard nomination cycles. The Nomination will be rejected if the activity on the Nomination does not properly balance or if the nominated quantities violate Customer's contractual entitlements.

If a Nomination is not received prior to the nomination deadline it will be held for scheduling in the subsequent nomination cycle for the Gas Day.

1.06 Confirmation Process

The confirmation process validates nominated quantities to flow between interconnecting pipelines to ensure Customers have nominated identical quantities to both pipeline operators. In the case where there is a discrepancy between the nominated quantities and the discrepancy cannot be resolved with Customer, then the lower quantity will be the confirmed scheduled quantity.

1.07 Scheduling Process

During the scheduling process Union compares all of the Nominations to the physical capacity available for the Gas Day in question.

If there is insufficient capacity available to meet all of the nominated quantities Union will complete scheduling reductions of nominated Interruptible Services.

If Union is unable to completely schedule an Interruptible Service, Customer will be advised of its scheduled quantities no later than the close of the scheduling deadline for the applicable Nomination cycle. Once notified, Customer is, within 30 minutes, required to submit a revised Nomination to meet the scheduled quantity for the Interruptible Service. In order to be accepted, this Nomination must be properly balanced and the nominated quantities must not violate Customer's contractual entitlements. If a revised Nomination is not submitted, Union will, using the contracted Services Customer has available, re-balance the Nomination to match the scheduled quantities.

Scheduling of Firm Services must be nominated on the Timely Nomination Cycle. Nominations for increasing quantities for Firm Services after the Timely Nomination Cycle will be treated as Interruptible Services and will only be scheduled if there is sufficient capacity available.

1.08 Subsequent Nominations

All scheduled Nominations for Services will remain in effect until a new Nomination is provided by Customer.

The Unbundled Service requires a valid daily Nomination.

1.09 Parkway Call

This Section 1.09 is only applicable to Services taken under Rates U2, U5, U7 and U9. Union shall advise Customer of the Parkway Call requirement on or before 1730 hours LCT on the day immediately preceding the Gas Day for which the Parkway Call is required.

After being notified by Union, but no later than 1900 hours ECT on the same day, Customer shall provide a revised Nomination to Union, which shall include the entire Parkway Call. If a revised Nomination acceptable to Union is not provided by 1900 hours ECT or does not include the entire Parkway Call, a Failure to Deliver will be deemed to have occurred, and the Failure to Deliver section in Schedule 2 of this Contract shall apply.

2 FORCE MAJEURE

In the event that either Customer or Union is rendered unable, in whole or in part, by Force Majeure, to perform or comply with any obligation or condition of this Contract then, subject to the provision of this Section 2, the obligations (other than the obligations to make payment of money then due) of both parties so far as they are directly related to and affected by such Force Majeure, shall be suspended during the continuance of the Force Majeure.

The party claiming Force Majeure shall give Notice, with full particulars of such Force Majeure, to the other party as soon as possible after the occurrence of Force Majeure.

The party claiming Force Majeure shall also give Notice to the other party as soon as possible after the Force Majeure is remedied in whole or part.

Force Majeure means:

- a) Acts of God, landslides, lightning, earthquakes, fires, storms, floods, washouts, explosions, breakage or accident to its machinery or equipment or lines of pipe;
- b) freezing or failure of wells or lines of pipe; curtailment of firm transportation and/or firm storage by Transporters;
- c) strikes, lockouts or other industrial disturbances, riots, sabotage, insurrections, civil disturbance, acts of terrorism, wars, arrests or restraint of governments and people;
- d) any laws, orders, rules, regulations, acts of any government body or authority, civil or military;
- e) any act or omission by parties not controlled by the party claiming Force Majeure; and
- f) any other similar causes not within the control of the party claiming Force Majeure and which by the exercise of due diligence such party is unable to prevent or overcome.

The party claiming Force Majeure shall make reasonable efforts to avoid, or correct the Force Majeure and to remedy the Force Majeure once it has occurred in order to resume performance.

2.01 Force Majeure Not Available

A party claiming Force Majeure shall not be entitled to the benefit of the provisions of Force Majeure if any one or more of the following circumstances prevail:

- a) the Force Majeure was caused by the negligence of the party claiming Force Majeure;
- b) the party claiming Force Majeure failed to make all reasonable efforts (not including litigation, if such remedy would require litigation) to remedy the Force Majeure;
- c) the Force Majeure was caused by lack of funds;
- d) the party claiming Force Majeure did not give Notice required, as soon as reasonably possible after the Force Majeure occurred.

2.02 Force Majeure Declared by Union

During a Force Majeure declared by Union, Customer will be responsible for commodity charges and will only be relieved of the demand charges applicable to that part of the Services not available to Customer as a result of the Force Majeure. Union will not be responsible for any Transporter charges.

2.03 Force Majeure Declared by Customer

During a Force Majeure declared by Customer, all demand charges and all commodity charges otherwise payable under this Contract will continue to be payable. Where this Contract includes an Obligation to Deliver Gas, such Obligation to Deliver Gas shall not be relieved under Force Majeure. Union will not be responsible for any Transporter charges.

2.04 Applicability to Contractual Annual Quantity Requirements

- a) The number of days of Force Majeure will proportionally reduce any minimum annual quantity upon which any minimum bills are determined, and such reduced minimum annual quantity will not be limited to the minimum quantity required to qualify for the applicable Rate Schedule.
- b) Services taken during the period of Force Majeure will be deemed not to have been taken for purposes of determining the applicable minimum annual quantity.

3 TERMINATION and SUSPENSION

3.01 Termination of Contract and Suspension of Service

In the event of a breach, misrepresentation, non-observance or non-performance by any party to this Contract of any covenant, provision, representation, condition, continuing condition, restriction or stipulation contained in this Contract (including, without limiting the generality of the foregoing, any failure to pay, any failure to provide financial assurances when required pursuant to the terms of this Contract, or any Failure to Deliver), the party not in default may give written Notice to the defaulting party requiring it to remedy such default. If the defaulting party fails to fully remedy the party not in default for all consequences of such default within a period of ten (10) Business Days from receipt of such Notice, then:

- (a) this Contract may be terminated by Notice from the party not in default; and/or

(b) if the Customer is the defaulting party, Union may suspend Services under this Contract. Such suspension shall not relieve Customer from paying any charges payable under this Contract.

If either party makes an assignment in bankruptcy, is a party against whom a receiving order is made, or for whom a receiver or monitor has been appointed under a security agreement or by a court or any similar action under any law, the other party may terminate this Contract immediately, except where not permitted by such law.

(c) The rights set forth in this Section 3.01 shall be in addition to, and not in derogation of or in substitution for, any other right or remedy which the parties respectively at law or in equity shall or may possess.

3.02 Effect of Termination

Notwithstanding the termination of this Contract, each party shall continue to be liable to pay on the terms herein specified any amount accrued and payable up to the time of termination. Termination will be without waiver of any other remedy to which the party not in default may be entitled including breaches of contract, for past and future damages, and losses.

4 NOTICE

All Notices required hereunder (each a "Notice"), except for those in Section 1 (Nominations) of these General Terms and Conditions shall be in writing and shall be sufficiently given and received if personally delivered or sent by mail, Unionline, fax or e-mail to the address of the party specified in Schedule 1 to this Contract.

Personally served Notice is deemed to be received when actually delivered.

Notice sent by mail, Unionline, or e-mail is deemed to have been received when actually received.

Notice sent by fax is deemed to have been received on the date of receipt of the transmission.

Notwithstanding the above, with the exception of Notice of interruption of Interruptible Services or Force Majeure, any Notice received after 5:00 pm or on a weekend or a statutory holiday is deemed to be received on the next Business Day.

The addresses of Customer and Union for receipt of Notices are as set out in Schedule 1 and such addresses may be changed by Notice given in accordance with this Section 4.

5 BILLING

5.01 Monthly Billing

Each Month, Union shall render a bill for Services and any other charges for the preceding Month. Charges may be based on estimated quantities. If based on an estimate, Union shall provide, in a future Month's billing, an adjustment based on any difference between actual quantities and estimated quantities.

5.02 Right of Examination

Both Union and Customer shall have the right to examine at any reasonable time, copies of the books, records and charts of the other to the extent necessary to verify the accuracy of any statement, chart or computation made under or pursuant to the provisions of this Contract.

5.03 Payments

5.03-1 Payment Date

Payment date is identified in the applicable Rate Schedule. If payment date is not identified in a Rate Schedule, it will be as identified on the invoice.

5.03-2 Remedies For Non-Payment

In the event that Customer fails to pay Union when payment is due, late payment charges as identified in the applicable Rate Schedule and the termination and suspension provisions in Section 3 will apply.

5.03-3 Adjustment of Underpayment or Overpayment

If a Customer in good faith disputes a bill or any portion thereof, Customer shall pay the undisputed portions of the bill. Together with such payment, Customer shall provide written Notice to Union setting out the portions of the bill that are in dispute, an explanation of the dispute and the amount that Customer believes is the correct amount.

If it is subsequently determined that a bill or any portion thereof disputed by Customer is correct, then Customer shall pay the disputed portions of the bill with Interest within thirty (30) days after the final determination.

If it is subsequently determined that Customer has been overcharged and Customer has actually paid the bill(s) containing the overcharge then, within thirty (30) days after the final determination, Union shall refund the amount of any such overcharge with Interest.

If it is subsequently determined that Customer has been undercharged, Customer shall pay the amount of any such undercharge within thirty (30) days after the final determination.

Customer and Union each expressly disclaims and waives any claim or dispute (including those related to amounts charged for Services or quantities of Gas distributed, stored, or transported) that relate to a period that is earlier than 12 Months prior to the date written Notice to the other party of such claim or dispute is asserted. This applies to the extent allowed under law and whether such claim or dispute is related to a billing error or measurement error or any other error or circumstance whatsoever.

5.04 Financial Assurance

If at any time during the term of this Contract, Union has reasonable grounds to believe that Customer's creditworthiness under this Contract has become unsatisfactory, then Union may by written Notice request financial assurances from Customer in an amount determined by Union in a commercially reasonable manner. Upon receipt of such written Notice, Customer shall have 14 days to provide such financial assurances.

The financial assurances requested by Union will not exceed the sum of the following:

- a) an amount equal to 60 days of all Services; and,
- b) if Customer holds a temporary capacity assignment from Union of a third party asset (for example, upstream pipeline capacity), an amount equal to the higher of 60 days of all charges for the third party asset, or security equivalent to that which may be required by the third party asset provider as if Customer held the asset directly; and,
- c) if Customer supplies their own Gas, an amount equivalent to the value, as determined by Union, of any current or projected negative Banked Gas Account balance.

Customer may provide Union such financial assurances in the form of cash, letters of credit, guarantees or such other form as may be agreed upon between Customer and Union.

In the event that Customer fails to provide financial assurances as set out above, the termination and suspension provisions in Section 3 shall apply.

Where Customer has provided financial assurances to Union, and the grounds for requesting such financial assurances have been removed so that Customer's creditworthiness under this Contract has become satisfactory, then Customer may request the return of such financial assurances from Union by written Notice. Upon receipt of such written Notice Union shall have 14 days to return such financial assurances to Customer.

5.05 Non-Payment Remedy

If Customer shall be indebted (whether past, present, or future, liquidated or unliquidated) to Union, under this Contract, Union has the right to reduce any amount payable by Union to Customer under this Contract by an amount equal to the amount of such indebtedness to Union.

As part of this remedy, Union may take title to any or all of Customer's Gas in Union's possession. Such Gas shall be valued at the day price for Gas at Dawn as listed in Canadian Gas Price Reporter for the day of non-payment.

6 QUALITY

6.01 Natural Gas Quality

In any Month, the minimum average gross heating value of the Gas received by Union from Customer and delivered to Customer by Union shall be thirty-six (36) Megajoules per Cubic Metre. Gas shall not contain more than twenty-three (23) milligrams of hydrogen sulphide per Cubic Metre nor four hundred and sixty (460) milligrams of total sulphur per Cubic Metre of Gas, as determined by standard methods of testing.

6.02 Freedom from Objectionable Matter

The Gas received by Union and delivered to Customer hereunder shall be free (at prevailing pressure and temperature in Union's pipeline at the Point of Receipt or Point of Consumption, as the case may be) from dust, or other solids or liquids which cause injury to, or interfere with proper operation of the lines, regulators, or meters through which it flows.

6.03 Parties' Responsibilities

If the Gas being received by Union from Customer or delivered by Union to Customer fails at any time to conform to any of the specifications set forth in this Section 6, the party receiving such Gas shall notify the delivering party of such deficiency and thereupon the party receiving the Gas may, at its option, refuse to accept receipt of Gas pending correction by the party delivering the Gas. Neither party is responsible for any loss, damage, or injury resulting from such party's delivery of Gas that does not conform to any specifications set forth in Section 6 except to the extent any such loss, damage or injury arises as a result of such party's gross negligence or wilful misconduct.

7 MEASUREMENT

7.01 Determination of Volume and Energy

- a) The volume and energy amounts shall be determined in accordance with the Electricity and Gas Inspection Act, R.S.C. 1985 c. E-4 (the "Act") and the Electricity and Gas Inspection Regulations, S.O.R. 86/131 (the "Regulations"), and any documents issued under the authority of the Act and Regulations and any amendments thereto. Where there is no site specific energy measurement, Union's Average Heat Value will be used to convert volumes to energy.
- b) The supercompressibility factor shall be determined in accordance with either the "Manual for Determination of Supercompressibility Factors for Natural Gas" (PAR Project NX-19) published in 1962 or with American Gas Association Transmission Measurement Committee Report No. 8, Nov. 1992, at Union's discretion.

7.02 Metering by Union, Check Measuring Equipment

Union will install and operate meters and related equipment in accordance with the Act and the Regulations referenced in these General Terms and Conditions.

Customer may install, maintain, and operate, such check measuring equipment as desired, and shall be so installed as not to interfere with the operation of Union's measuring equipment at

or near the Consumption Point. This check measuring equipment will be downstream of the Consumption Point and at Customer's own expense.

Where Union has installed heat value measuring equipment at Customer's end use location, the heating value properly measured at this site will be used to convert volume to energy for Gas delivered by Union to Customer.

7.03 Observation of Measurement Work

Union and Customer shall have the option to have representatives present at the time of any installing, reading, cleaning, changing, repairing, inspecting, testing, calibrating, or adjusting done in connection with the other's measuring equipment. Each party shall provide reasonable notification to the other party in connection with testing, calibrating or adjusting measuring equipment, to enable the other party to be present if desired.

7.04 Calibration and Test of Meters

The accuracy of Union's measuring equipment shall be verified by Union at reasonable intervals.

If Customer notifies Union that it desires a special test, the expense of any such test shall be borne by Customer if the measuring equipment tested is found to be in error by two per cent (2%) or less. In this event, previous recordings shall be considered accurate, but such equipment shall be adjusted to record as near to absolute accuracy as possible. If the special test shows a percentage of inaccuracy greater than two percent (2%), the expense of the test will be borne by Union and the financial adjustment shall be calculated in accordance with the Act and Regulations thereunder, and any successor statutes and regulations. Union shall not be required to verify the accuracy of such equipment more frequently than once in any thirty (30) day period.

7.05 Correction of Metering Errors - Failure Of Meters

In the event a meter is out of service, or registered inaccurately, the volume or quantity of Gas shall be determined by Union as follows:

- a) by using the registration of any check meter or meter, if installed and accurately registering; or, in the absence of (a) then;
- b) by correcting the error if the percentage of error is ascertainable by calibration, tests or mathematical calculation; or in the absence of both (a) and (b), then;
- c) by estimating the quantity of Gas delivered during periods under similar conditions when the meter was registering accurately.

8 POSSESSION OF AND RESPONSIBILITY FOR GAS

8.01 Point of Receipt and Point of Consumption Controls

As between Union and Customer, control, responsibility, and possession of all Gas received and/or delivered and transported hereunder shall pass from the delivering party to the receiving party at the Points of Receipt and the Points of Consumption as applicable.

8.02 Title to the Gas

Each party warrants that it owns or controls, or has the right to deliver or have delivered to the other party, Gas that is free and clear of any lien, mortgage, security interest or other encumbrance whatsoever. The delivering party shall indemnify and hold harmless the receiving party from all claims, actions, or damages arising from any adverse claims by third parties claiming an ownership or an interest in such Gas.

8.03 Common Carrier and Insurance

To further clarify the relationship between Union and Customer, Union is not a common carrier and Union is not an insurer of Customer's Gas.

8.04 Right to Commingle the Gas

Union shall have the right to commingle and use the Gas received under this Contract with Gas owned by Union or others and deliver such commingled Gas to Customers.

9 FACILITIES AT CONSUMPTION POINT

9.01 Construction, Maintenance and Entry

Union may construct on Customer's property (whether owned by Customer or any other party), at each Point of Consumption the metering stations and facilities required by Union. Union employees or agents may at any reasonable time, with notification to Customer (except in cases of emergency where no notification is required), enter Customer's property provided that in all cases Union's employees or agents agree to abide by Customer's facility security policies and procedures and health and safety policies provided that they are reasonable and provided by Customer to Union's employees or agent prior to entry to the property.

9.02 Property, Easements, Utilities

Customer agrees that all stations and facilities installed by Union, including the meter station, are the property of Union whether the facilities are on property belonging to Customer or some other party.

Customer grants to Union on such non-financial commercial terms and conditions as may be agreed upon any required easements or agreements and undertakes to obtain or execute and deliver to Union such required easements or agreements to allow Union to have the related use of Customer's land interests which may be reasonably required by Union to facilitate Construction.

In the event that the station at the Point of Consumption requires electrical power circuitry, exclusive telecommunications and/or telecommunications lines, or other utility supply apparatus ("Equipment"), at each or any meter in the station, for telemetry; in addition to telemetry; or for purposes unrelated to telemetry, Customer agrees to provide and pay for all such Equipment and all utilities required (including power and telephone service as specified by Union) for the purpose of serving the Equipment. The exclusive telephone line for each meter must not employ a manual switchboard.

10 INDEMNITY

Each party (the "Indemnifying Party") hereby agrees to indemnify and save the other party (the "Indemnified Party") harmless from and against all claims, demands, actions, causes of action, damage, loss, deficiency, cost, liability and expense which may be brought against the Indemnified Party or which Indemnified Party may suffer or incur as a result of, in respect of, or arising out of any of the following:

- a) any non-performance or non-fulfilment of any covenant or agreement on the part of the Indemnifying Party contained in this Contract;
- b) any misrepresentation, inaccuracy, incorrectness or breach of any representation or warranty made by the Indemnifying Party contained in this Contract or contained in any document given pursuant to this Contract;
- c) *(Subsection 10(c) is only applicable to Agent or Customer as the Indemnifying Party)* the failure of the Indemnifying Party to satisfy its obligations to End Use locations listed in Schedule 3 (where a Schedule 3 is included in this Contract);
- d) *(Subsection 10(d) is only applicable to Agent as the Indemnifying Party)* any dispute arising out of any aspect of the relationship between the Agent and Customer;
- e) any negligence or wilful misconduct of the Indemnifying Party;
- f) all costs and expenses including, without limitation, legal fees, incidental to or in respect of the foregoing.

This indemnity shall survive the termination or expiration of this Contract.

11 REPRESENTATIONS AND WARRANTIES BY AGENT

Agent hereby represents and warrants to Union as follows and confirms that Union is relying upon the accuracy of each of such representations and warranties in connection with the execution of this Contract by Union and the acceptance of its rights and obligations hereunder:

- a) Agent is the duly appointed agent of Customer and, in such capacity, is entitled to enter into this Contract on behalf of Customer and to act on its behalf hereunder;
- b) Union is entitled to rely on anything done or any document signed by Agent on behalf of Customer, in respect of this Contract as if the action had been taken or the document had been signed by Customer; and
- c) payments made by Customer to Union pursuant to invoices shall be made without any right of deduction or set-off regardless of any rights Customer may have against Agent or any rights Agent may have against Customer.
- d) Agent shall be the only person to deliver or receive all Notices, invoices, and payments. Any Notice, invoice, or payment made to Union by Agent will be deemed to be received

from Customer. Any Notice, invoice, or payment made by Union to Agent will be deemed to be received by Customer. Union shall not be responsible to communicate to End Users any such Notice, invoice, or payment from or to Agent.

12 MISCELLANEOUS PROVISIONS

12.01 Interpretation

12.01-1 Definitions and Industry Usage

Capitalized terms and certain other terms used in this Contract and not specifically defined shall have the meaning set forth in these General Terms and Conditions, Schedules and/or Rate Schedule. Words, phrases or expressions which are not defined herein and which, in the usage or custom of the business of the exploration, production, transmission, storage, and distribution or sale of natural gas in Canada have an accepted meaning shall have that meaning.

12.01-2 Expanded Meaning

In this Agreement, unless there is something in the subject matter or context inconsistent therewith:

- a) words importing the singular shall include the plural and vice versa;
- b) words importing the gender shall include the masculine, feminine and neuter genders; and
- c) references to any statute shall extend to any orders in-council or regulations passed under and pursuant thereto, of any amendment or re-enactment or such statute, orders-in-council or regulations, or any statute, orders-in-council or regulations substantially in replacement thereof.

12.01-3 Inconsistency

In the event of a conflict among the terms of the (i) Rate Schedules; (ii) the body of the Contract; (iii) Schedules to the Contract; and, (iv) these General Terms and Conditions, the terms of the documents shall govern in the priority as listed.

12.01-4 Currency

Unless otherwise indicated, all reference to dollars in this Contract shall mean Canadian dollars.

12.01-5 Time

All references to time in this Contract shall be stated in Eastern Clock Time.

12.02 Assignability

Neither the rights nor the obligations of Customer under this Contract shall be assignable without the prior written consent of Union. Union's consent may not be unreasonably withheld or delayed.

12.03 Proper Law of Contract

This Contract shall be governed by and construed in accordance with the laws of the Province of Ontario, and the parties to this Contract exclusively attorn to the jurisdiction of the Courts of Ontario.

12.04 Successors and Assigns

The Contract shall be binding upon and shall enure to the benefit of the Parties hereto and their respective successors and permitted and lawful assigns.

12.05 Entire Contract

This Contract constitutes the entire agreement between the parties pertaining to the subject matter hereof. This Contract supersedes any prior agreements, understandings, negotiations or discussions, whether oral or written, between the Parties in respect of the subject matter hereof.

12.06 Confidentiality

Except for credit purposes, unless the Parties to this Contract otherwise expressly agree in writing, the terms of this Contract will remain strictly confidential except as otherwise required by applicable law or by any competent regulatory body or court of competent jurisdiction.

12.07 Priority of Service

Despite any other provision of this Contract, when the use of Gas or Service is curtailed or restricted, by order of any authorized government agency, or by Force Majeure, Customer shall, in accordance with the direction of Union, curtail or discontinue use of Gas or Service during the period in which such Gas or Service is so jeopardized. Union shall not be liable for any loss of production or for any damages whatsoever by reason of such curtailment or discontinuance or because of the length of advance Notice given directing such curtailment or discontinuance. However, Union shall use its reasonable efforts to provide Notice as soon as possible to Customer, of such curtailment or discontinuance of Gas or Service as aforesaid.

12.08 Waiver and Future Default

No waiver by either Union or Customer of any one or more defaults by the other in the performance of any provisions of this Contract shall operate or be construed as a waiver of any future default or defaults, whether of a like or a different character.

12.09 Laws, Regulations and Orders

This Contract and the respective rights and obligations of the Parties hereto are subject to all present and future valid laws, statutes, orders, rules and regulations of any competent legislative body, or duly constituted authority now or hereafter having jurisdiction. This Contract shall be varied and amended to comply with or conform to any valid order or direction of any board, tribunal or administrative agency, which affects any of the provisions of this Contract.

12.10 Right to Contract

Customer hereby represents and warrants to Union that it or its Agent has the sole right to enter into this Contract for each of the Points of Consumption, for the term of this Contract.

12.11 Surviving Obligations

Despite the termination or expiry of this Contract, the following defined provisions shall remain in full force and effect in accordance with their terms and shall survive termination or expiry. The term of the survival shall be for the period referenced in this section.

- a) confidentiality as outlined in Section 12.06
- b) liability and Gas balancing obligations to the extent any liabilities and Gas balancing obligations have accrued prior to the date of termination or expiry of this Contract, and may continue as a result of an event occurring prior to the termination or expiry of this Contract (for the period until all liabilities and Gas balancing and reconciliations have been completed)
- c) Settlement of accounts; rights to set off; calling any Letter of Credit; collecting on any security (for the period until all accounts have been settled).

12.12 Joint and Several Liability

In the event that Customer is more than one person the obligations of all of such persons shall be joint and several and Union shall not be required to exhaust its rights and remedies against any one person prior to exercising its rights and remedies in respect of any other person.

12.13 Invalidity of Provisions

If any of the provisions of this Contract are invalid, illegal or unenforceable in any respect, the validity or legality of enforceability of the remaining provisions shall not in any way be affected.

12.14 Service Curtailment

Union may be required from time to time to perform Construction to its facilities, which may impact Union's ability to meet Customer's requirements. In such event, Union shall have the right to suspend any Service in whole or in part but will use reasonable efforts to determine a mutually acceptable period during which such Construction will occur and also to reasonably limit the extent and duration of any impairments. Union shall provide at least fifteen (15) days Notice (except in cases of emergency, in which event it may be done immediately with Notice provided as soon as reasonably possible afterwards) to Customer of the extent that Union's ability to provide Service may be impaired. During any such curtailment, Customer will be relieved of the demand charges for Services directly related to the said curtailment, but commodity and proportionate demand charges for Services available to Customer will be payable.

12.15 Unauthorized Use of Services

If Customer exceeds the Contract parameters (including Service parameters, after notification of interruption of Interruptible Service or curtailment resulting from a Force Majeure), in

addition to charges identified in the Rate Schedules, Customer shall also be responsible for any direct damages resulting from exceeding the Contract parameters and/or not complying fully with any Notice.

If Customer uses Interruptible Services, in breach of notification of interruption, Union will have the right to change Customer from Interruptible Service to Firm Service or increase its Firm Service, by an amount equivalent to the quantity of such excess Interruptible Service used on any day effective on the first Day of any Month following such breach.

12.16 Consequential Claims or Damages

Neither party shall be responsible for any consequential, incidental, special or indirect damages whatsoever, including, without limitation, loss of profits, loss of earnings, business interruption losses, cost of capital or loss of business opportunities. This provision shall survive the termination or expiration of this Contract.

12.17 Further Assurances

Each party will do, execute and deliver, or will cause to be done, executed and delivered, all such further acts, documents, and assurances as may reasonably be requested for the carrying out and performance of this Contract.

12.18 Amendment

Union may from time to time incorporate updates to Schedule 2 to this Contract and/or these General Terms and Conditions which are intended to be applicable to all of Union's customers on non-discriminatory basis. Union will notify Customer not less than 60 days prior to the effective date of the update and post the update on Unionline. Union will notify Customer again not less than 30 days prior to the effective date of the update. If 10 Business Days prior to the effective date, Customer has not provided Notice to Union objecting to the update, then Customer will be deemed to have accepted the revised Schedule 2 to this Contract and/or these General Terms and Conditions, as the case may be, which shall, as of the effective date, apply to this Contract. If Customer has provided Notice objecting to the update, the revision shall not apply to this Contract.

12.19 Counterparts

This Agreement may be executed in several counterparts, each of which so executed being deemed to be an original. Such counterparts together shall constitute one and the same instrument and notwithstanding their date of execution shall be deemed to be made and dated as of the date hereof.

13 DEFINITIONS

Except where this Contract expressly states another meaning, the following definitions, when used in these General Terms and Conditions or in this Contract, shall have the following meanings:

“Agent” means such person as appointed by Customer as its agent to enter into the Contract on behalf of the Customer and to act on Customer's behalf hereunder.

“Average Heat Value” means the average forecasted heating value of all Gas to be received by Union for the applicable Delivery Area for the applicable period.

“Authorization Notice” means the written approval provided by Union in response to Customer’s request for a short-term amendment to certain contract parameters or additional Services. Such Authorization Notice shall specify the approved amended parameters and the term for the amendment.

“Business Day” means any day upon which Union's head office in Chatham, Ontario, is normally open for business.

“Bundled Service” means a Service provided by Union under the Gas Distribution Contract and/or the Bundled T Gas Contract without daily Nominations at the Consumption Point.

“Bundled T” means the Bundled T Gas Contract with Union under which Customer receives Receipt Services.

“Compressor Fuel” means an amount of Gas specified by Transporter to be supplied by a shipper as a fuel source for Transporter’s pipeline compressors.

“Construction” means constructing, maintaining, removing, operating and/or repairing Union’s facilities for the purpose of commencing, maintaining, or discontinuing deliveries of Gas to Customer.

“Contract” means the contract entered into between Union and Customer to which these General Terms and Conditions, Rate Schedules and Schedules apply, and into which they are incorporated by reference.

“Contract Demand” (“CD”) means the maximum volume or quantity of Gas that Union is obliged to deliver in any one day to a Customer under all Services or, if the context so requires, a particular Service at the Consumption Point.

“Contract Year” means a period of twelve (12) consecutive Months beginning on the day of First Delivery and each anniversary date thereafter unless mutually agreed otherwise.

“Cubic Metre” (“m³”) means the volume of Gas which occupies one cubic metre when such Gas is at a temperature of 15 degrees Celsius, and at an absolute pressure of 101.325 kilopascals.

“Customer” shall have the meaning as defined in this Contract.

“Daily Contract Quantity” (“DCQ”) means that portion of the daily parameters as set out in Schedule 1, being a quantity of Gas which Customer must deliver to Union on a Firm basis. The DCQ (GJ/day) is equal to 12 months of consumption of end-use locations underlying the direct purchase contract / 365 days * heat value (GJ/m³). If this Contract has a term greater than 12 months, the DCQ is calculated by dividing the historical consumption for the term of this Contract by the number of Days in this Contract term. The consumption of general service end-use locations is weather normalized.

“Day of First Delivery” means the date the Service, obligations, terms and conditions of the Gas Distribution Contract commence, as set out in its Schedule 1.

“Day of First Receipt” means the date the Service, obligations, terms and conditions of the Bundled T commence, as set out in its Schedule 1.

“Delivery Area” means the receipt zone(s) of Union (Manitoba, Western, Northern, Sault Ste. Marie, Central, North Central or Eastern Delivery Areas) which are defined as the delivery zone(s) of TCPL for service under its applicable toll schedules.

“Delivery Service” means the transportation of Gas by Union to storage or the Consumption Points.

“Distribution Service” means any combination of Delivery Service and Storage Service.

“End User” means the ultimate user of the Gas in Union’s franchise area.

“Failure to Deliver” means the circumstance where Customer is obligated to deliver a quantity of Gas to Union, and all or a portion of the said quantity is not received by Union at the Points of Receipt.

“Firm” means any Services not subject to interruption or curtailment except under sections titled Force Majeure; Service Curtailment; and Priority of Service of these General Terms and Conditions.

“Firm Entitlements” means the quantity of Gas as set out in Schedule 1 of the Unbundled Service contract which Customer will nominate and deliver to Union and Union shall receive at each contracted Receipt Point.

“Gas” means Gas as defined in the Ontario Energy Board Act, 1998, as amended, supplemented or re-enacted from time to time, which may be commingled supplies.

“Gas Day” means a period of twenty-four (24) consecutive hours beginning at 10:00 a.m. in the Eastern Time Zone. The reference date for any day shall be the calendar date upon which the twenty-four (24) hour period shall commence.

“Interruptible” means any Services subject to interruption, after being notified by Union.

“Interest” means the minimum commercial lending rate of Union’s principal banker for the relevant period.

“Joule” (J) means the work done when the point of application of a force of one (1) newton is displaced a distance of one (1) metre in the direction of the force. The term “Megajoule” (MJ) shall mean 1,000,000 Joules. The term “gigajoule” (GJ) shall mean 1,000,000,000 Joules.

“Month” means a period beginning at 10:00 a.m. (Eastern Clock Time) on the first day of the calendar month and ending at the same hour on the first day of the next succeeding

calendar month.

“Nomination” means a request to Union for a Service in accordance with Union’s nomination provisions.

“Non-Obligated” means any quantities of Gas that are not committed to be delivered by Customer on a Firm basis and which Union will receive on a Firm basis when delivered by Customer.

“Obligated” means that quantity of Gas which Customer is committed to deliver to Union on a Firm basis at the Points of Receipt.

“Points of Consumption” or “Consumption Points” means, unless otherwise specified in this Contract, the outlet side of the Union measuring equipment located at Customer’s or End User locations as specified in Schedule 1 or Schedule 3, as applicable.

“Rate Schedule” means the Ontario Energy Board approved rate schedule applicable to the Service being provided, (including schedules attached thereto), or such other replacement rate schedule as approved by the Ontario Energy Board from time to time.

“Receipt Service” means the approved receipt of Gas from Customer to Union at the Points of Receipt.

“Receipt Point” or “Points of Receipt” shall mean the points listed on Schedule 1 of this Contract where Union may receive Gas from Customer.

“Schedules” means the schedules attached to and forming part of this Contract.

“Seasonal” means any Service that is available during a specified period of the Year.

“Service(s)” means Receipt, Delivery or Storage Service as defined herein.

“Storage Service” means the space and deliverability service for storage under either Bundled Service or Unbundled Service.

“TCPL” means TransCanada PipeLines Limited.

“Transporter” means the transmission company that transports the Gas to the Receipt Point.

“Unbundled Service” means a Service provided by Union under which Customer will nominate and balance daily for Receipt, Storage and Delivery Services.

“Unionline” means Union’s electronic web based system for Customer and Union to interact electronically, including but not limited to nominating and information exchange.

“When Available” means any interruptible Service that is available based on Union’s sole discretion after Firm and Interruptible Services have been exhausted and is priced at the interruptible rate in the applicable Rate Schedule.

"Western" means the points of receipt on the TCPL system where Union is able to receive Gas.

"Year" means a period of 365 days; provided, however, that any such Year, which contains a date of February 29, shall consist of 366 days.

UNION GAS LIMITED
Response to Interrogatory
from Board Staff

6. Reference: Prefiled Evidence / sched. 4 / page 1 - DCF Analysis Phase I

Preamble:

The spreadsheet shows the Profitability Index (PI) = 1.

Questions:

- a) Please provide all relevant assumptions underpinning the DCF analysis and file the supporting back-up schedules. At a minimum, please include the assumptions for gas volumes, gas prices, O&M levels, the discount rate, tax rates, municipal taxes, post construction costs (such as restoration or remediation) and the treatment of funds used during construction.
- b) Please confirm that the DCF analysis covers only Phase I.

Response

- a) Please refer to Attachment # 1 to this interrogatory.
- b) Union confirms that the DCF analysis covers only Phase I.

Red Lake Project
(Project Specific DCF Analysis - Schedule 4)

**Stage 1 DCF - Listing of Key Input
Parameters, Values and Assumptions**

<p>Discounting Assumptions</p> <p>Project Time Horizon</p> <p>Discount Rate</p>	<p>11 years commencing at facility in-service date of of Nov 1, 2011 and end on Oct 31, 2021.</p> <p>Incremental after-tax weighted average cost of capital of 5.45%</p>
<p>Key DCF Input Parameters, Values and Assumptions</p> <p>Net Cash Inflow:</p> <p>Revenue:</p> <p style="padding-left: 20px;">Rate 20 / 100</p> <p style="padding-left: 20px;">Volume:</p> <p>Operating and Maintenance Expense</p> <p>Incremental Tax Expenses:</p> <p style="padding-left: 20px;">Municipal Tax</p> <p>Income Tax Rate</p> <p>CCA Rates:</p> <p style="padding-left: 20px;">CCA Classes:</p> <p style="padding-left: 40px;">Class 51 (Distribution Mains)</p> <p style="padding-left: 40px;">Class 51 (Distribution Stations)</p>	<p>Approved per EB-2010-0400 Effective April 1, 2010 As per Contract between Union Gas Ltd and Goldcorp Inc.</p> <p>As per Rate 20 / 100 customer incremental cost estimate</p> <p>Estimated incremental cost based on 2010 municipal assessment values and provided by Property Tax Department - Union Gas Limited</p> <p>33.56%</p> <p>Declining balance depreciation rates by CCA class:</p> <p style="padding-left: 40px;">6%</p> <p style="padding-left: 40px;">6%</p>
<p>Cash Outflow:</p> <p>Incremental Capital Costs</p> <p>Post Construction costs</p> <p>Treatment of funds during construction</p>	<p>Refer to Schedule 3</p> <p>Included in capital estimate</p> <p>Included in capital estimate</p>

UNION GAS LIMITED
Response to Interrogatory
from Board Staff

7. Reference: Prefiled Evidence / page 7 of 18 / para. 35
- a) Please report the current status of Union's Investment Portfolio profitability index (per the E.B.O. 188 Report of the Board, January 30, 1998).
 - b) Please report the current status of Union's Rolling Project Portfolio profitability index (per the E.B.O. 188 Report of the Board, January 30, 1998).
 - c) Please comment on how the Union's approach in the Red Lake analysis is consistent with the Board's E.B.O. 188 Report. If the approach diverges from the Report's guidance in any way please describe such divergence.

Response:

- a) The current status of Union's Investment Portfolio profitability index is 1.16 including the proposed Red Lake project.
- b) The current status of Union's Rolling Project Portfolio profitability index (March 2011) is 1.87 including the Red Lake Project.
- c) Please refer to Union's response to Board Staff Interrogatory # 1.

UNION GAS LIMITED
Response to Interrogatory
from Board Staff

8. Reference: Prefiled Evidence / page 4 of 18 / para. 20

Preamble:

The evidence at paragraph 20 states the following: "Goldcorp will be signing two ten year contracts with Union for natural gas service in the first quarter of 2011. The first is a Rate 10 contract for the Cochenour Complex and the second is a Rate 20 contract for the Balmer complex."

Questions:

- a) Please file the executed gas service contracts on the public record, in redacted form if necessary.
- b) Please also file the complete (i.e., unredacted) versions of the contracts with the Board in confidence, in accordance with the Board's Practice Direction on Confidential Filings.

If contracts are not yet executed, please file in draft form and indicate when they will be executed and available for filing.

Response:

- a) Please refer to redacted executed Gas Distribution contracts between Union and Red Lake dated March 11, 2011 and attached at Attachment # 1 to this interrogatory.
- b) These documents will be filed with the Board in confidence.

The Northern GAS DISTRIBUTION CONTRACT ("Contract"), made as of the 11th day of March 2011

BETWEEN:

UNION GAS LIMITED

hereinafter called "**Union**"

- and -

RED LAKE GOLD MINES

hereinafter called "**Customer**"

WHEREAS, Customer has requested from Union and Union has agreed to provide Customer with Services;

AND WHEREAS, Customer has elected direct purchase services, and therefore Customer will be responsible for supplying Gas to Union;

AND WHEREAS, Union will distribute Gas to Customer's Point(s) of Consumption under this Contract pursuant to the Rate Schedule(s) identified in Schedule 1;

AND WHEREAS, the provision of Services will require Union to construct new natural gas pipeline and related facilities (the "**Expansion Facilities**") as depicted in Schedule 3 in accordance with the Rules and Regulations set out by the Ontario Energy Board ("**OEB**");

AND WHEREAS, Union and Customer are parties to an indemnity agreement ("**Indemnity Agreement**"), which is intended to terminate as of the execution of this Contract, subject to providing proper credit to Customer for funds provided by Customer to Union (if any) under that Indemnity Agreement;

IN CONSIDERATION of the mutual covenants contained herein, the parties agree as follows:

1. **ATTACHMENTS**

The following are hereby incorporated in and form part of this Contract:

- a) General Contract Parameters and Notice Lists in Schedule 1;
- b) Terms and Conditions for Union's Northern Gas Distribution Contract in Schedule 2;
- c) Depiction of Expansion Facilities in Schedule 3; and
- d) Union's General Terms and Conditions.



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2. **CONDITIONS PRECEDENT**

The obligations of Union to provide Services described in this Contract are subject to the following conditions precedent that are for the sole benefit of Union and which may be waived or extended in whole or in part in the manner provided in this Contract:

- a) Union shall have obtained, in form and substance satisfactory to Union, and all conditions shall have been satisfied under, all governmental, regulatory and other third party approvals, consents, orders and authorizations, that are required to construct the Expansion Facilities; and
- b) Union shall have placed into service the Expansion Facilities; and
- c) If Customer's credit rating is less than investment grade at any time prior to the Day of First Delivery, Union shall have received the requisite financial assurances reasonably necessary to ensure Customer's ability to honour the provisions of this Contract, which financial assurances, if required, will be determined solely by Union acting in a commercially reasonable manner; and
- d) Union shall have received a contribution in aid of construction ("CIAC") from Customer pursuant to Customer's obligations in Section 10.

The obligations of Customer to purchase Services described in this Contract are subject to the following condition precedent that is for the sole benefit of Customer and which may be waived or extended in whole or in part in the manner provided in this Contract:

- e) Customer shall have obtained, on or before March 31, 2011, in form and substance satisfactory to Customer, the governmental, regulatory and other third party approvals, consents, orders and authorizations, that are required for it to purchase the Services, and construct any facilities required to enable it to utilize such Services, failing which this Contract shall terminate, subject to the terms hereof, and in particular, Section 3 hereof.

Union and Customer shall each use commercially reasonable efforts to satisfy and fulfil the conditions precedent specified in Sections (a), (b), (c), (d), and (e). Each party shall inform each other forthwith in writing of their satisfaction with, or waiver of, each condition precedent. If a party determines that it will not be able to satisfy a condition precedent for its benefit, such party may upon written notice to the other, terminate this Contract and upon giving such notice this Contract shall be of no further force and effect and each of the parties shall be released from all further obligations hereunder, subject to the terms hereof and in particular, Section 3 hereof.



3. **COST CONSEQUENCES OF TERMINATION**

a) Termination Prior to Day of First Delivery

In addition to the termination rights accruing to the parties in Section 2, Customer may terminate this Contract at any time prior to the Day of First Delivery upon ten (10) days notice to Union. In the event of any termination pursuant to Section 2 or this Section 3(a), Customer shall reimburse Union for all Project Costs reasonably incurred by Union to the date of termination, subject to adjustment to reflect any amounts already paid to Union by Customer under the Indemnity Agreement, under this Contract or recovered through the sale of assets. Upon termination, Union Gas will consult with the Customer and use reasonable efforts to mitigate Project Costs through the potential sale of material and equipment, and the effective dissolution of contracts. Upon reconciliation of Project Costs, if the Customer has over-contributed CIAC, Union Gas will reimburse the Customer within thirty (30) days.

“**Project Costs**” means any and all reasonable costs (including litigation costs, cancellation costs, carrying costs, and third party claims), expenses, losses, demands, damages, obligations, or other liabilities (whether of a capital or operating nature, and whether incurred or suffered before or after the date of this Contract) by Union (including reasonable amounts paid to affiliates for services rendered in accordance with the Affiliate Relationships Code as established by the Ontario Energy Board), in connection with or in respect of any and all aspects of this Contract (including without limitation the obtaining of all governmental, regulatory and other third party approvals, and the obtaining of rights of way), except for any costs that have arisen from the gross negligence, fraud, or wilful misconduct of Union

b) Termination On or After Day of First Delivery

Neither Party may terminate this Contract on or after the Day of First Delivery, except pursuant to Section 5 hereof or Section 5 of Schedule 2.

4. **T SERVICE STORAGE PARAMETERS**

Customer may elect T-Service Storage parameters in Schedule 1, Section 3(c), at any time prior to September 1, 2011.

5. **CONTRACT TERM**

This Contract shall be effective from the date hereof. However, the Services and Union's obligation to provide the Services under Section 6 shall commence on the later of (such later date being known as the "**Day of First Delivery**") (a) November 1, 2011, and (b) the date that the last condition precedent for Union's benefit is satisfied or waived by Union, except that Customer shall have the option at any time prior to November 1, 2011, and upon reasonable notice, to choose a Day of First Delivery on a day before November 1, 2011, if the Expansion Facilities are completed and ready for service on such day.

This Contract shall continue in full force and effect for a period of 10 Contract Years (the "**Initial Term**"), subject to 5-year renewal options on 6 months notice by Customer ("**Renewal Term**") using the Schedule 1 parameters prevailing in the last year of the Initial Term or Renewal Terms thereafter as applicable, and subject to Union Gas' prevailing standard General Terms and Conditions and Union Gas' prevailing standard Schedule 2 at the time of renewal, notwithstanding Section 12.18 of the General Terms and Conditions hereof.

The daily Contract Demand in any renewal year may be less than daily Contract Demand in the last year of the Initial Term (with a corresponding decrease in Firm Minimum Annual Volume), provided that Customer shall give Union notice 90 days before the end of any annual renewal term if Customer elects a Contract Demand different than the prior year.

"**Contract Year**" means, despite Section 13 of the General Terms and Conditions, a period of 12 consecutive months, beginning on November 1 of any Contract Year and ending on the subsequent October 31, except the first Contract Year which shall begin on the Day of First Delivery and end on October 31 of the following calendar year.

6. **SERVICES PROVIDED**

Union agrees to provide Services as specified in Schedule 1 and Customer agrees to pay for such Services pursuant to these Contract terms and conditions as set out in this Contract, the referenced attachments, and the rate(s) referenced in Schedule 1.

7. **ADJUSTED MINIMUM ANNUAL VOLUME ("AMAV")**

Firm Minimum Annual Volume

In each Contract Year, Customer shall consume or, in any event, pay for the Firm Minimum Annual Volume ("**FMAV**") as adjusted in the formula below. The payment required for the Firm quantity not consumed in any Contract Year (the "**Firm Deficiency Volume**" or "**FDV**") shall be calculated by multiplying FDV by the Firm Delivery Commodity Charge identified in the Rate Schedule in effect on the last day of the Contract Year. This payment shall only apply if the FDV is greater than zero.



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Where:

$$FDV = [FMAV \times [(U - D_F) / U]] - [FV - (F + O)]$$

And:

FMAV	=	Firm Minimum Annual Volume (as identified in Schedule 1)
U	=	number of days in the Contract Year
D_F	=	number of days of Force Majeure in the Contract Year where service is curtailed below the Firm Contract Demand, then in effect
FV	=	total firm volume distributed to Customer in the Contract Year
F	=	volumes distributed to the Points of Consumption during Force Majeure
O	=	total Authorized and/or Unauthorized Overrun Gas distributed to Customer in the Contract Year

The adjusted FMAV shall not be less than the qualifying annual volume defined in the Rate Schedule.

8. NOTICES

- a) Notices shall be delivered pursuant to the Notice provision Section of General Terms and Conditions and delivered to the addresses as referenced in Schedule 1.
- b) Union agrees to keep Customer fully informed during the planning and construction of the Expansion Facilities, and will provide immediate notice of the following:
 - (i) Any planned public meetings held to seek public input to the project or promote the project to the public.
 - (ii) Any event that is expected to cause a capital cost overrun or savings of greater than \$250,000.
 - (iii) Any expected change by more than 20 days of the in-service date.
 - (iv) Any project related communication with the OEB.
- c) Union agrees to provide monthly progress reports, including project expenditures relative to budget.
- d) Union agrees to provide Customer (10) days notice of key terms and conditions of any project contractual commitment or capital expenditure greater than \$1,000,000. Union may modify key terms and conditions within the (10) day period, subject to providing Customer with three days notice prior to execution.



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9. **EXPANSION FACILITIES**

Union will use commercially reasonable efforts to complete the construction of the Expansion Facilities by November 1, 2011.

Union and Customer agree that Union shall not be obligated to construct any portion of the Expansion Facilities between December 15 of any year and March 31 of the subsequent calendar year.

10. **AID AMOUNT PAYMENT SCHEDULE**

Customer will be required to pay to Union a CIAC, payable as per the following schedule. The CIAC includes the contributions required from the Municipality of Red Lake ("MoRL") towards the Expansion Facilities.

MoRL Portion Payment Amount	Customer Portion Payment Amount	Total Payment amount before applicable taxes by Customer	Payment Date
			March 25, 2011
			March 31, 2011
			April 4, 2011
			May 2, 2011
			June 1, 2011
			July 5, 2011
			August 1, 2011
			September 6, 2011
			October 3, 2011
			November 1, 2011
			December 1, 2011

Total CIAC before taxes

Customer CIAC payments will be proportionate to anticipated other funding parties including Union Gas contributions.

Any applicable taxes will be applied to all amounts paid under this section. Customer warrants and represents that no payment to be made by Customer under this Contract is subject to any withholding tax.

11. **RECONCILIATION OF COSTS**

Customer will be responsible for varying percentages of the actual costs of the pipe sections, unless otherwise determined by the Ontario Energy Board. A summary of all sections of the Expansion Facilities along with an allocation of costs to each party based on usage and peak hourly volume is shown below.



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For Customer:

Pipe Section Description	Percentage of Actual Section cost
Section A – 43.6km of 8 inch steel pipe	
Section C – 6.4 km of 8 inch steel pipe	
Section D – 1.15 km of 8 inch steel pipe	

For MoRL:

Pipe Section Description	Percentage of Actual Section cost
Section A – 43.6 km of 8 inch steel pipe	
Section C – 6.4 km of 8 inch steel pipe	
Section E – 1.1 km of 4 inch steel pipe	
Section F – 0.3 km of 4 inch steel	
Section G – 5.6 km of 4 inch steel	

Within 18 months of the in service date of Phase 1 of the project, Union shall file with the Board Secretary a post Construction Financial Report. The Report shall indicate;

- The actual capital costs of phase 1 of the project and an explanation for any significant variances from the estimates filed in Schedule 3 of the filing in EB 2011-0040
- The actual capital costs for the project borne by Union and the actual costs contributed towards construction by the Customer(s).

Since the original CIAC was based on an estimated cost of each section of the Expansion Facilities, unless otherwise determined by the OEB, Union shall re-determine the CIAC based on the Filed Costs as well as any additional Contract quantities committed to by Customer, and shall invoice or credit Customer within 30 days of any such re-determination complete with full details supporting such invoice or credit, and including Interest accrued from December 1, 2011. If a credit, then Union agrees to pay Customer within 30 days of such notice. The parties agree that the reconciliation contemplated herein is separate from the audit rights in Section 15. It is agreed by all parties that the common costs of this project that are not cost specific to each construction section will be apportioned to sections 1A, 1B, 1D, and 1F on a per kilometer basis.

12. INTEREST

Any amounts due and payable by Customer to Union, or by Union to Customer under this Contract shall, if not paid by the due date thereof, be subject to Interest, as calculated in accordance with Section 5.03-3 of Union's General Terms and Conditions.

13. CREDIT REQUIREMENTS DURING INITIAL TERM

Notwithstanding the phrase, "Union has reasonable grounds to believe that the Customer's creditworthiness under this Contract has become unsatisfactory", in the introductory (first) paragraph of subsection 5.04 of Union's General Terms and Conditions, Union may, at any time during the term of the Contract, in the event that Customer's credit rating is at any time below investment grade, by written notice, request financial assurances in an amount provided for in



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parts (a), (b) and (c) of subsection 5.04 of those Terms and Conditions. Such financial assurances shall be determined by Union in a commercially reasonable manner.

In addition to the terms of Section 5.04 of Union's General Terms and Conditions, Union may, at any time during the Initial Term, subject to the credit quality conditions noted above, request financial assurances to cover the potential financial exposure to Union to the end of the Initial Term. Such financial assurances shall be determined by Union in a commercially reasonable manner and may include, without limitation, expected return on capital invested. Failure to provide such financial assurances shall be treated in a manner provided for in Section 5.04 of Union's General Terms and Conditions.

14. CONTRACT SUCCESSION

This Contract replaces all previous Northern Gas Distribution (or similar) Contracts between Union and Customer, subject to settlement of any Surviving Obligations.

15. AUDIT RIGHTS FOR ACTUAL COST

- a) Union and Customer shall both keep complete and accurate records and all other data required by either of them for the purpose of proper administration of this Contract. All such records shall be maintained for no less than three (3) years after the creation of the record or data. Union and Customer shall provide reasonable access to the relevant and appropriate financial and operating records and data kept by each Party relating to this Contract, reasonably required for the other Party to comply with its obligations to governmental authorities or to verify or audit information provided in accordance with this Contract (including the right to determine how funds were used and the right to review any other supporting evidence necessary to substantiate charges related to this Contract, both direct costs and indirect costs, including allocation of overheads and other shared costs.) Union agrees to ensure that its contract with its general contractor(s) to construct the Expansion Facilities, or any other related contracts, and all subcontracts of such contractors, include similar audit rights.
- b) Customer may audit this project on five (5) business days' notice at any time up to three (3) years after the completion of construction of the Expansion Facilities or, if this Contract is terminated prior to the Day of First Delivery, within three years of such termination date. An audit may be requested once by Customer. Union agrees to provide Customer with copies of all the reports that it provides to the OEB in connection with the Expansion Facilities, but provision of such reports shall not restrict the rights of audit provided Customer by this Contract. Customer may use its own employees or agent for purposes of any such review of records, and at the election of the Customer, access shall be through the use of a mutually agreed upon third party auditor. Customer shall pay the fees and expenses associated with use of any third party auditor.
- c) In the event the audit reveals that the actual costs were more than 3% greater or lesser than the Filed Costs, Union shall again re-determine the CIAC based on the actual costs and shall again invoice or credit Customer within 30 days of any such re-determination.



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16. ASSIGNMENT

- a) Customer may assign all or a part of its rights, interests and obligations under this Contract with Union, on sixty (60) days' written notice to Union, provided that at the time of such assignment, Customer is not in breach of this Contract, any incremental costs to serve the assignee shall be borne by the assignee, the assignee is of acceptable credit quality to Union, acting reasonably, and any such assignment does not negatively impact Union's fixed revenues arising from this Contract. In the event the assignee is not of acceptable credit quality, the assignee or any other party may provide financial assurances to meet the Union's credit requirements.

If a valid assignment of this Contract is made by Customer in accordance with Section 16(a), Union acknowledges and agrees that, upon such assignment and assumption and notice thereof by Customer to Union, Customer shall be relieved of all its duties, obligations and liabilities hereunder.

17. DISPUTE RESOLUTION

Any dispute shall first be the subject of a meeting between a Vice-President of Union and a Vice-President of Customer, who shall meet within thirty days of a request by either party to attempt to resolve the matter, and negotiate in good faith to attempt to resolve the dispute. The parties agree that prior to holding such a meeting they shall not commence any action to enforce their rights under this Contract.

18. TIME OF ESSENCE

Time shall be of the essence of this Contract.

19. SEVERANCE

If any covenant or other provision of this Contract is invalid, illegal or incapable of being enforced by reason of any rule of law or public policy, then that covenant or other provision will be severed from and will not affect any other covenant or other provision of this Contract, and this Contract will be construed as if such invalid, illegal or unenforceable covenant or provision had never been contained in this Contract. All other conditions and provisions of this Contract will, nevertheless, remain in full force and effect and no covenant or provision of this Contract will be deemed dependent upon any other covenant or provision unless so expressed herein.

20. GOVERNING LAW

This Contract shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable in the Province of Ontario. For the purposes of any legal actions or proceedings brought by any party in respect of this Contract, each party hereby irrevocably submits and attorns to the exclusive jurisdiction of the courts of the Province of Ontario.



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21. FURTHER ASSURANCES

Each of the parties shall, from time to time on written request of the other party, do all such further acts and execute and deliver or cause to be done, executed or delivered all such further acts, deeds, documents, assurances and things as may be required, acting reasonably, in order to fully perform and to more effectively implement and carry out the terms of this Contract.

22. FACILITIES CAPACITY

Further to Section 12.09 of the General Terms and Conditions, Union agrees to abide by all present and future orders from the Ontario Energy Board including EB-2011-0040 regarding the allocation of capacity on the Expansion Facilities.

23. AMENDMENTS AND MODIFICATIONS

Subject to Section 12.18 of the General Terms and Conditions and Section 5 of Schedule 2, any amendments or modifications to this Contract shall be made in writing and mutually agreed to by the parties hereto.

The undersigned execute this Contract as of the above date.

RED LAKE GOLD MINES

By its Partners

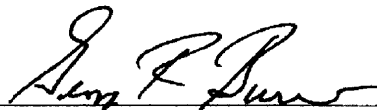
Goldcorp Inc

Goldcorp Canada Ltd



I have the Authority to bind the Corporation, or Adhere C/S, if applicable

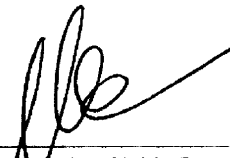
Mike Lalonde
Mine General Manager (RLGM)



I have the Authority to bind the Corporation, or Adhere C/S, if applicable

George Burns
President Goldcorp Canada Ltd and
Senior Vice President Goldcorp Inc

UNION GAS LIMITED



I have the Authority to bind the Corporation, or Adhere C/S, if applicable

Mel Ydreos
Vice President Marketing and Customer Care



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Schedule 1

**Northern Gas Distribution Contract
General Contract Parameters**

1. DATES

This Schedule 1 is effective on the effective date of the Contract.
"Day of First Delivery" is as defined in Section 5 of the Contract

2. POINT OF RECEIPT FOR T-SERVICE

Gas under this Contract will be received by Union for Service at the following Point of Receipt:
(Select applicable: Manitoba, Western, Northern, Sault Ste. Marie, Central, Eastern) Delivery Area.

3. TYPE OF SERVICE

Service under this Contract shall be a Firm service in the quantity and for the Point(s) of Consumption specified in this Schedule 1.

a) Distribution Parameters: Effective as per Section 5 of the Contract and expires October 31, 2012

Service	Daily Contract Demand (10 ³ m ³ /Day)
Firm Transportation Service (Rate 20T)	
Interruptible Transportation Service (Rate 25T)	
Interruptible Sales Service (Rate 25)	

Distribution Parameters: Effective November 1, 2012 and expires October 31, 2014

Service	Daily Contract Demand (10 ³ m ³ /Day)
Firm Transportation Service (Rate 20T)	
Interruptible Transportation Service (Rate 25T)	
Interruptible Sales Service (Rate 25)	



Distribution Parameters: Effective November 1, 2014 and expires October 31, 2016

Service	Daily Contract Demand (10 ³ m ³ /Day)
Firm Transportation Service (Rate 100T)	
Interruptible Transportation Service (Rate 25T)	
Interruptible Sales Service (Rate 25)	

Distribution Parameters: Effective November 1, 2016 and expires October 31, 2018

Service	Daily Contract Demand (10 ³ m ³ /Day)
Firm Transportation Service (Rate 100T)	
Interruptible Transportation Service (Rate 25T)	
Interruptible Sales Service (Rate 25)	

Distribution Parameters: Effective November 1, 2018 and expires October 31, 2020

Service	Daily Contract Demand (10 ³ m ³ /Day)
Firm Transportation Service (Rate 100T)	
Interruptible Transportation Service (Rate 25T)	
Interruptible Sales Service (Rate 25)	

Distribution Parameters: Effective November 1, 2020

Service	Daily Contract Demand (10 ³ m ³ /Day)
Firm Transportation Service (Rate 100T)	
Interruptible Transportation Service (Rate 25T)	
Interruptible Sales Service (Rate 25)	



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b) Balancing Service Effective as per Section 5 of the Contract and expires October 31, 2012

Service	Minimum Tolerance (GJ)	Maximum Tolerance (GJ)
Customer Balancing Service (CBS)		

Balancing Service Effective November 1, 2012 and expires October 31, 2014

Service	Minimum Tolerance (GJ)	Maximum Tolerance (GJ)
Customer Balancing Service (CBS)		

Balancing Service Effective November 1, 2014 and expires October 31, 2016

Service	Minimum Tolerance (GJ)	Maximum Tolerance (GJ)
Customer Balancing Service (CBS)		

Balancing Service Effective November 1, 2016 and expires October 31, 2018

Service	Minimum Tolerance (GJ)	Maximum Tolerance (GJ)
Customer Balancing Service (CBS)		

Balancing Service Effective November 1, 2018 and expires October 31, 2020

Service	Minimum Tolerance (GJ)	Maximum Tolerance (GJ)
Customer Balancing Service (CBS)		

Balancing Service Effective November 1, 2020

Service	Minimum Tolerance (GJ)	Maximum Tolerance (GJ)
Customer Balancing Service (CBS)		



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c) T-Service Storage (To be determined by Customer prior to September 1, 2011.)

This Storage Service will commence on the 1st day of _____, 20__.

This Storage Service will end on _____, 20__.

If the end of the Storage term is later than the end of the Contract Year, Customer shall fulfill the requirements of the Storage Service until the Storage Service end date indicated above.

T-Service Storage Parameters:

Contract Year Start	Contract Year End	T-Service Storage Service	Contracted Daily Storage Injection/Withdrawal Entitlement (GJ/Day)	Maximum Storage Quantity Entitlement (GJ)
		Firm Storage Service (Rate 20T)		

4. RATES FOR SERVICE

Rate 25 Interruptible Service Rates:

Service	Delivery Charge	Gas Supply Charge
Interruptible Service (Rate 25)	\$ 0.00 / 10 ³ m ³	\$ /10 ³ m ³ *
Interruptible Service (Rate 25T)	\$ 0.00 / 10 ³ m ³	N/A

* Gas Supply Charge is determined and amended from time to time by Union to reflect market pricing. In circumstances where Rate 25 Gas sales service is interrupted by Union, Gas supply may be available under the Rate 30 Rate Schedule.

5. POINTS OF CONSUMPTION, HOURLY FLOW & DELIVERY PRESSURE

Point(s) of Consumption Effective as per Section 5 of the Contract and expires October 31, 2012

Meter #	Location Description	Max Hourly Flow	Min Gauge Pressure
	Balmertown		5 psi

In this Schedule, Firm Hourly Quantity (FHQ) means the maximum quantity of natural gas that may flow during any hourly period when an interruption in Rate 25 Sales Service, CBS withdrawals and Rate 25 Transportation Service becomes effective within a Gas Day.

The Firm Hourly Quantity is



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Point(s) of Consumption Effective November 1, 2012 and expires October 31, 2014

Meter #	Location Description	Max Hourly Flow	Min Gauge Pressure
	Balmertown		

The Firm Hourly Quantity is

Point(s) of Consumption Effective November 1, 2014 and expires October 31, 2016

Meter #	Location Description	Max Hourly Flow	Min Gauge Pressure
	Balmertown		

The Firm Hourly Quantity is

Point(s) of Consumption Effective November 1, 2016 and expires October 31, 2018

Meter #	Location Description	Max Hourly Flow	Min Gauge Pressure
	Balmertown		

The Firm Hourly Quantity is

Point(s) of Consumption Effective November 1, 2018

Meter #	Location Description	Max Hourly Flow	Min Gauge Pressure
	Balmertown		

The Firm Hourly Quantity is

6. FIRM MINIMUM ANNUAL VOLUME ("FMAV")

Contract Year Start	Contract Year End	Firm Minimum Annual Volume 10 ³ m ³
Per Section 5 of the main body of this Contract	October 31, 2012	
November 1, 2012	October 31, 2013	
November 1, 2013	October 31, 2014	
November 1, 2014	October 31, 2015	
November 1, 2015	October 31, 2016	
November 1, 2016	October 31, 2017	
November 1, 2017	October 31, 2018	
November 1, 2018	October 31, 2019	
November 1, 2019	October 31, 2020	
November 1, 2020	October 31, 2021	



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7. **CONTACT LIST FOR NOTICES**

Notice for Nominations:

GoldCorp Red Lake Mines
Maintenance Manager
15 Mine Road, bag 2000
Balmertown, Ontario P0V 1C0
Phone ()
Fax

Union Gas Limited
Manager, Gas Management Services
50 Keil Dr N, Chatham Ontario N7M 5M1
Phone: (519) 436-4545
Fax: (519) 436-4635

Notices for Invoices and Payments:

GoldCorp Red Lake Mines
Maintenance Manager
15 Mine Road, bag 2000
Balmertown, Ontario P0V 1C0
Phone
Fax

Union Gas Limited
Team Lead, Billing and Collections
50 Keil Dr N, Chatham Ontario N7M 5M1
Phone: (519) 352-3100
Fax: (519) 436-5320

Notices for Interruptions/Force Majeure

GoldCorp Red Lake Mines
Maintenance Manager
Phone:
Fax:
E-Mail

Notices for All Other Matters:

GoldCorp Red Lake Mines
Maintenance Manager
15 Mine Road, bag 2000
Balmertown, Ontario P0V 1C0
Phone
Fax

Union Gas Limited
Manager, Contracting and Customer Support
50 Keil Dr N, Chatham Ontario N7M 5M1
Phone: (519) 352-3100
Fax: (519) 436-4645



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SCHEDULE "2"
Terms And Conditions
Northern Gas Distribution Contract

1. UPSTREAM TRANSPORTATION CAPACITY AND COSTS

Where Customer contracts for T-service and Customer accepts an assignment of a portion of Union's upstream capacity with TCPL ("Temporary Transportation Contract Assignment Agreement(s)" or "Assignment Agreement(s)"), the Assignment Agreement(s) shall continue in full force and effective for each Contract Year until notice to terminate the Assignment Agreement(s) is provided by either Union or Customer. Such Notice must be delivered not less than 7 months prior to the end of the Assignment Agreement(s). Customer agrees to execute any renewals of the Assignment Agreement(s) as required by either Union or TCPL.

2. RECEIPT AND DISTRIBUTION

2.01 Receipt

Where Customer contracts for T-service, Union agrees to receive a quantity of Gas at the Point of Receipt identified in Schedule 1. However, Union is not obligated to accept quantities of Gas that exceed any of the following:

- a) the sum of the receipts as confirmed by Union with the upstream transporter, for that Day;
- b) an amount that would result in Customer exceeding the CBS Maximum Tolerance;
- c) an amount that would result in Customer exceeding the Maximum Storage Quantity Entitlement, if applicable;
- d) an amount that would result in Customer exceeding the Contracted Daily Storage Injection/Withdrawal Entitlement, if applicable.

2.02 Distribution to Point(s) of Consumption

Subject to the Maximum Hourly Volume parameters, Union agrees to distribute a quantity of Gas to the Point(s) of Consumption, not to exceed the sum of Firm Contract Demand and Interruptible Contract Demand for the applicable Point of Consumption. On any Day during the Contract Year, Customer's Gas usage shall be deemed as follows:

First Gas used	Gas up to the Firm Daily Contract Demand then in effect and, if applicable, prorated between contracted Firm services based on Daily Contract Demand
Next Gas used	Interruptible T-service, if applicable and available
Next Gas used	Rate 25a sales service, if applicable and available
Next Gas used	Rate 25 sales service, if applicable and available
Next Gas Used	Overrun, whether authorized or unauthorized



When Customer contracts for T-service, quantities consumed by Customer will be applied to T-service parameters based on the quantity of Gas delivered by Customer. Gas delivered by Customer includes Gas withdrawn from Customer's CBS account.

2.03 Type Of Distribution Service

The type of Distribution Service herein shall be a combination of Firm and Interruptible Service for each Point of Consumption as identified in Schedule 1.

The Interruptible Daily Contract Demand at a Point of Consumption is subject to interruption by Union. Union shall provide Customer notice of interruption not less than the Notice Period for Interruption for each Point of Consumption, as identified in Schedule 1.

2.04 Overrun

If, on any day, Customer consumes Gas in excess of the quantities Union is obligated to distribute, such excess shall be deemed overrun and shall be deemed to be purchased from Union by Customer as either Authorized or Unauthorized Overrun. If Union specifically provides prior written authorization to Customer to exceed the quantities identified in Section 3 of Schedule 1, such excess shall be Authorized Overrun and Customer shall incur charges as identified below. Unless Union specifically provides prior written authorization to exceed the quantities identified in Section 3 of Schedule 1, any excess shall be Unauthorized Overrun and, in addition to any other remedies Union may pursue, Customer shall incur charges as identified below.

Authorized Overrun

If Customer contracts for Firm Service only and has consumed in excess of the Firm Daily Contract Demand then Customer shall be charged the 100% load factor rate for distribution service plus the gas supply charge.

If Customer contracts for Interruptible Service or for a combined Firm and Interruptible Service and has consumed gas in excess of total Daily Contract Demand in Schedule 1, then Customer shall be charged a rate equivalent to 100% of the maximum delivery charge identified in the Rate 25 Rate Schedule plus the highest spot cost at Dawn on the day the overrun was authorized, as published in the Canadian Gas Price Reporter ("CGPR") plus all costs associated with transporting such overrun to the appropriate Delivery Area.

In addition, if Customer contracts for T-service and consumes in excess of the sum of their deliveries to Union and their Rate 25 Sales Service Contract Demand, then such excess shall be deemed overrun and Customer shall be charged a rate equivalent to 100% of the maximum delivery charge identified in the Rate 25 Rate Schedule plus the highest spot cost at Dawn on the day the overrun was authorized, as published in the Canadian Gas Price Reporter ("CGPR") plus all costs associated with transporting such overrun to the appropriate Delivery Area.

Unauthorized Overrun

If Customer contracts for Firm Service or a combined Firm and Interruptible Service and has consumed in excess of the Daily Contract Demand in Schedule 1, then Customer shall be charged a rate equivalent to 150% of the maximum delivery charge identified in the Rate 25 Rate Schedule plus the higher of the spot cost at Dawn in the month that the overrun occurs or the month following, as published in the Canadian Gas Price Reporter ("CGPR") plus all costs associated with transporting such overrun to the appropriate Delivery Area.

In addition, if Customer contracts for T-service and consumes in excess of the sum of their deliveries to Union and their Rate 25 Sales Service Contract Demand, then such excess shall be



deemed overrun and Customer shall be charged a rate equivalent to 150% of the maximum delivery charge identified in the Rate 25 Rate Schedule plus the highest of the spot cost at Dawn in the month the overrun occurs or the month following, as published in the Canadian Gas Price Reporter ("CGPR") plus all costs associated with transporting such overrun to the appropriate Delivery Area.

3. CUSTOMER BALANCING SERVICE ("CBS")

If Customer contracts for T-service, Customer shall also contract for CBS service.

3.01 Customer Balancing Service Account

The CBS Account shall mean the account used to accumulate the daily differences arising between the quantities of Gas received by Union (excluding fuel and including storage withdrawal) at the Receipt Point from Customer and the quantity of Gas distributed by Union to Customer's Point(s) of Consumption. Where the quantities received by Union exceed the quantities distributed by Union, the resulting change in the CBS Account balance shall be positive. Where the quantities delivered by Union exceed the quantities received by Union, the resulting change in the CBS Account balance shall be negative.

Unless authorized by Union, the CBS Account balance cannot exceed the Maximum Tolerance or the Minimum Tolerance defined in Schedule 1.

The CBS is an interruptible service. When injections into the CBS Account are interrupted, any quantities injected by Customer shall be treated the same as quantities that exceed the Maximum Tolerance. When withdrawals to the CBS Account are interrupted, any quantities withdrawn by Customer shall be treated the same as quantities that exceed the Minimum Tolerance.

3.02 Operation Within Tolerances

Operational constraints may impact the ability for Union to provide CBS Services. If, in Union's opinion, CBS services are not available and if the CBS Account balance is positive, upon notification from Union, Customer must remove the balance within 5 days. If the CBS Account balance remains positive at the end of the 5 days, upon 3 days notice from Union, the positive balance will be forfeited to Union without recourse.

If, in Union's opinion, CBS services are not available and if the CBS Account balance is negative, upon notification from Union, Customer must replace the balance within 5 days. If the CBS Account balance remains negative at the end of the 5 days, the negative balance will be purchased by Customer at the Rate 25 price currently in effect, or the Rate 30 price if in effect and available.

3.03 Operation in Excess of Tolerances

If the CBS Account balance exceeds the Maximum Tolerance, any quantities in excess of the Maximum Tolerance shall immediately be charged the maximum cumulative balancing fee as defined in TCPL's tariffs. In addition, upon 3 days notice from Union, any balance in excess of the Maximum Tolerance will be forfeited to Union without recourse.

The CBS Account balance will not be less than the Minimum Tolerance.

3.04 Disposition of Gas at Contract Termination

If this Contract terminates or expires and Customer does not have a contract for Storage Services with Union then, unless otherwise agreed to by Union, any positive CBS account balance shall be immediately forfeited to Union without recourse.

Unless otherwise agreed to by Union, any negative CBS account balance as of the date of termination or expiry shall be deemed to have been purchased by Customer at the Rate 25 price currently in effect, or the Rate 30 price if in effect and available.

3.05 Termination of Service

If the balancing agreement between Union and TCPL used to facilitate this service terminates, the CBS service may also be terminated by Union on the same date.

3.06 CBS Charges

CBS charges are tiered and are determined depending upon the daily opening balances of the Customer's CBS account. The associated rates are posted on Union's website.

3.07 Energy Conversion

Balancing of receipt by Union with distribution to Customer is calculated in energy. The distribution to Customer is converted from volume to energy using Union's standard practices.

4. T-SERVICE STORAGE SERVICE

If a R20 or R100 Customer contracts for T-service storage service, the injection, storage and withdrawal of Gas for Customer by Union will be subject to Union's agreements as amended from time to time for storage and transportation services with TCPL and the constraints imposed by virtue of those agreement(s) and the operational procedures and constraints on Union's system.

Further, should the OEB change the methodology used to determine storage parameters, any resulting changes to Customer's storage parameters would be reflected effective November 1 of the next Contract Year.

4.01 Storage Injection

Union agrees to inject a quantity of Gas to storage, provided Union is not obligated to inject a quantity of Gas that exceeds the Contracted Daily Storage Injection/Withdrawal Entitlement or exceeds the Maximum Storage Quantity Entitlement.

4.02 Storage Withdrawal

Union agrees to withdraw a quantity of Gas from storage, provided Union is not obligated to withdraw a quantity of Gas that exceeds the Contracted Daily Storage Injection/Withdrawal Entitlement or exceeds the quantity of gas remaining in Customer's Maximum Storage Quantity Entitlement. If the total quantity of gas remaining in Customer's storage is less than 20% of Customer's Maximum Storage Quantity Entitlement, Customer's withdrawal entitlement will be reduced to 67% of the Contracted Daily Storage Injection/Withdrawal Entitlement.



4.03 Storage Overrun

Unless Union specifically provides written authorization to exceed contract parameters, any excess shall be unauthorized overrun and, in addition to any other remedies Union may pursue, Customer shall incur charges as referenced in the applicable Rate Schedule.

4.04 Renewal of Storage Service

Unless otherwise agreed to by Union, the availability of storage will be determined by Union each year. Customer must request storage as part of the annual renewal process as provided for in Section 3 of the Contract.

4.05 Survival of Gas Storage Obligations

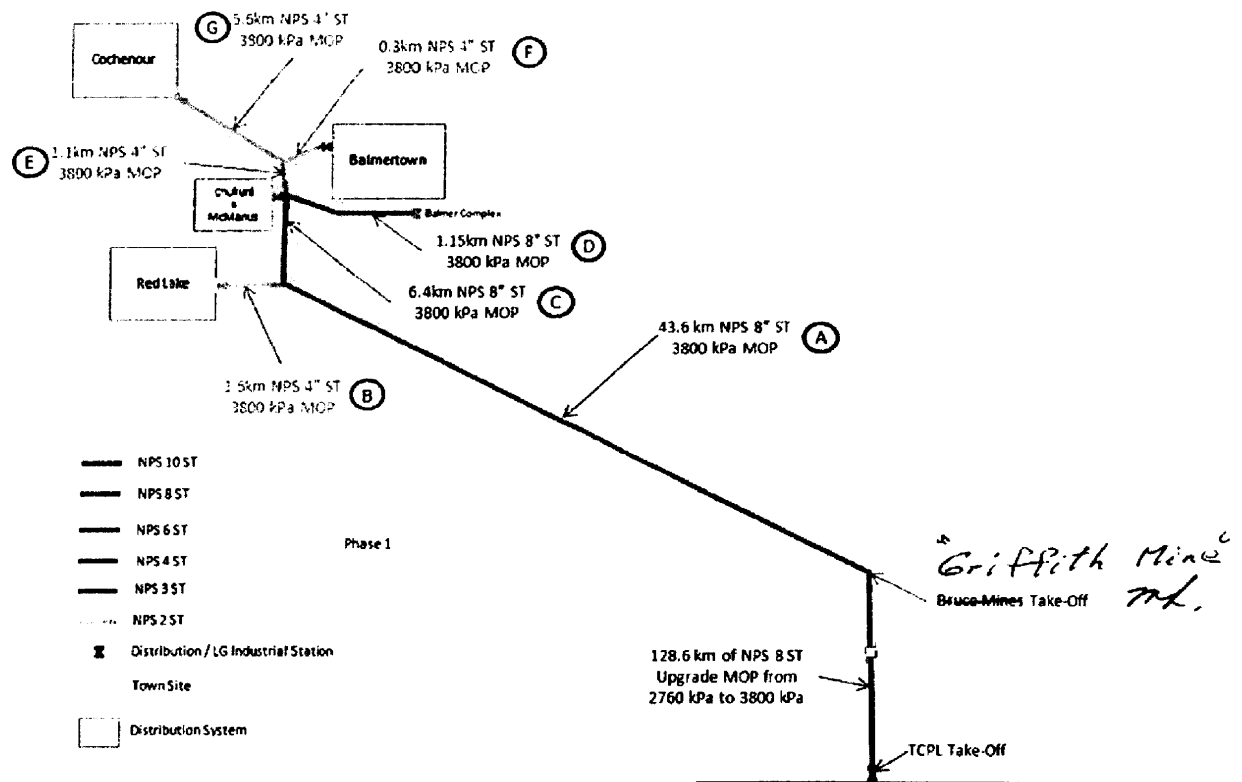
Upon the termination of this Contract, Customer shall have until the storage service end date, as set out in Section 3(c) of Schedule 1, to withdraw all Gas remaining in Customer's storage account. Any Gas remaining in the Customer's storage account, after the storage service end date, shall immediately be forfeited to Union without any recourse. The provisions of this section 4.05 shall survive the termination of this Contract.

5. CHANGES TO CONTRACT PARAMETERS (SCHEDULE 1)

Any changes to End Use locations, consumption patterns, or upstream supply may have a corresponding change to the parameters in Schedule 1 as determined by Union. If there is a change, Customer will receive a revised Schedule 1 from Union prior to the effective date of the change. If Customer does not acknowledge and agree to the revised Schedule 1 in writing at least 25 days prior to the effective date of the change then the Contract will be terminated.



Schedule 3 Depiction of Expansion Facilities



uniongas
A Spectra Energy Company

GENERAL TERMS AND CONDITIONS

1	NOMINATION REQUIREMENTS FOR IN-FRANCHISE CONTRACTED SERVICES.....	3
1.01	NOMINATION CYCLE TIMELINES.....	3
1.02	NOMINATION DEADLINE FOR SERVICES REQUIRING UNION TO NOMINATE ON OTHER PIPELINES.....	3
1.03	NOMINATION QUANTITIES (UNITS).....	3
1.04	COMPRESSOR FUEL.....	3
1.05	UNION'S ACCEPTANCE OF NOMINATIONS.....	4
1.06	CONFIRMATION PROCESS.....	4
1.07	SCHEDULING PROCESS.....	4
1.08	SUBSEQUENT NOMINATIONS.....	4
1.09	PARKWAY CALL.....	4
2	FORCE MAJEURE.....	5
2.01	FORCE MAJEURE NOT AVAILABLE.....	5
2.02	FORCE MAJEURE DECLARED BY UNION.....	6
2.03	FORCE MAJEURE DECLARED BY CUSTOMER.....	6
2.04	APPLICABILITY TO CONTRACTUAL ANNUAL QUANTITY REQUIREMENTS.....	6
3	TERMINATION AND SUSPENSION.....	6
3.01	TERMINATION OF CONTRACT AND SUSPENSION OF SERVICE.....	6
3.02	EFFECT OF TERMINATION.....	7
4	NOTICE.....	7
5	BILLING.....	8
5.01	MONTHLY BILLING.....	8
5.02	RIGHT OF EXAMINATION.....	8
5.03	PAYMENTS.....	8
5.03-1	<i>Payment Date.....</i>	<i>8</i>
5.03-2	<i>Remedies For Non-Payment.....</i>	<i>8</i>
5.03-3	<i>Adjustment of Underpayment or Overpayment.....</i>	<i>8</i>
5.04	FINANCIAL ASSURANCE.....	9
5.05	NON-PAYMENT REMEDY.....	9
6	QUALITY.....	10
6.01	NATURAL GAS QUALITY.....	10
6.02	FREEDOM FROM OBJECTIONABLE MATTER.....	10
6.03	PARTIES' RESPONSIBILITIES.....	10
7	MEASUREMENT.....	10
7.01	DETERMINATION OF VOLUME AND ENERGY.....	10
7.02	METERING BY UNION, CHECK MEASURING EQUIPMENT.....	10
7.03	OBSERVATION OF MEASUREMENT WORK.....	11
7.04	CALIBRATION AND TEST OF METERS.....	11
7.05	CORRECTION OF METERING ERRORS - FAILURE OF METERS.....	11
8	POSSESSION OF AND RESPONSIBILITY FOR GAS.....	11
8.01	POINT OF RECEIPT AND POINT OF CONSUMPTION CONTROLS.....	11



8.02	TITLE TO THE GAS.....	12
8.03	COMMON CARRIER AND INSURANCE	12
8.04	RIGHT TO COMMINGLE THE GAS.....	12
9	FACILITIES AT CONSUMPTION POINT	12
9.01	CONSTRUCTION, MAINTENANCE AND ENTRY	12
9.02	PROPERTY, EASEMENTS, UTILITIES.....	12
10	INDEMNITY	13
11	REPRESENTATIONS AND WARRANTIES BY AGENT.....	13
12	MISCELLANEOUS PROVISIONS.....	14
12.01	INTERPRETATION	14
12.01-1	<i>Definitions and Industry Usage</i>	<i>14</i>
12.01-2	<i>Expanded Meaning</i>	<i>14</i>
12.01-3	<i>Inconsistency.....</i>	<i>14</i>
12.01-4	<i>Currency</i>	<i>14</i>
12.01-5	<i>Time.....</i>	<i>14</i>
12.02	ASSIGNABILITY.....	14
12.03	PROPER LAW OF CONTRACT	15
12.04	SUCCESSORS AND ASSIGNS.....	15
12.05	ENTIRE CONTRACT	15
12.06	CONFIDENTIALITY	15
12.07	PRIORITY OF SERVICE	15
12.08	WAIVER AND FUTURE DEFAULT	15
12.09	LAWS, REGULATIONS AND ORDERS	15
12.10	RIGHT TO CONTRACT.....	16
12.11	SURVIVING OBLIGATIONS.....	16
12.12	JOINT AND SEVERAL LIABILITY	16
12.13	INVALIDITY OF PROVISIONS.....	16
12.14	SERVICE CURTAILMENT.....	16
12.15	UNAUTHORIZED USE OF SERVICES.....	16
12.16	CONSEQUENTIAL CLAIMS OR DAMAGES	17
12.17	FURTHER ASSURANCES.....	17
12.18	AMENDMENT	17
12.19	COUNTERPARTS	17
13	DEFINITIONS	17



GENERAL TERMS AND CONDITIONS

1 NOMINATION REQUIREMENTS FOR IN-FRANCHISE CONTRACTED SERVICES

Customers with contracted Services requiring Nominations to Union must submit Nominations to Union in accordance with Union's nomination provisions. These Nominations must be submitted to Union via fax or Unionline where available for Nominations.

Union follows the North American Energy Standard Board (NAESB) timeline standards providing for 4 available nomination cycles for each Gas Day. Each of the nomination cycles follows the same process sequence: Nomination, acceptance, confirmation and scheduling.

1.01 Nomination Cycle Timelines

The table below identifies the deadlines for each of the 4 standard nomination cycles. All times are identified as Eastern Clock Time ("ECT")

Nomination Cycle	Fax Deadline	Unionline Deadline (where available)	Scheduling Deadline	Effective Flow
Timely (Cycle 1)	1130 hours	1230 hours	1730 hours	1000 hours
Evening (Cycle 2)	1800 hours	1900 hours	2300 hours	1000 hours

Intra-Day Nominations can be used to modify nominated quantities on the current Gas Day.

Nomination Cycle	Fax Deadline	Unionline Deadline (where available)	Scheduling Deadline	Effective Flow
Intra-Day 1 (Cycle 3)	1000 hours	1100 hours	1500 hours	1800 hours
Intra-Day 2 (Cycle 4)	1700 hours	1800 hours	2200 hours	2200 hours

1.02 Nomination Deadline for Services requiring Union to Nominate on Other Pipelines

The Nomination deadline for any contracted services (ie. exchanges) requiring Union to nominate on upstream pipelines is 1030 hours ECT. These services are only offered on the Timely Nomination Cycle. If nominated after 1030 hours ECT and before the close of the Timely Nomination Cycle deadline Union will attempt to accommodate on a reasonable efforts basis. Union does not accept changes to the nominated quantities for these services after the close of the Timely Nomination Cycle deadline.

1.03 Nomination Quantities (Units)

All Services are required to be nominated in whole Gigajoules (GJ's)

1.04 Compressor Fuel

For Services requiring Customer to provide Compressor Fuel in kind, the nominated fuel requirements will be calculated by rounding to the nearest whole GJ.



1.05 Union's Acceptance of Nominations

Union will accept Nominations for contracted Services on each of the 4 standard nomination cycles. The Nomination will be rejected if the activity on the Nomination does not properly balance or if the nominated quantities violate Customer's contractual entitlements.

If a Nomination is not received prior to the nomination deadline it will be held for scheduling in the subsequent nomination cycle for the Gas Day.

1.06 Confirmation Process

The confirmation process validates nominated quantities to flow between interconnecting pipelines to ensure Customers have nominated identical quantities to both pipeline operators. In the case where there is a discrepancy between the nominated quantities and the discrepancy cannot be resolved with Customer, then the lower quantity will be the confirmed scheduled quantity.

1.07 Scheduling Process

During the scheduling process Union compares all of the Nominations to the physical capacity available for the Gas Day in question.

If there is insufficient capacity available to meet all of the nominated quantities Union will complete scheduling reductions of nominated Interruptible Services.

If Union is unable to completely schedule an Interruptible Service, Customer will be advised of its scheduled quantities no later than the close of the scheduling deadline for the applicable Nomination cycle. Once notified, Customer is, within 30 minutes, required to submit a revised Nomination to meet the scheduled quantity for the Interruptible Service. In order to be accepted, this Nomination must be properly balanced and the nominated quantities must not violate Customer's contractual entitlements. If a revised Nomination is not submitted, Union will, using the contracted Services Customer has available, re-balance the Nomination to match the scheduled quantities.

Scheduling of Firm Services must be nominated on the Timely Nomination Cycle. Nominations for increasing quantities for Firm Services after the Timely Nomination Cycle will be treated as Interruptible Services and will only be scheduled if there is sufficient capacity available.

1.08 Subsequent Nominations

All scheduled Nominations for Services will remain in effect until a new Nomination is provided by Customer.

The Unbundled Service requires a valid daily Nomination.

1.09 Parkway Call

This Section 1.09 is only applicable to Services taken under Rates U2, U5, U7 and U9. Union shall advise Customer of the Parkway Call requirement on or before 1730 hours ECT on the day immediately preceding the Gas Day for which the Parkway Call is required.



After being notified by Union, but no later than 1900 hours ECT on the same day, Customer shall provide a revised Nomination to Union, which shall include the entire Parkway Call. If a revised Nomination acceptable to Union is not provided by 1900 hours ECT or does not include the entire Parkway Call, a Failure to Deliver will be deemed to have occurred, and the Failure to Deliver section in Schedule 2 of this Contract shall apply.

2 FORCE MAJEURE

In the event that either Customer or Union is rendered unable, in whole or in part, by Force Majeure, to perform or comply with any obligation or condition of this Contract then, subject to the provision of this Section 2, the obligations (other than the obligations to make payment of money then due) of both parties so far as they are directly related to and affected by such Force Majeure, shall be suspended during the continuance of the Force Majeure.

The party claiming Force Majeure shall give Notice, with full particulars of such Force Majeure, to the other party as soon as possible after the occurrence of Force Majeure.

The party claiming Force Majeure shall also give Notice to the other party as soon as possible after the Force Majeure is remedied in whole or part.

Force Majeure means:

- a) Acts of God, landslides, lightning, earthquakes, fires, storms, floods, washouts, explosions, breakage or accident to its machinery or equipment or lines of pipe;
- b) freezing or failure of wells or lines of pipe; curtailment of firm transportation and/or firm storage by Transporters;
- c) strikes, lockouts or other industrial disturbances, riots, sabotage, insurrections, civil disturbance, acts of terrorism, wars, arrests or restraint of governments and people;
- d) any laws, orders, rules, regulations, acts of any government body or authority, civil or military;
- e) any act or omission by parties not controlled by the party claiming Force Majeure; and
- f) any other similar causes not within the control of the party claiming Force Majeure and which by the exercise of due diligence such party is unable to prevent or overcome.

The party claiming Force Majeure shall make reasonable efforts to avoid, or correct the Force Majeure and to remedy the Force Majeure once it has occurred in order to resume performance.

2.01 Force Majeure Not Available

A party claiming Force Majeure shall not be entitled to the benefit of the provisions of Force Majeure if any one or more of the following circumstances prevail:



- a) the Force Majeure was caused by the negligence of the party claiming Force Majeure;
- b) the party claiming Force Majeure failed to make all reasonable efforts (not including litigation, if such remedy would require litigation) to remedy the Force Majeure;
- c) the Force Majeure was caused by lack of funds;
- d) the party claiming Force Majeure did not give Notice required, as soon as reasonably possible after the Force Majeure occurred.

2.02 Force Majeure Declared by Union

During a Force Majeure declared by Union, Customer will be responsible for commodity charges and will only be relieved of the demand charges applicable to that part of the Services not available to Customer as a result of the Force Majeure. Union will not be responsible for any Transporter charges.

2.03 Force Majeure Declared by Customer

During a Force Majeure declared by Customer, all demand charges and all commodity charges otherwise payable under this Contract will continue to be payable. Where this Contract includes an Obligation to Deliver Gas, such Obligation to Deliver Gas shall not be relieved under Force Majeure. Union will not be responsible for any Transporter charges.

2.04 Applicability to Contractual Annual Quantity Requirements

- a) The number of days of Force Majeure will proportionally reduce any minimum annual quantity upon which any minimum bills are determined, and such reduced minimum annual quantity will not be limited to the minimum quantity required to qualify for the applicable Rate Schedule.
- b) Services taken during the period of Force Majeure will be deemed not to have been taken for purposes of determining the applicable minimum annual quantity.

3 TERMINATION and SUSPENSION

3.01 Termination of Contract and Suspension of Service

In the event of a breach, misrepresentation, non-observance or non-performance by any party to this Contract of any covenant, provision, representation, condition, continuing condition, restriction or stipulation contained in this Contract (including, without limiting the generality of the foregoing, any failure to pay, any failure to provide financial assurances when required pursuant to the terms of this Contract, or any Failure to Deliver), the party not in default may give written Notice to the defaulting party requiring it to remedy such default. If the defaulting party fails to fully remedy the party not in default for all consequences of such default within a period of ten (10) Business Days from receipt of such Notice, then:

- (a) this Contract may be terminated by Notice from the party not in default; and/or

(b) if the Customer is the defaulting party, Union may suspend Services under this Contract. Such suspension shall not relieve Customer from paying any charges payable under this Contract.

If either party makes an assignment in bankruptcy, is a party against whom a receiving order is made, or for whom a receiver or monitor has been appointed under a security agreement or by a court or any similar action under any law, the other party may terminate this Contract immediately, except where not permitted by such law.

(c) The rights set forth in this Section 3.01 shall be in addition to, and not in derogation of or in substitution for, any other right or remedy which the parties respectively at law or in equity shall or may possess.

3.02 Effect of Termination

Notwithstanding the termination of this Contract, each party shall continue to be liable to pay on the terms herein specified any amount accrued and payable up to the time of termination. Termination will be without waiver of any other remedy to which the party not in default may be entitled including breaches of contract, for past and future damages, and losses.

4 NOTICE

All Notices required hereunder (each a "Notice"), except for those in Section 1 (Nominations) of these General Terms and Conditions shall be in writing and shall be sufficiently given and received if personally delivered or sent by mail, Unionline, fax or e-mail to the address of the party specified in Schedule 1 to this Contract.

Personally served Notice is deemed to be received when actually delivered.

Notice sent by mail, Unionline, or e-mail is deemed to have been received when actually received.

Notice sent by fax is deemed to have been received on the date of receipt of the transmission.

Notwithstanding the above, with the exception of Notice of interruption of Interruptible Services or Force Majeure, any Notice received after 5:00 pm or on a weekend or a statutory holiday is deemed to be received on the next Business Day.

The addresses of Customer and Union for receipt of Notices are as set out in Schedule 1 and such addresses may be changed by Notice given in accordance with this Section 4.



5 BILLING

5.01 Monthly Billing

Each Month, Union shall render a bill for Services and any other charges for the preceding Month. Charges may be based on estimated quantities. If based on an estimate, Union shall provide, in a future Month's billing, an adjustment based on any difference between actual quantities and estimated quantities.

5.02 Right of Examination

Both Union and Customer shall have the right to examine at any reasonable time, copies of the books, records and charts of the other to the extent necessary to verify the accuracy of any statement, chart or computation made under or pursuant to the provisions of this Contract.

5.03 Payments

5.03-1 Payment Date

Payment date is identified in the applicable Rate Schedule. If payment date is not identified in a Rate Schedule, it will be as identified on the invoice.

5.03-2 Remedies For Non-Payment

In the event that Customer fails to pay Union when payment is due, late payment charges as identified in the applicable Rate Schedule and the termination and suspension provisions in Section 3 will apply.

5.03-3 Adjustment of Underpayment or Overpayment

If a Customer in good faith disputes a bill or any portion thereof, Customer shall pay the undisputed portions of the bill. Together with such payment, Customer shall provide written Notice to Union setting out the portions of the bill that are in dispute, an explanation of the dispute and the amount that Customer believes is the correct amount.

If it is subsequently determined that a bill or any portion thereof disputed by Customer is correct, then Customer shall pay the disputed portions of the bill with Interest within thirty (30) days after the final determination.

If it is subsequently determined that Customer has been overcharged and Customer has actually paid the bill(s) containing the overcharge then, within thirty (30) days after the final determination, Union shall refund the amount of any such overcharge with Interest.

If it is subsequently determined that Customer has been undercharged, Customer shall pay the amount of any such undercharge within thirty (30) days after the final determination.

Customer and Union each expressly disclaims and waives any claim or dispute (including those related to amounts charged for Services or quantities of Gas distributed, stored, or transported) that relate to a period that is earlier than 12 Months prior to the date written Notice to the other party of such claim or dispute is asserted. This applies to the extent allowed under law and whether such claim or dispute is related to a billing error or measurement error or any other error or circumstance whatsoever.



5.04 Financial Assurance

If at any time during the term of this Contract, Union has reasonable grounds to believe that Customer's creditworthiness under this Contract has become unsatisfactory, then Union may by written Notice request financial assurances from Customer in an amount determined by Union in a commercially reasonable manner. Upon receipt of such written Notice, Customer shall have 14 days to provide such financial assurances.

The financial assurances requested by Union will not exceed the sum of the following:

- a) an amount equal to 60 days of all Services; and,
- b) if Customer holds a temporary capacity assignment from Union of a third party asset (for example, upstream pipeline capacity), an amount equal to the higher of 60 days of all charges for the third party asset, or security equivalent to that which may be required by the third party asset provider as if Customer held the asset directly; and,
- c) if Customer supplies their own Gas, an amount equivalent to the value, as determined by Union, of any current or projected negative Banked Gas Account balance.

Customer may provide Union such financial assurances in the form of cash, letters of credit, guarantees or such other form as may be agreed upon between Customer and Union.

In the event that Customer fails to provide financial assurances as set out above, the termination and suspension provisions in Section 3 shall apply.

Where Customer has provided financial assurances to Union, and the grounds for requesting such financial assurances have been removed so that Customer's creditworthiness under this Contract has become satisfactory, then Customer may request the return of such financial assurances from Union by written Notice. Upon receipt of such written Notice Union shall have 14 days to return such financial assurances to Customer.

5.05 Non-Payment Remedy

If Customer shall be indebted (whether past, present, or future, liquidated or unliquidated) to Union, under this Contract, Union has the right to reduce any amount payable by Union to Customer under this Contract by an amount equal to the amount of such indebtedness to Union.

As part of this remedy, Union may take title to any or all of Customer's Gas in Union's possession. Such Gas shall be valued at the day price for Gas at Dawn as listed in Canadian Gas Price Reporter for the day of non-payment.



6 QUALITY

6.01 Natural Gas Quality

In any Month, the minimum average gross heating value of the Gas received by Union from Customer and delivered to Customer by Union shall be thirty-six (36) Megajoules per Cubic Metre. Gas shall not contain more than twenty-three (23) milligrams of hydrogen sulphide per Cubic Metre nor four hundred and sixty (460) milligrams of total sulphur per Cubic Metre of Gas, as determined by standard methods of testing.

6.02 Freedom from Objectionable Matter

The Gas received by Union and delivered to Customer hereunder shall be free (at prevailing pressure and temperature in Union's pipeline at the Point of Receipt or Point of Consumption, as the case may be) from dust, or other solids or liquids which cause injury to, or interfere with proper operation of the lines, regulators, or meters through which it flows.

6.03 Parties' Responsibilities

If the Gas being received by Union from Customer or delivered by Union to Customer fails at any time to conform to any of the specifications set forth in this Section 6, the party receiving such Gas shall notify the delivering party of such deficiency and thereupon the party receiving the Gas may, at its option, refuse to accept receipt of Gas pending correction by the party delivering the Gas. Neither party is responsible for any loss, damage, or injury resulting from such party's delivery of Gas that does not conform to any specifications set forth in Section 6 except to the extent any such loss, damage or injury arises as a result of such party's gross negligence or wilful misconduct.

7 MEASUREMENT

7.01 Determination of Volume and Energy

- a) The volume and energy amounts shall be determined in accordance with the Electricity and Gas Inspection Act, R.S.C. 1985 c. E-4 (the "Act") and the Electricity and Gas Inspection Regulations, S.O.R 86/131 (the "Regulations"), and any documents issued under the authority of the Act and Regulations and any amendments thereto. Where there is no site specific energy measurement, Union's Average Heat Value will be used to convert volumes to energy.
- b) The supercompressibility factor shall be determined in accordance with either the "Manual for Determination of Supercompressibility Factors for Natural Gas" (PAR Project NX-19) published in 1962 or with American Gas Association Transmission Measurement Committee Report No. 8, Nov. 1992, at Union's discretion.

7.02 Metering by Union, Check Measuring Equipment

Union will install and operate meters and related equipment in accordance with the Act and the Regulations referenced in these General Terms and Conditions.

Customer may install, maintain, and operate, such check measuring equipment as desired, and shall be so installed as not to interfere with the operation of Union's measuring equipment at



or near the Consumption Point. This check measuring equipment will be downstream of the Consumption Point and at Customer's own expense.

Where Union has installed heat value measuring equipment at Customer's end use location, the heating value properly measured at this site will be used to convert volume to energy for Gas delivered by Union to Customer.

7.03 Observation of Measurement Work

Union and Customer shall have the option to have representatives present at the time of any installing, reading, cleaning, changing, repairing, inspecting, testing, calibrating, or adjusting done in connection with the other's measuring equipment. Each party shall provide reasonable notification to the other party in connection with testing, calibrating or adjusting measuring equipment, to enable the other party to be present if desired.

7.04 Calibration and Test of Meters

The accuracy of Union's measuring equipment shall be verified by Union at reasonable intervals.

If Customer notifies Union that it desires a special test, the expense of any such test shall be borne by Customer if the measuring equipment tested is found to be in error by two per cent (2%) or less. In this event, previous recordings shall be considered accurate, but such equipment shall be adjusted to record as near to absolute accuracy as possible. If the special test shows a percentage of inaccuracy greater than two percent (2%), the expense of the test will be borne by Union and the financial adjustment shall be calculated in accordance with the Act and Regulations thereunder, and any successor statutes and regulations. Union shall not be required to verify the accuracy of such equipment more frequently than once in any thirty (30) day period.

7.05 Correction of Metering Errors - Failure Of Meters

In the event a meter is out of service, or registered inaccurately, the volume or quantity of Gas shall be determined by Union as follows:

- a) by using the registration of any check meter or meter, if installed and accurately registering; or, in the absence of (a) then;
- b) by correcting the error if the percentage of error is ascertainable by calibration, tests or mathematical calculation; or in the absence of both (a) and (b), then;
- c) by estimating the quantity of Gas delivered during periods under similar conditions when the meter was registering accurately.

8 POSSESSION OF AND RESPONSIBILITY FOR GAS

8.01 Point of Receipt and Point of Consumption Controls

As between Union and Customer, control, responsibility, and possession of all Gas received and/or delivered and transported hereunder shall pass from the delivering party to the receiving party at the Points of Receipt and the Points of Consumption as applicable.



8.02 Title to the Gas

Each party warrants that it owns or controls, or has the right to deliver or have delivered to the other party, Gas that is free and clear of any lien, mortgage, security interest or other encumbrance whatsoever. The delivering party shall indemnify and hold harmless the receiving party from all claims, actions, or damages arising from any adverse claims by third parties claiming an ownership or an interest in such Gas.

8.03 Common Carrier and Insurance

To further clarify the relationship between Union and Customer, Union is not a common carrier and Union is not an insurer of Customer's Gas.

8.04 Right to Commingle the Gas

Union shall have the right to commingle and use the Gas received under this Contract with Gas owned by Union or others and deliver such commingled Gas to Customers.

9 FACILITIES AT CONSUMPTION POINT

9.01 Construction, Maintenance and Entry

Union may construct on Customer's property (whether owned by Customer or any other party), at each Point of Consumption the metering stations and facilities required by Union. Union employees or agents may at any reasonable time, with notification to Customer (except in cases of emergency where no notification is required), enter Customer's property provided that in all cases Union's employees or agents agree to abide by Customer's facility security policies and procedures and health and safety policies provided that they are reasonable and provided by Customer to Union's employees or agent prior to entry to the property.

9.02 Property, Easements, Utilities

Customer agrees that all stations and facilities installed by Union, including the meter station, are the property of Union whether the facilities are on property belonging to Customer or some other party.

Customer grants to Union on such non-financial commercial terms and conditions as may be agreed upon any required easements or agreements and undertakes to obtain or execute and deliver to Union such required easements or agreements to allow Union to have the related use of Customer's land interests which may be reasonably required by Union to facilitate Construction.

In the event that the station at the Point of Consumption requires electrical power circuitry, exclusive telecommunications and/or telecommunications lines, or other utility supply apparatus ("Equipment"), at each or any meter in the station, for telemetry; in addition to telemetry; or for purposes unrelated to telemetry, Customer agrees to provide and pay for all such Equipment and all utilities required (including power and telephone service as specified by Union) for the purpose of serving the Equipment. The exclusive telephone line for each meter must not employ a manual switchboard.



10 INDEMNITY

Each party (the "Indemnifying Party") hereby agrees to indemnify and save the other party (the "Indemnified Party") harmless from and against all claims, demands, actions, causes of action, damage, loss, deficiency, cost, liability and expense which may be brought against the Indemnified Party or which Indemnified Party may suffer or incur as a result of, in respect of, or arising out of any of the following:

- a) any non-performance or non-fulfilment of any covenant or agreement on the part of the Indemnifying Party contained in this Contract;
- b) any misrepresentation, inaccuracy, incorrectness or breach of any representation or warranty made by the Indemnifying Party contained in this Contract or contained in any document given pursuant to this Contract;
- c) *(Subsection 10(c) is only applicable to Agent or Customer as the Indemnifying Party)*
the failure of the Indemnifying Party to satisfy its obligations to End Use locations listed in Schedule 3 (where a Schedule 3 is included in this Contract);
- d) *(Subsection 10(d) is only applicable to Agent as the Indemnifying Party)*
any dispute arising out of any aspect of the relationship between the Agent and Customer;
- e) any negligence or wilful misconduct of the Indemnifying Party;
- f) all costs and expenses including, without limitation, legal fees, incidental to or in respect of the foregoing.

This indemnity shall survive the termination or expiration of this Contract.

11 REPRESENTATIONS AND WARRANTIES BY AGENT

Agent hereby represents and warrants to Union as follows and confirms that Union is relying upon the accuracy of each of such representations and warranties in connection with the execution of this Contract by Union and the acceptance of its rights and obligations hereunder:

- a) Agent is the duly appointed agent of Customer and, in such capacity, is entitled to enter into this Contract on behalf of Customer and to act on its behalf hereunder;
- b) Union is entitled to rely on anything done or any document signed by Agent on behalf of Customer, in respect of this Contract as if the action had been taken or the document had been signed by Customer; and
- c) payments made by Customer to Union pursuant to invoices shall be made without any right of deduction or set-off regardless of any rights Customer may have against Agent or any rights Agent may have against Customer.
- d) Agent shall be the only person to deliver or receive all Notices, invoices, and payments. Any Notice, invoice, or payment made to Union by Agent will be deemed to be received



from Customer. Any Notice, invoice, or payment made by Union to Agent will be deemed to be received by Customer. Union shall not be responsible to communicate to End Users any such Notice, invoice, or payment from or to Agent.

12 MISCELLANEOUS PROVISIONS

12.01 Interpretation

12.01-1 Definitions and Industry Usage

Capitalized terms and certain other terms used in this Contract and not specifically defined shall have the meaning set forth in these General Terms and Conditions, Schedules and/or Rate Schedule. Words, phrases or expressions which are not defined herein and which, in the usage or custom of the business of the exploration, production, transmission, storage, and distribution or sale of natural gas in Canada have an accepted meaning shall have that meaning.

12.01-2 Expanded Meaning

In this Agreement, unless there is something in the subject matter or context inconsistent therewith:

- a) words importing the singular shall include the plural and vice versa;
- b) words importing the gender shall include the masculine, feminine and neuter genders; and
- c) references to any statute shall extend to any orders in-council or regulations passed under and pursuant thereto, of any amendment or re-enactment or such statute, orders-in-council or regulations, or any statute, orders-in-council or regulations substantially in replacement thereof.

12.01-3 Inconsistency

In the event of a conflict among the terms of the (i) Rate Schedules; (ii) the body of the Contract; (iii) Schedules to the Contract; and, (iv) these General Terms and Conditions, the terms of the documents shall govern in the priority as listed.

12.01-4 Currency

Unless otherwise indicated, all reference to dollars in this Contract shall mean Canadian dollars.

12.01-5 Time

All references to time in this Contract shall be stated in Eastern Clock Time.

12.02 Assignability

Neither the rights nor the obligations of Customer under this Contract shall be assignable without the prior written consent of Union. Union's consent may not be unreasonably withheld or delayed.



12.03 Proper Law of Contract

This Contract shall be governed by and construed in accordance with the laws of the Province of Ontario, and the parties to this Contract exclusively attorn to the jurisdiction of the Courts of Ontario.

12.04 Successors and Assigns

The Contract shall be binding upon and shall enure to the benefit of the Parties hereto and their respective successors and permitted and lawful assigns.

12.05 Entire Contract

This Contract constitutes the entire agreement between the parties pertaining to the subject matter hereof. This Contract supersedes any prior agreements, understandings, negotiations or discussions, whether oral or written, between the Parties in respect of the subject matter hereof.

12.06 Confidentiality

Except for credit purposes, unless the Parties to this Contract otherwise expressly agree in writing, the terms of this Contract will remain strictly confidential except as otherwise required by applicable law or by any competent regulatory body or court of competent jurisdiction.

12.07 Priority of Service

Despite any other provision of this Contract, when the use of Gas or Service is curtailed or restricted, by order of any authorized government agency, or by Force Majeure, Customer shall, in accordance with the direction of Union, curtail or discontinue use of Gas or Service during the period in which such Gas or Service is so jeopardized. Union shall not be liable for any loss of production or for any damages whatsoever by reason of such curtailment or discontinuance or because of the length of advance Notice given directing such curtailment or discontinuance. However, Union shall use its reasonable efforts to provide Notice as soon as possible to Customer, of such curtailment or discontinuance of Gas or Service as aforesaid.

12.08 Waiver and Future Default

No waiver by either Union or Customer of any one or more defaults by the other in the performance of any provisions of this Contract shall operate or be construed as a waiver of any future default or defaults, whether of a like or a different character.

12.09 Laws, Regulations and Orders

This Contract and the respective rights and obligations of the Parties hereto are subject to all present and future valid laws, statutes, orders, rules and regulations of any competent legislative body, or duly constituted authority now or hereafter having jurisdiction. This Contract shall be varied and amended to comply with or conform to any valid order or direction of any board, tribunal or administrative agency, which affects any of the provisions of this Contract.



12.10 Right to Contract

Customer hereby represents and warrants to Union that it or its Agent has the sole right to enter into this Contract for each of the Points of Consumption, for the term of this Contract.

12.11 Surviving Obligations

Despite the termination or expiry of this Contract, the following defined provisions shall remain in full force and effect in accordance with their terms and shall survive termination or expiry. The term of the survival shall be for the period referenced in this section.

- a) confidentiality as outlined in Section 12.06
- b) liability and Gas balancing obligations to the extent any liabilities and Gas balancing obligations have accrued prior to the date of termination or expiry of this Contract, and may continue as a result of an event occurring prior to the termination or expiry of this Contract (for the period until all liabilities and Gas balancing and reconciliations have been completed)
- c) Settlement of accounts; rights to set off; calling any Letter of Credit; collecting on any security (for the period until all accounts have been settled).

12.12 Joint and Several Liability

In the event that Customer is more than one person the obligations of all of such persons shall be joint and several and Union shall not be required to exhaust its rights and remedies against any one person prior to exercising its rights and remedies in respect of any other person.

12.13 Invalidity of Provisions

If any of the provisions of this Contract are invalid, illegal or unenforceable in any respect, the validity or legality of enforceability of the remaining provisions shall not in any way be affected.

12.14 Service Curtailment

Union may be required from time to time to perform Construction to its facilities, which may impact Union's ability to meet Customer's requirements. In such event, Union shall have the right to suspend any Service in whole or in part but will use reasonable efforts to determine a mutually acceptable period during which such Construction will occur and also to reasonably limit the extent and duration of any impairments. Union shall provide at least fifteen (15) days Notice (except in cases of emergency, in which event it may be done immediately with Notice provided as soon as reasonably possible afterwards) to Customer of the extent that Union's ability to provide Service may be impaired. During any such curtailment, Customer will be relieved of the demand charges for Services directly related to the said curtailment, but commodity and proportionate demand charges for Services available to Customer will be payable.

12.15 Unauthorized Use of Services

If Customer exceeds the Contract parameters (including Service parameters, after notification of interruption of Interruptible Service or curtailment resulting from a Force Majeure), in



addition to charges identified in the Rate Schedules, Customer shall also be responsible for any direct damages resulting from exceeding the Contract parameters and/or not complying fully with any Notice.

If Customer uses Interruptible Services, in breach of notification of interruption, Union will have the right to change Customer from Interruptible Service to Firm Service or increase its Firm Service, by an amount equivalent to the quantity of such excess Interruptible Service used on any day effective on the first Day of any Month following such breach.

12.16 Consequential Claims or Damages

Neither party shall be responsible for any consequential, incidental, special or indirect damages whatsoever, including, without limitation, loss of profits, loss of earnings, business interruption losses, cost of capital or loss of business opportunities. This provision shall survive the termination or expiration of this Contract.

12.17 Further Assurances

Each party will do, execute and deliver, or will cause to be done, executed and delivered, all such further acts, documents, and assurances as may reasonably be requested for the carrying out and performance of this Contract.

12.18 Amendment

Union may from time to time incorporate updates to Schedule 2 to this Contract and/or these General Terms and Conditions which are intended to be applicable to all of Union's customers on non-discriminatory basis. Union will notify Customer not less than 60 days prior to the effective date of the update and post the update on Unionline. Union will notify Customer again not less than 30 days prior to the effective date of the update. If 10 Business Days prior to the effective date, Customer has not provided Notice to Union objecting to the update, then Customer will be deemed to have accepted the revised Schedule 2 to this Contract and/or these General Terms and Conditions, as the case may be, which shall, as of the effective date, apply to this Contract. If Customer has provided Notice objecting to the update, the revision shall not apply to this Contract.

12.19 Counterparts

This Agreement may be executed in several counterparts, each of which so executed being deemed to be an original. Such counterparts together shall constitute one and the same instrument and notwithstanding their date of execution shall be deemed to be made and dated as of the date hereof.

13 DEFINITIONS

Except where this Contract expressly states another meaning, the following definitions, when used in these General Terms and Conditions or in this Contract, shall have the following meanings:

"Agent" means such person as appointed by Customer as its agent to enter into the Contract on behalf of the Customer and to act on Customer's behalf hereunder.



"Average Heat Value" means the average forecasted heating value of all Gas to be received by Union for the applicable Delivery Area for the applicable period.

"Authorization Notice" means the written approval provided by Union in response to Customer's request for a short-term amendment to certain contract parameters or additional Services. Such Authorization Notice shall specify the approved amended parameters and the term for the amendment.

"Business Day" means any day upon which Union's head office in Chatham, Ontario, is normally open for business.

"Bundled Service" means a Service provided by Union under the Gas Distribution Contract and/or the Bundled T Gas Contract without daily Nominations at the Consumption Point.

"Bundled T" means the Bundled T Gas Contract with Union under which Customer receives Receipt Services.

"Compressor Fuel" means an amount of Gas specified by Transporter to be supplied by a shipper as a fuel source for Transporter's pipeline compressors.

"Construction" means constructing, maintaining, removing, operating and/or repairing Union's facilities for the purpose of commencing, maintaining, or discontinuing deliveries of Gas to Customer.

"Contract" means the contract entered into between Union and Customer to which these General Terms and Conditions, Rate Schedules and Schedules apply, and into which they are incorporated by reference.

"Contract Demand" ("CD") means the maximum volume or quantity of Gas that Union is obliged to deliver in any one day to a Customer under all Services or, if the context so requires, a particular Service at the Consumption Point.

"Contract Year" means a period of twelve (12) consecutive Months beginning on the day of First Delivery and each anniversary date thereafter unless mutually agreed otherwise.

"Cubic Metre" ("m³") means the volume of Gas which occupies one cubic metre when such Gas is at a temperature of 15 degrees Celsius, and at an absolute pressure of 101.325 kilopascals.

"Customer" shall have the meaning as defined in this Contract.

"Daily Contract Quantity" ("DCQ") means that portion of the daily parameters as set out in Schedule 1, being a quantity of Gas which Customer must deliver to Union on a Firm basis. The DCQ (GJ/day) is equal to 12 months of consumption of end-use locations underlying the direct purchase contract / 365 days * heat value (GJ/m³). If this Contract has a term greater than 12 months, the DCQ is calculated by dividing the historical consumption for the term of this Contract by the number of Days in this Contract term. The consumption of general service end-use locations is weather normalized.



"Day of First Delivery" means the date the Service, obligations, terms and conditions of the Gas Distribution Contract commence, as set out in its Schedule 1.

"Day of First Receipt" means the date the Service, obligations, terms and conditions of the Bundled T commence, as set out in its Schedule 1.

"Delivery Area" means the receipt zone(s) of Union (Manitoba, Western, Northern, Sault Ste. Marie, Central, North Central or Eastern Delivery Areas) which are defined as the delivery zone(s) of TCPL for service under its applicable toll schedules.

"Delivery Service" means the transportation of Gas by Union to storage or the Consumption Points.

"Distribution Service" means any combination of Delivery Service and Storage Service.

"End User" means the ultimate user of the Gas in Union's franchise area.

"Failure to Deliver" means the circumstance where Customer is obligated to deliver a quantity of Gas to Union, and all or a portion of the said quantity is not received by Union at the Points of Receipt.

"Firm" means any Services not subject to interruption or curtailment except under sections titled Force Majeure; Service Curtailment; and Priority of Service of these General Terms and Conditions.

"Firm Entitlements" means the quantity of Gas as set out in Schedule 1 of the Unbundled Service contract which Customer will nominate and deliver to Union and Union shall receive at each contracted Receipt Point.

"Gas" means Gas as defined in the Ontario Energy Board Act, 1998, as amended, supplemented or re-enacted from time to time, which may be commingled supplies.

"Gas Day" means a period of twenty-four (24) consecutive hours beginning at 10:00 a.m. in the Eastern Time Zone. The reference date for any day shall be the calendar date upon which the twenty-four (24) hour period shall commence.

"Interruptible" means any Services subject to interruption, after being notified by Union.

"Interest" means the minimum commercial lending rate of Union's principal banker for the relevant period.

"Joule" (J) means the work done when the point of application of a force of one (1) newton is displaced a distance of one (1) metre in the direction of the force. The term "Megajoule" (MJ) shall mean 1,000,000 Joules. The term "gigajoule" (GJ) shall mean 1,000,000,000 Joules.

"Month" means a period beginning at 10:00 a.m. (Eastern Clock Time) on the first day of the calendar month and ending at the same hour on the first day of the next succeeding



calendar month.

"Nomination" means a request to Union for a Service in accordance with Union's nomination provisions.

"Non-Obligated" means any quantities of Gas that are not committed to be delivered by Customer on a Firm basis and which Union will receive on a Firm basis when delivered by Customer.

"Obligated" means that quantity of Gas which Customer is committed to deliver to Union on a Firm basis at the Points of Receipt.

"Points of Consumption" or "Consumption Points" means, unless otherwise specified in this Contract, the outlet side of the Union measuring equipment located at Customer's or End User locations as specified in Schedule 1 or Schedule 3, as applicable.

"Rate Schedule" means the Ontario Energy Board approved rate schedule applicable to the Service being provided, (including schedules attached thereto), or such other replacement rate schedule as approved by the Ontario Energy Board from time to time.

"Receipt Service" means the approved receipt of Gas from Customer to Union at the Points of Receipt.

"Receipt Point" or "Points of Receipt" shall mean the points listed on Schedule 1 of this Contract where Union may receive Gas from Customer.

"Schedules" means the schedules attached to and forming part of this Contract.

"Seasonal" means any Service that is available during a specified period of the Year.

"Service(s)" means Receipt, Delivery or Storage Service as defined herein.

"Storage Service" means the space and deliverability service for storage under either Bundled Service or Unbundled Service.

"TCPL" means TransCanada PipeLines Limited.

"Transporter" means the transmission company that transports the Gas to the Receipt Point.

"Unbundled Service" means a Service provided by Union under which Customer will nominate and balance daily for Receipt, Storage and Delivery Services.

"Unionline" means Union's electronic web based system for Customer and Union to interact electronically, including but not limited to nominating and information exchange.

"When Available" means any interruptible Service that is available based on Union's sole discretion after Firm and Interruptible Services have been exhausted and is priced at the interruptible rate in the applicable Rate Schedule.



"Western" means the points of receipt on the TCPL system where Union is able to receive Gas.

"Year" means a period of 365 days; provided, however, that any such Year, which contains a date of February 29, shall consist of 366 days.



The Northern GAS DISTRIBUTION CONTRACT ("**Contract**"), made as of the 11th day of March 2011

BETWEEN:

UNION GAS LIMITED

hereinafter called "**Union**"

- and -

RED LAKE GOLD MINES

hereinafter called "**Customer**"

WHEREAS, Customer has requested from Union and Union has agreed to provide Customer with Services;

AND WHEREAS, Customer has elected direct purchase services, and therefore Customer will be responsible for supplying Gas to Union;

AND WHEREAS, Union will distribute Gas to Customer's Point(s) of Consumption under this Contract pursuant to the Rate Schedule(s) identified in Schedule 1;

AND WHEREAS, the provision of Services will require Union to construct new natural gas pipeline and related facilities (the "**Expansion Facilities**") as depicted in Schedule 3 in accordance with the Rules and Regulations set out by the Ontario Energy Board ("**OEB**");

AND WHEREAS, Union and Customer are parties to an indemnity agreement ("**Indemnity Agreement**"), which is intended to terminate as of the execution of this Contract, subject to providing proper credit to Customer for funds provided by Customer to Union (if any) under that Indemnity Agreement;

IN CONSIDERATION of the mutual covenants contained herein, the parties agree as follows:

1. **ATTACHMENTS**

The following are hereby incorporated in and form part of this Contract:

- a) General Contract Parameters and Notice Lists in Schedule 1;
- b) Terms and Conditions for Union's Northern Gas Distribution Contract in Schedule 2;
- c) Depiction of Expansion Facilities in Schedule 3; and
- d) Union's General Terms and Conditions.



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2. CONDITIONS PRECEDENT

The obligations of Union to provide Services described in this Contract are subject to the following conditions precedent that are for the sole benefit of Union and which may be waived or extended in whole or in part in the manner provided in this Contract:

- a) Union shall have obtained, in form and substance satisfactory to Union, and all conditions shall have been satisfied under, all governmental, regulatory and other third party approvals, consents, orders and authorizations, that are required to construct the Expansion Facilities; and
- b) Union shall have placed into service the Expansion Facilities; and
- c) If Customer's credit rating is less than investment grade at any time prior to the Day of First Delivery, Union shall have received the requisite financial assurances reasonably necessary to ensure Customer's ability to honour the provisions of this Contract, which financial assurances, if required, will be determined solely by Union acting in a commercially reasonable manner; and
- d) Union shall have received a contribution in aid of construction ("CIAC") from Customer pursuant to Customer's obligations in Section 10.

The obligations of Customer to purchase Services described in this Contract are subject to the following condition precedent that is for the sole benefit of Customer and which may be waived or extended in whole or in part in the manner provided in this Contract:

- e) Customer shall have obtained, on or before March 31, 2011, in form and substance satisfactory to Customer, the governmental, regulatory and other third party approvals, consents, orders and authorizations, that are required for it to purchase the Services, and construct any facilities required to enable it to utilize such Services, failing which this Contract shall terminate, subject to the terms hereof, and in particular, Section 3 hereof.

Union and Customer shall each use commercially reasonable efforts to satisfy and fulfil the conditions precedent specified in Sections (a), (b), (c), (d), and (e). Each party shall inform each other forthwith in writing of their satisfaction with, or waiver of, each condition precedent. If a party determines that it will not be able to satisfy a condition precedent for its benefit, such party may upon written notice to the other, terminate this Contract and upon giving such notice this Contract shall be of no further force and effect and each of the parties shall be released from all further obligations hereunder, subject to the terms hereof and in particular, Section 3 hereof.



3. **COST CONSEQUENCES OF TERMINATION**

a) Termination Prior to Day of First Delivery

In addition to the termination rights accruing to the parties in Section 2, Customer may terminate this Contract at any time prior to the Day of First Delivery upon ten (10) days notice to Union. In the event of any termination pursuant to Section 2 or this Section 3(a), Customer shall reimburse Union for all Project Costs reasonably incurred by Union to the date of termination, subject to adjustment to reflect any amounts already paid to Union by Customer under the Indemnity Agreement, under this Contract or recovered through the sale of assets. Upon termination, Union Gas will consult with the Customer and use reasonable efforts to mitigate Project Costs through the potential sale of material and equipment, and the effective dissolution of contracts. Upon reconciliation of Project Costs, if the Customer has over-contributed CIAC, Union Gas will reimburse the Customer within thirty (30) days.

"Project Costs" means any and all reasonable costs (including litigation costs, cancellation costs, carrying costs, and third party claims), expenses, losses, demands, damages, obligations, or other liabilities (whether of a capital or operating nature, and whether incurred or suffered before or after the date of this Contract) by Union (including reasonable amounts paid to affiliates for services rendered in accordance with the Affiliate Relationships Code as established by the Ontario Energy Board), in connection with or in respect of any and all aspects of this Contract (including without limitation the obtaining of all governmental, regulatory and other third party approvals, and the obtaining of rights of way), except for any costs that have arisen from the gross negligence, fraud, or wilful misconduct of Union

b) Termination On or After Day of First Delivery

Neither Party may terminate this Contract on or after the Day of First Delivery, except pursuant to Section 5 hereof or Section 5 of Schedule 2.

4. **T SERVICE STORAGE PARAMETERS**

Customer may elect T-Service Storage parameters in Schedule 1, Section 3(c), at any time prior to September 1, 2011.



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5. **CONTRACT TERM**

This Contract shall be effective from the date hereof. However, the Services and Union's obligation to provide the Services under Section 6 shall commence on the later of (such later date being known as the "**Day of First Delivery**") (a) November 1, 2011, and (b) the date that the last condition precedent for Union's benefit is satisfied or waived by Union, except that Customer shall have the option at any time prior to November 1, 2011, and upon reasonable notice, to choose a Day of First Delivery on a day before November 1, 2011, if the Expansion Facilities are completed and ready for service on such day.

This Contract shall continue in full force and effect for a period of 10 Contract Years (the "**Initial Term**"), subject to 5-year renewal options on 6 months notice by Customer ("**Renewal Term**") using the Schedule 1 parameters prevailing in the last year of the Initial Term or Renewal Terms thereafter as applicable, and subject to Union Gas' prevailing standard General Terms and Conditions and Union Gas' prevailing standard Schedule 2 at the time of renewal, notwithstanding Section 12.18 of the General Terms and Conditions hereof.

The daily Contract Demand in any renewal year may be less than daily Contract Demand in the last year of the Initial Term (with a corresponding decrease in Firm Minimum Annual Volume), provided that Customer shall give Union notice 90 days before the end of any annual renewal term if Customer elects a Contract Demand different than the prior year.

"**Contract Year**" means, despite Section 13 of the General Terms and Conditions, a period of 12 consecutive months, beginning on November 1 of any Contract Year and ending on the subsequent October 31, except the first Contract Year which shall begin on the Day of First Delivery and end on October 31 of the following calendar year.

6. **SERVICES PROVIDED**

Union agrees to provide Services as specified in Schedule 1 and Customer agrees to pay for such Services pursuant to these Contract terms and conditions as set out in this Contract, the referenced attachments, and the rate(s) referenced in Schedule 1.

7. **ADJUSTED MINIMUM ANNUAL VOLUME ("AMAV")**

Firm Minimum Annual Volume

In each Contract Year, Customer shall consume or, in any event, pay for the Firm Minimum Annual Volume ("**FMAV**") as adjusted in the formula below. The payment required for the Firm quantity not consumed in any Contract Year (the "**Firm Deficiency Volume**" or "**FDV**") shall be calculated by multiplying FDV by the Firm Delivery Commodity Charge identified in the Rate Schedule in effect on the last day of the Contract Year. This payment shall only apply if the FDV is greater than zero.



Where:

$$FDV = [FMAV \times [(U - D_F) / U]] - [FV - (F + O)]$$

And:

FMAV	=	Firm Minimum Annual Volume (as identified in Schedule 1)
U	=	number of days in the Contract Year
D_F	=	number of days of Force Majeure in the Contract Year where service is curtailed below the Firm Contract Demand, then in effect
FV	=	total firm volume distributed to Customer in the Contract Year
F	=	volumes distributed to the Points of Consumption during Force Majeure
O	=	total Authorized and/or Unauthorized Overrun Gas distributed to Customer in the Contract Year

The adjusted FMAV shall not be less than the qualifying annual volume defined in the Rate Schedule.

8. NOTICES

- a) Notices shall be delivered pursuant to the Notice provision Section of General Terms and Conditions and delivered to the addresses as referenced in Schedule 1.
- b) Union agrees to keep Customer fully informed during the planning and construction of the Expansion Facilities, and will provide immediate notice of the following:
 - (i) Any planned public meetings held to seek public input to the project or promote the project to the public.
 - (ii) Any event that is expected to cause a capital cost overrun or savings of greater than \$250,000.
 - (iii) Any expected change by more than 20 days of the in-service date.
 - (iv) Any project related communication with the OEB.
- c) Union agrees to provide monthly progress reports, including project expenditures relative to budget.
- d) Union agrees to provide Customer (10) days notice of key terms and conditions of any project contractual commitment or capital expenditure greater than \$1,000,000. Union may modify key terms and conditions within the (10) day period, subject to providing Customer with three days notice prior to execution.



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9. **EXPANSION FACILITIES**

Union will use commercially reasonable efforts to complete the construction of the Expansion Facilities by November 1, 2011.

Union and Customer agree that Union shall not be obligated to construct any portion of the Expansion Facilities between December 15 of any year and March 31 of the subsequent calendar year.

10. **AID AMOUNT PAYMENT SCHEDULE**

Customer will be required to pay to Union a CIAC, payable as per the following schedule. The CIAC includes the contributions required from the Municipality of Red Lake ("MoRL") towards the Expansion Facilities.

Total Payment amount before applicable taxes by Customer	Payment Date
	March 25, 2011
	March 31, 2011
	April 4, 2011
	May 2, 2011
	June 1, 2011
	July 5, 2011
	August 1, 2011
	September 6, 2011
	October 3, 2011
	November 1, 2011
	December 1, 2011

Total CIAC

Customer CIAC payments will be proportionate to anticipated other funding parties including Union Gas contributions.

Any applicable taxes will be applied to all amounts paid under this section. Customer warrants and represents that no payment to be made by Customer under this Contract is subject to any withholding tax.

11. **RECONCILIATION OF COSTS**

Customer will be responsible for varying percentages of the actual costs of the pipe sections, unless otherwise determined by the Ontario Energy Board. A summary of all sections of the Expansion Facilities along with an allocation of costs to each party based on usage and peak hourly volume is shown below.



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For Customer:

Pipe Section Description	Percentage of Actual Section cost
Section A – 43.6km of 8 inch steel pipe	
Section C – 4.6 km of 8 inch steel pipe	
Section E – 1.1 km of 4 inch steel pipe	
Section G – 5.6 km of 4 inch steel pipe	

Within 18 months of the in-service date of Phase 1 of the project, Union shall file with the Board Secretary a post Construction Financial Report. The Report shall indicate;

- The actual capital costs of phase 1 of the project and an explanation for any significant variances from the estimates filed in Schedule 3 of the filing in EB 2011-0040
- The actual capital costs for the project borne by Union and the actual costs contributed towards construction by the Customer(s).

Since the original CIAC was based on an estimated cost of each section of the Expansion Facilities, unless otherwise determined by the OEB, Union shall re-determine the CIAC based on the Filed Costs as well as any additional Contract quantities committed to by Customer, and shall invoice or credit Customer within 30 days of any such re-determination complete with full details supporting such invoice or credit, and including Interest accrued from December 1, 2011. If a credit, then Union agrees to pay Customer within 30 days of such notice. The parties agree that the reconciliation contemplated herein is separate from the audit rights in Section 15. It is agreed by all parties that the common costs of this project that are not cost specific to each construction section will be apportioned to sections 1A, 1B, 1D, and 1F on a per kilometer basis.

12. **INTEREST**

Any amounts due and payable by Customer to Union, or by Union to Customer under this Contract shall, if not paid by the due date thereof, be subject to Interest, as calculated in accordance with Section 5.03-3 of Union's General Terms and Conditions.

13. **CREDIT REQUIREMENTS DURING INITIAL TERM**

Notwithstanding the phrase, "Union has reasonable grounds to believe that the Customer's creditworthiness under this Contract has become unsatisfactory", in the introductory (first) paragraph of subsection 5.04 of Union's General Terms and Conditions, Union may, at any time during the term of the Contract, in the event that Customer's credit rating is at any time below investment grade, by written notice, request financial assurances in an amount provided for in parts (a), (b) and (c) of subsection 5.04 of those Terms and Conditions. Such financial assurances shall be determined by Union in a commercially reasonable manner.



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In addition to the terms of Section 5.04 of Union's General Terms and Conditions, Union may, at any time during the Initial Term, subject to the credit quality conditions noted above, request financial assurances to cover the potential financial exposure to Union to the end of the Initial Term. Such financial assurances shall be determined by Union in a commercially reasonable manner and may include, without limitation, expected return on capital invested. Failure to provide such financial assurances shall be treated in a manner provided for in Section 5.04 of Union's General Terms and Conditions.

14. CONTRACT SUCCESSION

This Contract replaces all previous Northern Gas Distribution (or similar) Contracts between Union and Customer, subject to settlement of any Surviving Obligations.

15. AUDIT RIGHTS FOR ACTUAL COST

- a) Union and Customer shall both keep complete and accurate records and all other data required by either of them for the purpose of proper administration of this Contract. All such records shall be maintained for no less than three (3) years after the creation of the record or data. Union and Customer shall provide reasonable access to the relevant and appropriate financial and operating records and data kept by each Party relating to this Contract, reasonably required for the other Party to comply with its obligations to governmental authorities or to verify or audit information provided in accordance with this Contract (including the right to determine how funds were used and the right to review any other supporting evidence necessary to substantiate charges related to this Contract, both direct costs and indirect costs, including allocation of overheads and other shared costs.) Union agrees to ensure that its contract with its general contractor(s) to construct the Expansion Facilities, or any other related contracts, and all subcontracts of such contractors, include similar audit rights.
- b) Customer may audit this project on five (5) business days' notice at any time up to three (3) years after the completion of construction of the Expansion Facilities or, if this Contract is terminated prior to the Day of First Delivery, within three years of such termination date. An audit may be requested once by Customer. Union agrees to provide Customer with copies of all the reports that it provides to the OEB in connection with the Expansion Facilities, but provision of such reports shall not restrict the rights of audit provided Customer by this Contract. Customer may use its own employees or agent for purposes of any such review of records, and at the election of the Customer, access shall be through the use of a mutually agreed upon third party auditor. Customer shall pay the fees and expenses associated with use of any third party auditor.
- c) In the event the audit reveals that the actual costs were more than 3% greater or lesser than the Filed Costs, Union shall again re-determine the CIAC based on the actual costs and shall again invoice or credit Customer within 30 days of any such re-determination.



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16. ASSIGNMENT

- a) Customer may assign all or a part of its rights, interests and obligations under this Contract with Union, on sixty (60) days' written notice to Union, provided that at the time of such assignment, Customer is not in breach of this Contract, any incremental costs to serve the assignee shall be borne by the assignee, the assignee is of acceptable credit quality to Union, acting reasonably, and any such assignment does not negatively impact Union's fixed revenues arising from this Contract. In the event the assignee is not of acceptable credit quality, the assignee or any other party may provide financial assurances to meet the Union's credit requirements.

If a valid assignment of this Contract is made by Customer in accordance with Section 16(a), Union acknowledges and agrees that, upon such assignment and assumption and notice thereof by Customer to Union, Customer shall be relieved of all its duties, obligations and liabilities hereunder.

17. DISPUTE RESOLUTION

Any dispute shall first be the subject of a meeting between a Vice-President of Union and a Vice-President of Customer, who shall meet within thirty days of a request by either party to attempt to resolve the matter, and negotiate in good faith to attempt to resolve the dispute. The parties agree that prior to holding such a meeting they shall not commence any action to enforce their rights under this Contract.

18. TIME OF ESSENCE

Time shall be of the essence of this Contract.

19. SEVERANCE

If any covenant or other provision of this Contract is invalid, illegal or incapable of being enforced by reason of any rule of law or public policy, then that covenant or other provision will be severed from and will not affect any other covenant or other provision of this Contract, and this Contract will be construed as if such invalid, illegal or unenforceable covenant or provision had never been contained in this Contract. All other conditions and provisions of this Contract will, nevertheless, remain in full force and effect and no covenant or provision of this Contract will be deemed dependent upon any other covenant or provision unless so expressed herein.



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20. GOVERNING LAW

This Contract shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable in the Province of Ontario. For the purposes of any legal actions or proceedings brought by any party in respect of this Contract, each party hereby irrevocably submits and attorns to the exclusive jurisdiction of the courts of the Province of Ontario.

21. FURTHER ASSURANCES

Each of the parties shall, from time to time on written request of the other party, do all such further acts and execute and deliver or cause to be done, executed or delivered all such further acts, deeds, documents, assurances and things as may be required, acting reasonably, in order to fully perform and to more effectively implement and carry out the terms of this Contract.

22. FACILITIES CAPACITY

Further to Section 12.09 of the General Terms and Conditions, Union agrees to abide by all present and future orders from the Ontario Energy Board including EB-2011-0040 regarding the allocation of capacity on the Expansion Facilities.

23. AMENDMENTS AND MODIFICATIONS

Subject to Section 12.18 of the General Terms and Conditions and Section 5 of Schedule 2, any amendments or modifications to this Contract shall be made in writing and mutually agreed to by the parties hereto.



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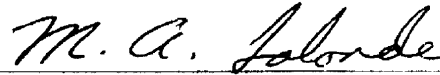
The undersigned execute this Contract as of the above date.

RED LAKE GOLD MINES

By its Partners

Goldcorp Inc

Goldcorp Canada Ltd



I have the Authority to bind the Corporation, or Adhere C/S, if applicable

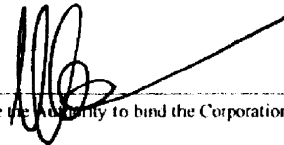
Mike Lalonde
Mine General Manager (RLGM)



I have the Authority to bind the Corporation, or Adhere C/S, if applicable

George Burns
President Goldcorp Canada Ltd and
Senior Vice President Goldcorp Inc

UNION GAS LIMITED



I have the Authority to bind the Corporation, or Adhere C/S, if applicable

Mel Ydreos
Vice President Marketing and Customer Care



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Schedule 1

**Northern Gas Distribution Contract
General Contract Parameters**

1. DATES

This Schedule 1 is effective on the effective date of the Contract.
"Day of First Delivery" is as defined in Section 5 of the Contract

2. POINT OF RECEIPT FOR T-SERVICE

Gas under this Contract will be received by Union for Service at the following Point of Receipt:
(Select applicable: Manitoba, Western, Northern, Sault Ste. Marie, Central, Eastern) Delivery Area.

3. TYPE OF SERVICE

Service under this Contract shall be a Firm service in the quantity and for the Point(s) of Consumption specified in this Schedule 1.

a) Distribution Parameters: Effective as per Section 5 of the Contract and expires October 31, 2021

Service	Daily Contract Demand (10 ³ m ³ /Day)
Firm Transportation Service (Rate 10T)	
Interruptible Transportation Service (Rate 25T)	
Interruptible Sales Service (Rate 25)	

b) Balancing Service Effective as per Section 5 of the Contract and expires October 31, 2021

Service	Minimum Tolerance (GJ)	Maximum Tolerance (GJ)
Customer Balancing Service (CBS)		



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c) T-Service Storage (To be determined by Customer prior to September 1, 2011.)

This Storage Service will commence on the 1st day of _____, 20__.

This Storage Service will end on _____, 20__.

If the end of the Storage term is later than the end of the Contract Year, Customer shall fulfill the requirements of the Storage Service until the Storage Service end date indicated above.

T-Service Storage Parameters:

Contract Year Start	Contract Year End	T-Service Storage Service	Contracted Daily Storage Injection/Withdrawal Entitlement (GJ/Day)	Maximum Storage Quantity Entitlement (GJ)
		Firm Storage Service (Rate 20T)		

4. RATES FOR SERVICE

Rate 25 Interruptible Service Rates:

Service	Delivery Charge	Gas Supply Charge
Interruptible Service (Rate 25)	\$ 0.00 / 10 ³ m ³	\$ /10 ³ m ³ *
Interruptible Service (Rate 25T)	\$ 0.00 / 10 ³ m ³	N/A

* Gas Supply Charge is determined and amended from time to time by Union to reflect market pricing. In circumstances where Rate 25 Gas sales service is interrupted by Union, Gas supply may be available under the Rate 30 Rate Schedule.

5. POINTS OF CONSUMPTION, HOURLY FLOW & DELIVERY PRESSURE

Point(s) of Consumption Effective as per Section 5 of the Contract and expires October 31, 2021

Meter #	Location Description	Max Hourly Flow	Min Gauge Pressure
	Cochenour		

In this Schedule, Firm Hourly Quantity (FHQ) means the maximum quantity of natural gas that may flow during any hourly period when an interruption in Rate 25 Sales Service, CBS withdrawals and Rate 25 Transportation Service becomes effective within a Gas Day.

The Firm Hourly Quantity is _____.



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6. **FIRM MINIMUM ANNUAL VOLUME ("FMAV")**

Contract Year Start	Contract Year End	Firm Minimum Annual Volume 10^3m^3
Per Section 5 of the main body of this Contract	October 31, 2012	
November 1, 2012	October 31, 2013	
November 1, 2013	October 31, 2014	
November 1, 2014	October 31, 2015	
November 1, 2015	October 31, 2016	
November 1, 2016	October 31, 2017	
November 1, 2017	October 31, 2018	
November 1, 2018	October 31, 2019	
November 1, 2019	October 31, 2020	
November 1, 2020	October 31, 2021	



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7. **CONTACT LIST FOR NOTICES**

Notice for Nominations:

GoldCorp Red Lake Mines
Maintenance Manager
15 Mine Road, bag 2000
Balmertown, Ontario P0V 1C0
Phone
Fax (

Union Gas Limited
Manager, Gas Management Services
50 Keil Dr N, Chatham Ontario N7M 5M1
Phone: (519) 436-4545
Fax: (519) 436-4635

Notices for Invoices and Payments:

GoldCorp Red Lake Mines
Maintenance Manager
15 Mine Road, bag 2000
Balmertown, Ontario P0V 1C0
Phone
Fax (

Union Gas Limited
Team Lead, Billing and Collections
50 Keil Dr N, Chatham Ontario N7M 5M1
Phone: (519) 352-3100
Fax: (519) 436-5320

Notices for Interruptions/Force Majeure

GoldCorp Red Lake Mines
Maintenance Manager
Phone:
Fax:
E-Mail

Notices for All Other Matters:

GoldCorp Red Lake Mines
Maintenance Manager
15 Mine Road, bag 2000
Balmertown, Ontario P0V 1C0
Phone
Fax

Union Gas Limited
Manager, Contracting and Customer Support
50 Keil Dr N, Chatham Ontario N7M 5M1
Phone: (519) 352-3100
Fax: (519) 436-4645



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SCHEDULE "2"
Terms And Conditions
Northern Gas Distribution Contract

1. UPSTREAM TRANSPORTATION CAPACITY AND COSTS

Where Customer contracts for T-service and Customer accepts an assignment of a portion of Union's upstream capacity with TCPL ("Temporary Transportation Contract Assignment Agreement(s)" or "Assignment Agreement(s)"), the Assignment Agreement(s) shall continue in full force and effective for each Contract Year until notice to terminate the Assignment Agreement(s) is provided by either Union or Customer. Such Notice must be delivered not less than 7 months prior to the end of the Assignment Agreement(s). Customer agrees to execute any renewals of the Assignment Agreement(s) as required by either Union or TCPL.

2. RECEIPT AND DISTRIBUTION

2.01 Receipt

Where Customer contracts for T-service, Union agrees to receive a quantity of Gas at the Point of Receipt identified in Schedule 1. However, Union is not obligated to accept quantities of Gas that exceed any of the following:

- a) the sum of the receipts as confirmed by Union with the upstream transporter, for that Day;
- b) an amount that would result in Customer exceeding the CBS Maximum Tolerance;
- c) an amount that would result in Customer exceeding the Maximum Storage Quantity Entitlement, if applicable;
- d) an amount that would result in Customer exceeding the Contracted Daily Storage Injection/Withdrawal Entitlement, if applicable.

2.02 Distribution to Point(s) of Consumption

Subject to the Maximum Hourly Volume parameters, Union agrees to distribute a quantity of Gas to the Point(s) of Consumption, not to exceed the sum of Firm Contract Demand and Interruptible Contract Demand for the applicable Point of Consumption. On any Day during the Contract Year, Customer's Gas usage shall be deemed as follows:

First Gas used	Gas up to the Firm Daily Contract Demand then in effect and, if applicable, prorated between contracted Firm services based on Daily Contract Demand
Next Gas used	Interruptible T-service, if applicable and available
Next Gas used	Rate 25a sales service, if applicable and available
Next Gas used	Rate 25 sales service, if applicable and available
Next Gas Used	Overrun, whether authorized or unauthorized

When Customer contracts for T-service, quantities consumed by Customer will be applied to T-service parameters based on the quantity of Gas delivered by Customer. Gas delivered by Customer includes Gas withdrawn from Customer's CBS account.

2.03 Type Of Distribution Service

The type of Distribution Service herein shall be a combination of Firm and Interruptible Service for each Point of Consumption as identified in Schedule 1.

The Interruptible Daily Contract Demand at a Point of Consumption is subject to interruption by Union. Union shall provide Customer notice of interruption not less than the Notice Period for Interruption for each Point of Consumption, as identified in Schedule 1.

2.04 Overrun

If, on any day, Customer consumes Gas in excess of the quantities Union is obligated to distribute, such excess shall be deemed overrun and shall be deemed to be purchased from Union by Customer as either Authorized or Unauthorized Overrun. If Union specifically provides prior written authorization to Customer to exceed the quantities identified in Section 3 of Schedule 1, such excess shall be Authorized Overrun and Customer shall incur charges as identified below. Unless Union specifically provides prior written authorization to exceed the quantities identified in Section 3 of Schedule 1, any excess shall be Unauthorized Overrun and, in addition to any other remedies Union may pursue, Customer shall incur charges as identified below.

Authorized Overrun

If Customer contracts for Firm Service only and has consumed in excess of the Firm Daily Contract Demand then Customer shall be charged the 100% load factor rate for distribution service plus the gas supply charge.

If Customer contracts for Interruptible Service or for a combined Firm and Interruptible Service and has consumed gas in excess of total Daily Contract Demand in Schedule 1, then Customer shall be charged a rate equivalent to 100% of the maximum delivery charge identified in the Rate 25 Rate Schedule plus the highest spot cost at Dawn on the day the overrun was authorized, as published in the Canadian Gas Price Reporter ("CGPR") plus all costs associated with transporting such overrun to the appropriate Delivery Area.

In addition, if Customer contracts for T-service and consumes in excess of the sum of their deliveries to Union and their Rate 25 Sales Service Contract Demand, then such excess shall be deemed overrun and Customer shall be charged a rate equivalent to 100% of the maximum delivery charge identified in the Rate 25 Rate Schedule plus the highest spot cost at Dawn on the day the overrun was authorized, as published in the Canadian Gas Price Reporter ("CGPR") plus all costs associated with transporting such overrun to the appropriate Delivery Area.

Unauthorized Overrun

If Customer contracts for Firm Service or a combined Firm and Interruptible Service and has consumed in excess of the Daily Contract Demand in Schedule 1, then Customer shall be charged a rate equivalent to 150% of the maximum delivery charge identified in the Rate 25 Rate Schedule plus the higher of the spot cost at Dawn in the month that the overrun occurs or the month following, as published in the Canadian Gas Price Reporter ("CGPR") plus all costs associated with transporting such overrun to the appropriate Delivery Area.

In addition, if Customer contracts for T-service and consumes in excess of the sum of their deliveries to Union and their Rate 25 Sales Service Contract Demand, then such excess shall be



deemed overrun and Customer shall be charged a rate equivalent to 150% of the maximum delivery charge identified in the Rate 25 Rate Schedule plus the highest of the spot cost at Dawn in the month the overrun occurs or the month following, as published in the Canadian Gas Price Reporter ("CGPR") plus all costs associated with transporting such overrun to the appropriate Delivery Area.

3. CUSTOMER BALANCING SERVICE ("CBS")

If Customer contracts for T-service, Customer shall also contract for CBS service.

3.01 Customer Balancing Service Account

The CBS Account shall mean the account used to accumulate the daily differences arising between the quantities of Gas received by Union (excluding fuel and including storage withdrawal) at the Receipt Point from Customer and the quantity of Gas distributed by Union to Customer's Point(s) of Consumption. Where the quantities received by Union exceed the quantities distributed by Union, the resulting change in the CBS Account balance shall be positive. Where the quantities delivered by Union exceed the quantities received by Union, the resulting change in the CBS Account balance shall be negative.

Unless authorized by Union, the CBS Account balance cannot exceed the Maximum Tolerance or the Minimum Tolerance defined in Schedule 1.

The CBS is an interruptible service. When injections into the CBS Account are interrupted, any quantities injected by Customer shall be treated the same as quantities that exceed the Maximum Tolerance. When withdrawals to the CBS Account are interrupted, any quantities withdrawn by Customer shall be treated the same as quantities that exceed the Minimum Tolerance.

3.02 Operation Within Tolerances

Operational constraints may impact the ability for Union to provide CBS Services. If, in Union's opinion, CBS services are not available and if the CBS Account balance is positive, upon notification from Union, Customer must remove the balance within 5 days. If the CBS Account balance remains positive at the end of the 5 days, upon 3 days notice from Union, the positive balance will be forfeited to Union without recourse.

If, in Union's opinion, CBS services are not available and if the CBS Account balance is negative, upon notification from Union, Customer must replace the balance within 5 days. If the CBS Account balance remains negative at the end of the 5 days, the negative balance will be purchased by Customer at the Rate 25 price currently in effect, or the Rate 30 price if in effect and available.

3.03 Operation in Excess of Tolerances

If the CBS Account balance exceeds the Maximum Tolerance, any quantities in excess of the Maximum Tolerance shall immediately be charged the maximum cumulative balancing fee as defined in TCPL's tariffs. In addition, upon 3 days notice from Union, any balance in excess of the Maximum Tolerance will be forfeited to Union without recourse.

The CBS Account balance will not be less than the Minimum Tolerance.



3.04 Disposition of Gas at Contract Termination

If this Contract terminates or expires and Customer does not have a contract for Storage Services with Union then, unless otherwise agreed to by Union, any positive CBS account balance shall be immediately forfeited to Union without recourse.

Unless otherwise agreed to by Union, any negative CBS account balance as of the date of termination or expiry shall be deemed to have been purchased by Customer at the Rate 25 price currently in effect, or the Rate 30 price if in effect and available.

3.05 Termination of Service

If the balancing agreement between Union and TCPL used to facilitate this service terminates, the CBS service may also be terminated by Union on the same date.

3.06 CBS Charges

CBS charges are tiered and are determined depending upon the daily opening balances of the Customer's CBS account. The associated rates are posted on Union's website.

3.07 Energy Conversion

Balancing of receipt by Union with distribution to Customer is calculated in energy. The distribution to Customer is converted from volume to energy using Union's standard practices.

4. T-SERVICE STORAGE SERVICE

If a R20 or R100 Customer contracts for T-service storage service, the injection, storage and withdrawal of Gas for Customer by Union will be subject to Union's agreements as amended from time to time for storage and transportation services with TCPL and the constraints imposed by virtue of those agreement(s) and the operational procedures and constraints on Union's system.

Further, should the OEB change the methodology used to determine storage parameters, any resulting changes to Customer's storage parameters would be reflected effective November 1 of the next Contract Year.

4.01 Storage Injection

Union agrees to inject a quantity of Gas to storage, provided Union is not obligated to inject a quantity of Gas that exceeds the Contracted Daily Storage Injection/Withdrawal Entitlement or exceeds the Maximum Storage Quantity Entitlement.

4.02 Storage Withdrawal

Union agrees to withdraw a quantity of Gas from storage, provided Union is not obligated to withdraw a quantity of Gas that exceeds the Contracted Daily Storage Injection/Withdrawal Entitlement or exceeds the quantity of gas remaining in Customer's Maximum Storage Quantity Entitlement. If the total quantity of gas remaining in Customer's storage is less than 20% of Customer's Maximum Storage Quantity Entitlement, Customer's withdrawal entitlement will be reduced to 67% of the Contracted Daily Storage Injection/Withdrawal Entitlement.



4.03 Storage Overrun

Unless Union specifically provides written authorization to exceed contract parameters, any excess shall be unauthorized overrun and, in addition to any other remedies Union may pursue, Customer shall incur charges as referenced in the applicable Rate Schedule.

4.04 Renewal of Storage Service

Unless otherwise agreed to by Union, the availability of storage will be determined by Union each year. Customer must request storage as part of the annual renewal process as provided for in Section 3 of the Contract.

4.05 Survival of Gas Storage Obligations

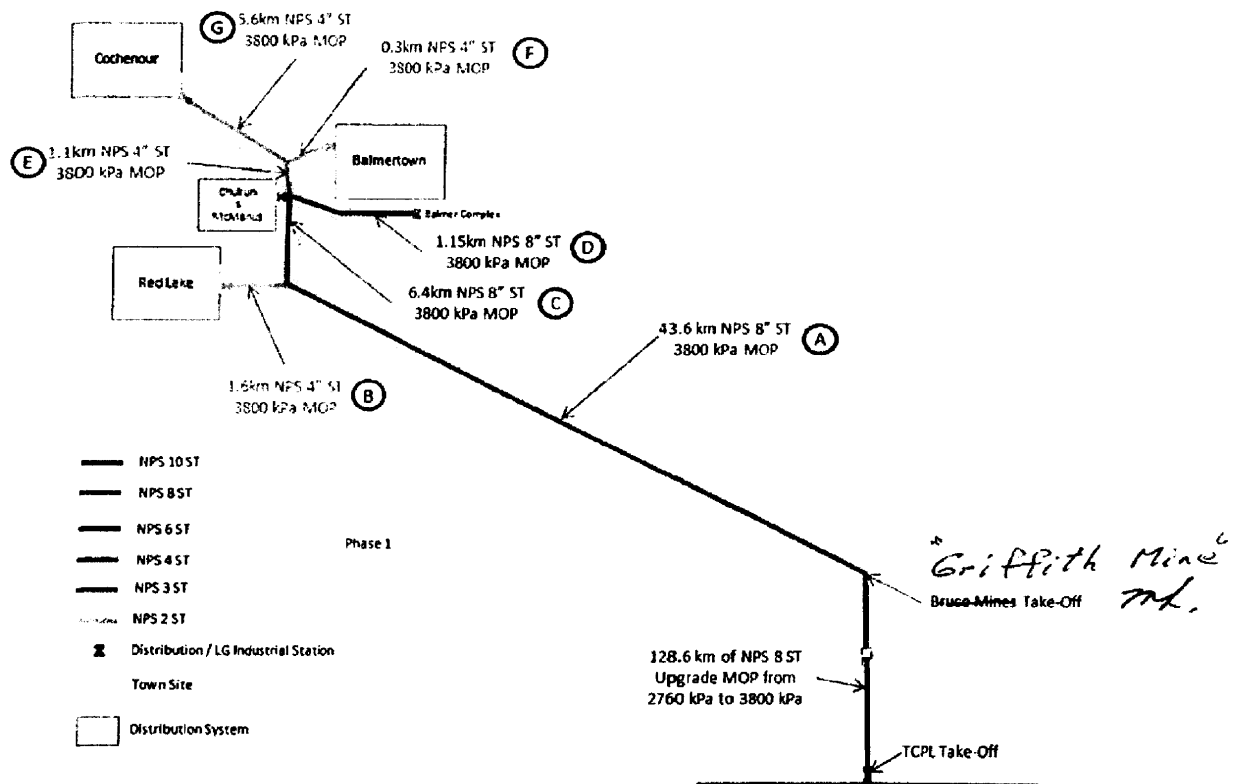
Upon the termination of this Contract, Customer shall have until the storage service end date, as set out in Section 3(c) of Schedule 1, to withdraw all Gas remaining in Customer's storage account. Any Gas remaining in the Customer's storage account, after the storage service end date, shall immediately be forfeited to Union without any recourse. The provisions of this section 4.05 shall survive the termination of this Contract.

5. CHANGES TO CONTRACT PARAMETERS (SCHEDULE 1)

Any changes to End Use locations, consumption patterns, or upstream supply may have a corresponding change to the parameters in Schedule 1 as determined by Union. If there is a change, Customer will receive a revised Schedule 1 from Union prior to the effective date of the change. If Customer does not acknowledge and agree to the revised Schedule 1 in writing at least 25 days prior to the effective date of the change then the Contract will be terminated.



Schedule 3 Depiction of Expansion Facilities



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GENERAL TERMS AND CONDITIONS

1	NOMINATION REQUIREMENTS FOR IN-FRANCHISE CONTRACTED SERVICES.....	3
1.01	NOMINATION CYCLE TIMELINES.....	3
1.02	NOMINATION DEADLINE FOR SERVICES REQUIRING UNION TO NOMINATE ON OTHER PIPELINES.....	3
1.03	NOMINATION QUANTITIES (UNITS).....	3
1.04	COMPRESSOR FUEL.....	3
1.05	UNION'S ACCEPTANCE OF NOMINATIONS.....	4
1.06	CONFIRMATION PROCESS.....	4
1.07	SCHEDULING PROCESS.....	4
1.08	SUBSEQUENT NOMINATIONS.....	4
1.09	PARKWAY CALL.....	4
2	FORCE MAJEURE.....	5
2.01	FORCE MAJEURE NOT AVAILABLE.....	5
2.02	FORCE MAJEURE DECLARED BY UNION.....	6
2.03	FORCE MAJEURE DECLARED BY CUSTOMER.....	6
2.04	APPLICABILITY TO CONTRACTUAL ANNUAL QUANTITY REQUIREMENTS.....	6
3	TERMINATION AND SUSPENSION.....	6
3.01	TERMINATION OF CONTRACT AND SUSPENSION OF SERVICE.....	6
3.02	EFFECT OF TERMINATION.....	7
4	NOTICE.....	7
5	BILLING.....	8
5.01	MONTHLY BILLING.....	8
5.02	RIGHT OF EXAMINATION.....	8
5.03	PAYMENTS.....	8
5.03-1	<i>Payment Date.....</i>	8
5.03-2	<i>Remedies For Non-Payment.....</i>	8
5.03-3	<i>Adjustment of Underpayment or Overpayment.....</i>	8
5.04	FINANCIAL ASSURANCE.....	9
5.05	NON-PAYMENT REMEDY.....	9
6	QUALITY.....	10
6.01	NATURAL GAS QUALITY.....	10
6.02	FREEDOM FROM OBJECTIONABLE MATTER.....	10
6.03	PARTIES' RESPONSIBILITIES.....	10
7	MEASUREMENT.....	10
7.01	DETERMINATION OF VOLUME AND ENERGY.....	10
7.02	METERING BY UNION, CHECK MEASURING EQUIPMENT.....	10
7.03	OBSERVATION OF MEASUREMENT WORK.....	11
7.04	CALIBRATION AND TEST OF METERS.....	11
7.05	CORRECTION OF METERING ERRORS - FAILURE OF METERS.....	11
8	POSSESSION OF AND RESPONSIBILITY FOR GAS.....	11
8.01	POINT OF RECEIPT AND POINT OF CONSUMPTION CONTROLS.....	11



8.02	TITLE TO THE GAS.....	12
8.03	COMMON CARRIER AND INSURANCE	12
8.04	RIGHT TO COMMINGLE THE GAS.....	12
9	FACILITIES AT CONSUMPTION POINT	12
9.01	CONSTRUCTION, MAINTENANCE AND ENTRY	12
9.02	PROPERTY, EASEMENTS, UTILITIES.....	12
10	INDEMNITY	13
11	REPRESENTATIONS AND WARRANTIES BY AGENT.....	13
12	MISCELLANEOUS PROVISIONS	14
12.01	INTERPRETATION	14
12.01-1	<i>Definitions and Industry Usage</i>	<i>14</i>
12.01-2	<i>Expanded Meaning</i>	<i>14</i>
12.01-3	<i>Inconsistency.....</i>	<i>14</i>
12.01-4	<i>Currency</i>	<i>14</i>
12.01-5	<i>Time.....</i>	<i>14</i>
12.02	ASSIGNABILITY.....	14
12.03	PROPER LAW OF CONTRACT	15
12.04	SUCCESSORS AND ASSIGNS	15
12.05	ENTIRE CONTRACT	15
12.06	CONFIDENTIALITY	15
12.07	PRIORITY OF SERVICE	15
12.08	WAIVER AND FUTURE DEFAULT	15
12.09	LAWS, REGULATIONS AND ORDERS	15
12.10	RIGHT TO CONTRACT.....	16
12.11	SURVIVING OBLIGATIONS.....	16
12.12	JOINT AND SEVERAL LIABILITY	16
12.13	INVALIDITY OF PROVISIONS	16
12.14	SERVICE CURTAILMENT.....	16
12.15	UNAUTHORIZED USE OF SERVICES.....	16
12.16	CONSEQUENTIAL CLAIMS OR DAMAGES	17
12.17	FURTHER ASSURANCES.....	17
12.18	AMENDMENT	17
12.19	COUNTERPARTS.....	17
13	DEFINITIONS	17



GENERAL TERMS AND CONDITIONS

1 NOMINATION REQUIREMENTS FOR IN-FRANCHISE CONTRACTED SERVICES

Customers with contracted Services requiring Nominations to Union must submit Nominations to Union in accordance with Union's nomination provisions. These Nominations must be submitted to Union via fax or Unionline where available for Nominations.

Union follows the North American Energy Standard Board (NAESB) timeline standards providing for 4 available nomination cycles for each Gas Day. Each of the nomination cycles follows the same process sequence: Nomination, acceptance, confirmation and scheduling.

1.01 Nomination Cycle Timelines

The table below identifies the deadlines for each of the 4 standard nomination cycles. All times are identified as Eastern Clock Time ("ECT")

Nomination Cycle	Fax Deadline	Unionline Deadline (where available)	Scheduling Deadline	Effective Flow
Timely (Cycle 1)	1130 hours	1230 hours	1730 hours	1000 hours
Evening (Cycle 2)	1800 hours	1900 hours	2300 hours	1000 hours

Intra-Day Nominations can be used to modify nominated quantities on the current Gas Day.

Nomination Cycle	Fax Deadline	Unionline Deadline (where available)	Scheduling Deadline	Effective Flow
Intra-Day 1 (Cycle 3)	1000 hours	1100 hours	1500 hours	1800 hours
Intra-Day 2 (Cycle 4)	1700 hours	1800 hours	2200 hours	2200 hours

1.02 Nomination Deadline for Services requiring Union to Nominate on Other Pipelines

The Nomination deadline for any contracted services (ie. exchanges) requiring Union to nominate on upstream pipelines is 1030 hours ECT. These services are only offered on the Timely Nomination Cycle. If nominated after 1030 hours ECT and before the close of the Timely Nomination Cycle deadline Union will attempt to accommodate on a reasonable efforts basis. Union does not accept changes to the nominated quantities for these services after the close of the Timely Nomination Cycle deadline.

1.03 Nomination Quantities (Units)

All Services are required to be nominated in whole Gigajoules (GJ's)

1.04 Compressor Fuel

For Services requiring Customer to provide Compressor Fuel in kind, the nominated fuel requirements will be calculated by rounding to the nearest whole GJ.



1.05 Union's Acceptance of Nominations

Union will accept Nominations for contracted Services on each of the 4 standard nomination cycles. The Nomination will be rejected if the activity on the Nomination does not properly balance or if the nominated quantities violate Customer's contractual entitlements.

If a Nomination is not received prior to the nomination deadline it will be held for scheduling in the subsequent nomination cycle for the Gas Day.

1.06 Confirmation Process

The confirmation process validates nominated quantities to flow between interconnecting pipelines to ensure Customers have nominated identical quantities to both pipeline operators. In the case where there is a discrepancy between the nominated quantities and the discrepancy cannot be resolved with Customer, then the lower quantity will be the confirmed scheduled quantity.

1.07 Scheduling Process

During the scheduling process Union compares all of the Nominations to the physical capacity available for the Gas Day in question.

If there is insufficient capacity available to meet all of the nominated quantities Union will complete scheduling reductions of nominated Interruptible Services.

If Union is unable to completely schedule an Interruptible Service, Customer will be advised of its scheduled quantities no later than the close of the scheduling deadline for the applicable Nomination cycle. Once notified, Customer is, within 30 minutes, required to submit a revised Nomination to meet the scheduled quantity for the Interruptible Service. In order to be accepted, this Nomination must be properly balanced and the nominated quantities must not violate Customer's contractual entitlements. If a revised Nomination is not submitted, Union will, using the contracted Services Customer has available, re-balance the Nomination to match the scheduled quantities.

Scheduling of Firm Services must be nominated on the Timely Nomination Cycle. Nominations for increasing quantities for Firm Services after the Timely Nomination Cycle will be treated as Interruptible Services and will only be scheduled if there is sufficient capacity available.

1.08 Subsequent Nominations

All scheduled Nominations for Services will remain in effect until a new Nomination is provided by Customer.

The Unbundled Service requires a valid daily Nomination.

1.09 Parkway Call

This Section 1.09 is only applicable to Services taken under Rates U2, U5, U7 and U9. Union shall advise Customer of the Parkway Call requirement on or before 1730 hours ECT on the day immediately preceding the Gas Day for which the Parkway Call is required.



After being notified by Union, but no later than 1900 hours ECT on the same day, Customer shall provide a revised Nomination to Union, which shall include the entire Parkway Call. If a revised Nomination acceptable to Union is not provided by 1900 hours ECT or does not include the entire Parkway Call, a Failure to Deliver will be deemed to have occurred, and the Failure to Deliver section in Schedule 2 of this Contract shall apply.

2 FORCE MAJEURE

In the event that either Customer or Union is rendered unable, in whole or in part, by Force Majeure, to perform or comply with any obligation or condition of this Contract then, subject to the provision of this Section 2, the obligations (other than the obligations to make payment of money then due) of both parties so far as they are directly related to and affected by such Force Majeure, shall be suspended during the continuance of the Force Majeure.

The party claiming Force Majeure shall give Notice, with full particulars of such Force Majeure, to the other party as soon as possible after the occurrence of Force Majeure.

The party claiming Force Majeure shall also give Notice to the other party as soon as possible after the Force Majeure is remedied in whole or part.

Force Majeure means:

- a) Acts of God, landslides, lightning, earthquakes, fires, storms, floods, washouts, explosions, breakage or accident to its machinery or equipment or lines of pipe;
- b) freezing or failure of wells or lines of pipe; curtailment of firm transportation and/or firm storage by Transporters;
- c) strikes, lockouts or other industrial disturbances, riots, sabotage, insurrections, civil disturbance, acts of terrorism, wars, arrests or restraint of governments and people;
- d) any laws, orders, rules, regulations, acts of any government body or authority, civil or military;
- e) any act or omission by parties not controlled by the party claiming Force Majeure; and
- f) any other similar causes not within the control of the party claiming Force Majeure and which by the exercise of due diligence such party is unable to prevent or overcome.

The party claiming Force Majeure shall make reasonable efforts to avoid, or correct the Force Majeure and to remedy the Force Majeure once it has occurred in order to resume performance.

2.01 Force Majeure Not Available

A party claiming Force Majeure shall not be entitled to the benefit of the provisions of Force Majeure if any one or more of the following circumstances prevail:



- a) the Force Majeure was caused by the negligence of the party claiming Force Majeure;
- b) the party claiming Force Majeure failed to make all reasonable efforts (not including litigation, if such remedy would require litigation) to remedy the Force Majeure;
- c) the Force Majeure was caused by lack of funds;
- d) the party claiming Force Majeure did not give Notice required, as soon as reasonably possible after the Force Majeure occurred.

2.02 Force Majeure Declared by Union

During a Force Majeure declared by Union, Customer will be responsible for commodity charges and will only be relieved of the demand charges applicable to that part of the Services not available to Customer as a result of the Force Majeure. Union will not be responsible for any Transporter charges.

2.03 Force Majeure Declared by Customer

During a Force Majeure declared by Customer, all demand charges and all commodity charges otherwise payable under this Contract will continue to be payable. Where this Contract includes an Obligation to Deliver Gas, such Obligation to Deliver Gas shall not be relieved under Force Majeure. Union will not be responsible for any Transporter charges.

2.04 Applicability to Contractual Annual Quantity Requirements

- a) The number of days of Force Majeure will proportionally reduce any minimum annual quantity upon which any minimum bills are determined, and such reduced minimum annual quantity will not be limited to the minimum quantity required to qualify for the applicable Rate Schedule.
- b) Services taken during the period of Force Majeure will be deemed not to have been taken for purposes of determining the applicable minimum annual quantity.

3 TERMINATION and SUSPENSION

3.01 Termination of Contract and Suspension of Service

In the event of a breach, misrepresentation, non-observance or non-performance by any party to this Contract of any covenant, provision, representation, condition, continuing condition, restriction or stipulation contained in this Contract (including, without limiting the generality of the foregoing, any failure to pay, any failure to provide financial assurances when required pursuant to the terms of this Contract, or any Failure to Deliver), the party not in default may give written Notice to the defaulting party requiring it to remedy such default. If the defaulting party fails to fully remedy the party not in default for all consequences of such default within a period of ten (10) Business Days from receipt of such Notice, then:

- (a) this Contract may be terminated by Notice from the party not in default; and/or



(b) if the Customer is the defaulting party, Union may suspend Services under this Contract. Such suspension shall not relieve Customer from paying any charges payable under this Contract.

If either party makes an assignment in bankruptcy, is a party against whom a receiving order is made, or for whom a receiver or monitor has been appointed under a security agreement or by a court or any similar action under any law, the other party may terminate this Contract immediately, except where not permitted by such law.

(c) The rights set forth in this Section 3.01 shall be in addition to, and not in derogation of or in substitution for, any other right or remedy which the parties respectively at law or in equity shall or may possess.

3.02 Effect of Termination

Notwithstanding the termination of this Contract, each party shall continue to be liable to pay on the terms herein specified any amount accrued and payable up to the time of termination. Termination will be without waiver of any other remedy to which the party not in default may be entitled including breaches of contract, for past and future damages, and losses.

4 NOTICE

All Notices required hereunder (each a "Notice"), except for those in Section 1 (Nominations) of these General Terms and Conditions shall be in writing and shall be sufficiently given and received if personally delivered or sent by mail, Unionline, fax or e-mail to the address of the party specified in Schedule 1 to this Contract.

Personally served Notice is deemed to be received when actually delivered.

Notice sent by mail, Unionline, or e-mail is deemed to have been received when actually received.

Notice sent by fax is deemed to have been received on the date of receipt of the transmission.

Notwithstanding the above, with the exception of Notice of interruption of Interruptible Services or Force Majeure, any Notice received after 5:00 pm or on a weekend or a statutory holiday is deemed to be received on the next Business Day.

The addresses of Customer and Union for receipt of Notices are as set out in Schedule 1 and such addresses may be changed by Notice given in accordance with this Section 4.



5 BILLING

5.01 Monthly Billing

Each Month, Union shall render a bill for Services and any other charges for the preceding Month. Charges may be based on estimated quantities. If based on an estimate, Union shall provide, in a future Month's billing, an adjustment based on any difference between actual quantities and estimated quantities.

5.02 Right of Examination

Both Union and Customer shall have the right to examine at any reasonable time, copies of the books, records and charts of the other to the extent necessary to verify the accuracy of any statement, chart or computation made under or pursuant to the provisions of this Contract.

5.03 Payments

5.03-1 Payment Date

Payment date is identified in the applicable Rate Schedule. If payment date is not identified in a Rate Schedule, it will be as identified on the invoice.

5.03-2 Remedies For Non-Payment

In the event that Customer fails to pay Union when payment is due, late payment charges as identified in the applicable Rate Schedule and the termination and suspension provisions in Section 3 will apply.

5.03-3 Adjustment of Underpayment or Overpayment

If a Customer in good faith disputes a bill or any portion thereof, Customer shall pay the undisputed portions of the bill. Together with such payment, Customer shall provide written Notice to Union setting out the portions of the bill that are in dispute, an explanation of the dispute and the amount that Customer believes is the correct amount.

If it is subsequently determined that a bill or any portion thereof disputed by Customer is correct, then Customer shall pay the disputed portions of the bill with Interest within thirty (30) days after the final determination.

If it is subsequently determined that Customer has been overcharged and Customer has actually paid the bill(s) containing the overcharge then, within thirty (30) days after the final determination, Union shall refund the amount of any such overcharge with Interest.

If it is subsequently determined that Customer has been undercharged, Customer shall pay the amount of any such undercharge within thirty (30) days after the final determination.

Customer and Union each expressly disclaims and waives any claim or dispute (including those related to amounts charged for Services or quantities of Gas distributed, stored, or transported) that relate to a period that is earlier than 12 Months prior to the date written Notice to the other party of such claim or dispute is asserted. This applies to the extent allowed under law and whether such claim or dispute is related to a billing error or measurement error or any other error or circumstance whatsoever.



5.04 Financial Assurance

If at any time during the term of this Contract, Union has reasonable grounds to believe that Customer's creditworthiness under this Contract has become unsatisfactory, then Union may by written Notice request financial assurances from Customer in an amount determined by Union in a commercially reasonable manner. Upon receipt of such written Notice, Customer shall have 14 days to provide such financial assurances.

The financial assurances requested by Union will not exceed the sum of the following:

- a) an amount equal to 60 days of all Services; and,
- b) if Customer holds a temporary capacity assignment from Union of a third party asset (for example, upstream pipeline capacity), an amount equal to the higher of 60 days of all charges for the third party asset, or security equivalent to that which may be required by the third party asset provider as if Customer held the asset directly; and,
- c) if Customer supplies their own Gas, an amount equivalent to the value, as determined by Union, of any current or projected negative Banked Gas Account balance.

Customer may provide Union such financial assurances in the form of cash, letters of credit, guarantees or such other form as may be agreed upon between Customer and Union.

In the event that Customer fails to provide financial assurances as set out above, the termination and suspension provisions in Section 3 shall apply.

Where Customer has provided financial assurances to Union, and the grounds for requesting such financial assurances have been removed so that Customer's creditworthiness under this Contract has become satisfactory, then Customer may request the return of such financial assurances from Union by written Notice. Upon receipt of such written Notice Union shall have 14 days to return such financial assurances to Customer.

5.05 Non-Payment Remedy

If Customer shall be indebted (whether past, present, or future, liquidated or unliquidated) to Union, under this Contract, Union has the right to reduce any amount payable by Union to Customer under this Contract by an amount equal to the amount of such indebtedness to Union.

As part of this remedy, Union may take title to any or all of Customer's Gas in Union's possession. Such Gas shall be valued at the day price for Gas at Dawn as listed in Canadian Gas Price Reporter for the day of non-payment.



6 QUALITY

6.01 Natural Gas Quality

In any Month, the minimum average gross heating value of the Gas received by Union from Customer and delivered to Customer by Union shall be thirty-six (36) Megajoules per Cubic Metre. Gas shall not contain more than twenty-three (23) milligrams of hydrogen sulphide per Cubic Metre nor four hundred and sixty (460) milligrams of total sulphur per Cubic Metre of Gas, as determined by standard methods of testing.

6.02 Freedom from Objectionable Matter

The Gas received by Union and delivered to Customer hereunder shall be free (at prevailing pressure and temperature in Union's pipeline at the Point of Receipt or Point of Consumption, as the case may be) from dust, or other solids or liquids which cause injury to, or interfere with proper operation of the lines, regulators, or meters through which it flows.

6.03 Parties' Responsibilities

If the Gas being received by Union from Customer or delivered by Union to Customer fails at any time to conform to any of the specifications set forth in this Section 6, the party receiving such Gas shall notify the delivering party of such deficiency and thereupon the party receiving the Gas may, at its option, refuse to accept receipt of Gas pending correction by the party delivering the Gas. Neither party is responsible for any loss, damage, or injury resulting from such party's delivery of Gas that does not conform to any specifications set forth in Section 6 except to the extent any such loss, damage or injury arises as a result of such party's gross negligence or wilful misconduct.

7 MEASUREMENT

7.01 Determination of Volume and Energy

- a) The volume and energy amounts shall be determined in accordance with the Electricity and Gas Inspection Act, R.S.C. 1985 c. E-4 (the "Act") and the Electricity and Gas Inspection Regulations, S.O.R 86/131 (the "Regulations"), and any documents issued under the authority of the Act and Regulations and any amendments thereto. Where there is no site specific energy measurement, Union's Average Heat Value will be used to convert volumes to energy.
- b) The supercompressibility factor shall be determined in accordance with either the "Manual for Determination of Supercompressibility Factors for Natural Gas" (PAR Project NX-19) published in 1962 or with American Gas Association Transmission Measurement Committee Report No. 8, Nov. 1992, at Union's discretion.

7.02 Metering by Union, Check Measuring Equipment

Union will install and operate meters and related equipment in accordance with the Act and the Regulations referenced in these General Terms and Conditions.

Customer may install, maintain, and operate, such check measuring equipment as desired, and shall be so installed as not to interfere with the operation of Union's measuring equipment at



or near the Consumption Point. This check measuring equipment will be downstream of the Consumption Point and at Customer's own expense.

Where Union has installed heat value measuring equipment at Customer's end use location, the heating value properly measured at this site will be used to convert volume to energy for Gas delivered by Union to Customer.

7.03 Observation of Measurement Work

Union and Customer shall have the option to have representatives present at the time of any installing, reading, cleaning, changing, repairing, inspecting, testing, calibrating, or adjusting done in connection with the other's measuring equipment. Each party shall provide reasonable notification to the other party in connection with testing, calibrating or adjusting measuring equipment, to enable the other party to be present if desired.

7.04 Calibration and Test of Meters

The accuracy of Union's measuring equipment shall be verified by Union at reasonable intervals.

If Customer notifies Union that it desires a special test, the expense of any such test shall be borne by Customer if the measuring equipment tested is found to be in error by two per cent (2%) or less. In this event, previous recordings shall be considered accurate, but such equipment shall be adjusted to record as near to absolute accuracy as possible. If the special test shows a percentage of inaccuracy greater than two percent (2%), the expense of the test will be borne by Union and the financial adjustment shall be calculated in accordance with the Act and Regulations thereunder, and any successor statutes and regulations. Union shall not be required to verify the accuracy of such equipment more frequently than once in any thirty (30) day period.

7.05 Correction of Metering Errors - Failure Of Meters

In the event a meter is out of service, or registered inaccurately, the volume or quantity of Gas shall be determined by Union as follows:

- a) by using the registration of any check meter or meter, if installed and accurately registering; or, in the absence of (a) then;
- b) by correcting the error if the percentage of error is ascertainable by calibration, tests or mathematical calculation; or in the absence of both (a) and (b), then;
- c) by estimating the quantity of Gas delivered during periods under similar conditions when the meter was registering accurately.

8 POSSESSION OF AND RESPONSIBILITY FOR GAS

8.01 Point of Receipt and Point of Consumption Controls

As between Union and Customer, control, responsibility, and possession of all Gas received and/or delivered and transported hereunder shall pass from the delivering party to the receiving party at the Points of Receipt and the Points of Consumption as applicable.



8.02 Title to the Gas

Each party warrants that it owns or controls, or has the right to deliver or have delivered to the other party, Gas that is free and clear of any lien, mortgage, security interest or other encumbrance whatsoever. The delivering party shall indemnify and hold harmless the receiving party from all claims, actions, or damages arising from any adverse claims by third parties claiming an ownership or an interest in such Gas.

8.03 Common Carrier and Insurance

To further clarify the relationship between Union and Customer, Union is not a common carrier and Union is not an insurer of Customer's Gas.

8.04 Right to Commingle the Gas

Union shall have the right to commingle and use the Gas received under this Contract with Gas owned by Union or others and deliver such commingled Gas to Customers.

9 FACILITIES AT CONSUMPTION POINT

9.01 Construction, Maintenance and Entry

Union may construct on Customer's property (whether owned by Customer or any other party), at each Point of Consumption the metering stations and facilities required by Union. Union employees or agents may at any reasonable time, with notification to Customer (except in cases of emergency where no notification is required), enter Customer's property provided that in all cases Union's employees or agents agree to abide by Customer's facility security policies and procedures and health and safety policies provided that they are reasonable and provided by Customer to Union's employees or agent prior to entry to the property.

9.02 Property, Easements, Utilities

Customer agrees that all stations and facilities installed by Union, including the meter station, are the property of Union whether the facilities are on property belonging to Customer or some other party.

Customer grants to Union on such non-financial commercial terms and conditions as may be agreed upon any required easements or agreements and undertakes to obtain or execute and deliver to Union such required easements or agreements to allow Union to have the related use of Customer's land interests which may be reasonably required by Union to facilitate Construction.

In the event that the station at the Point of Consumption requires electrical power circuitry, exclusive telecommunications and/or telecommunications lines, or other utility supply apparatus ("Equipment"), at each or any meter in the station, for telemetry; in addition to telemetry; or for purposes unrelated to telemetry, Customer agrees to provide and pay for all such Equipment and all utilities required (including power and telephone service as specified by Union) for the purpose of serving the Equipment. The exclusive telephone line for each meter must not employ a manual switchboard.



10 INDEMNITY

Each party (the "Indemnifying Party") hereby agrees to indemnify and save the other party (the "Indemnified Party") harmless from and against all claims, demands, actions, causes of action, damage, loss, deficiency, cost, liability and expense which may be brought against the Indemnified Party or which Indemnified Party may suffer or incur as a result of, in respect of, or arising out of any of the following:

- a) any non-performance or non-fulfilment of any covenant or agreement on the part of the Indemnifying Party contained in this Contract;
- b) any misrepresentation, inaccuracy, incorrectness or breach of any representation or warranty made by the Indemnifying Party contained in this Contract or contained in any document given pursuant to this Contract;
- c) *(Subsection 10(c) is only applicable to Agent or Customer as the Indemnifying Party)* the failure of the Indemnifying Party to satisfy its obligations to End Use locations listed in Schedule 3 (where a Schedule 3 is included in this Contract);
- d) *(Subsection 10(d) is only applicable to Agent as the Indemnifying Party)* any dispute arising out of any aspect of the relationship between the Agent and Customer;
- e) any negligence or wilful misconduct of the Indemnifying Party;
- f) all costs and expenses including, without limitation, legal fees, incidental to or in respect of the foregoing.

This indemnity shall survive the termination or expiration of this Contract.

11 REPRESENTATIONS AND WARRANTIES BY AGENT

Agent hereby represents and warrants to Union as follows and confirms that Union is relying upon the accuracy of each of such representations and warranties in connection with the execution of this Contract by Union and the acceptance of its rights and obligations hereunder:

- a) Agent is the duly appointed agent of Customer and, in such capacity, is entitled to enter into this Contract on behalf of Customer and to act on its behalf hereunder;
- b) Union is entitled to rely on anything done or any document signed by Agent on behalf of Customer, in respect of this Contract as if the action had been taken or the document had been signed by Customer; and
- c) payments made by Customer to Union pursuant to invoices shall be made without any right of deduction or set-off regardless of any rights Customer may have against Agent or any rights Agent may have against Customer.
- d) Agent shall be the only person to deliver or receive all Notices, invoices, and payments. Any Notice, invoice, or payment made to Union by Agent will be deemed to be received



from Customer. Any Notice, invoice, or payment made by Union to Agent will be deemed to be received by Customer. Union shall not be responsible to communicate to End Users any such Notice, invoice, or payment from or to Agent.

12 MISCELLANEOUS PROVISIONS

12.01 Interpretation

12.01-1 Definitions and Industry Usage

Capitalized terms and certain other terms used in this Contract and not specifically defined shall have the meaning set forth in these General Terms and Conditions, Schedules and/or Rate Schedule. Words, phrases or expressions which are not defined herein and which, in the usage or custom of the business of the exploration, production, transmission, storage, and distribution or sale of natural gas in Canada have an accepted meaning shall have that meaning.

12.01-2 Expanded Meaning

In this Agreement, unless there is something in the subject matter or context inconsistent therewith:

- a) words importing the singular shall include the plural and vice versa;
- b) words importing the gender shall include the masculine, feminine and neuter genders; and
- c) references to any statute shall extend to any orders in-council or regulations passed under and pursuant thereto, of any amendment or re-enactment or such statute, orders-in-council or regulations, or any statute, orders-in-council or regulations substantially in replacement thereof.

12.01-3 Inconsistency

In the event of a conflict among the terms of the (i) Rate Schedules; (ii) the body of the Contract; (iii) Schedules to the Contract; and, (iv) these General Terms and Conditions, the terms of the documents shall govern in the priority as listed.

12.01-4 Currency

Unless otherwise indicated, all reference to dollars in this Contract shall mean Canadian dollars.

12.01-5 Time

All references to time in this Contract shall be stated in Eastern Clock Time.

12.02 Assignability

Neither the rights nor the obligations of Customer under this Contract shall be assignable without the prior written consent of Union. Union's consent may not be unreasonably withheld or delayed.



12.03 Proper Law of Contract

This Contract shall be governed by and construed in accordance with the laws of the Province of Ontario, and the parties to this Contract exclusively attorn to the jurisdiction of the Courts of Ontario.

12.04 Successors and Assigns

The Contract shall be binding upon and shall enure to the benefit of the Parties hereto and their respective successors and permitted and lawful assigns.

12.05 Entire Contract

This Contract constitutes the entire agreement between the parties pertaining to the subject matter hereof. This Contract supersedes any prior agreements, understandings, negotiations or discussions, whether oral or written, between the Parties in respect of the subject matter hereof.

12.06 Confidentiality

Except for credit purposes, unless the Parties to this Contract otherwise expressly agree in writing, the terms of this Contract will remain strictly confidential except as otherwise required by applicable law or by any competent regulatory body or court of competent jurisdiction.

12.07 Priority of Service

Despite any other provision of this Contract, when the use of Gas or Service is curtailed or restricted, by order of any authorized government agency, or by Force Majeure, Customer shall, in accordance with the direction of Union, curtail or discontinue use of Gas or Service during the period in which such Gas or Service is so jeopardized. Union shall not be liable for any loss of production or for any damages whatsoever by reason of such curtailment or discontinuance or because of the length of advance Notice given directing such curtailment or discontinuance. However, Union shall use its reasonable efforts to provide Notice as soon as possible to Customer, of such curtailment or discontinuance of Gas or Service as aforesaid.

12.08 Waiver and Future Default

No waiver by either Union or Customer of any one or more defaults by the other in the performance of any provisions of this Contract shall operate or be construed as a waiver of any future default or defaults, whether of a like or a different character.

12.09 Laws, Regulations and Orders

This Contract and the respective rights and obligations of the Parties hereto are subject to all present and future valid laws, statutes, orders, rules and regulations of any competent legislative body, or duly constituted authority now or hereafter having jurisdiction. This Contract shall be varied and amended to comply with or conform to any valid order or direction of any board, tribunal or administrative agency, which affects any of the provisions of this Contract.



12.10 Right to Contract

Customer hereby represents and warrants to Union that it or its Agent has the sole right to enter into this Contract for each of the Points of Consumption, for the term of this Contract.

12.11 Surviving Obligations

Despite the termination or expiry of this Contract, the following defined provisions shall remain in full force and effect in accordance with their terms and shall survive termination or expiry. The term of the survival shall be for the period referenced in this section.

- a) confidentiality as outlined in Section 12.06
- b) liability and Gas balancing obligations to the extent any liabilities and Gas balancing obligations have accrued prior to the date of termination or expiry of this Contract, and may continue as a result of an event occurring prior to the termination or expiry of this Contract (for the period until all liabilities and Gas balancing and reconciliations have been completed)
- c) Settlement of accounts; rights to set off; calling any Letter of Credit; collecting on any security (for the period until all accounts have been settled).

12.12 Joint and Several Liability

In the event that Customer is more than one person the obligations of all of such persons shall be joint and several and Union shall not be required to exhaust its rights and remedies against any one person prior to exercising its rights and remedies in respect of any other person.

12.13 Invalidity of Provisions

If any of the provisions of this Contract are invalid, illegal or unenforceable in any respect, the validity or legality of enforceability of the remaining provisions shall not in any way be affected.

12.14 Service Curtailment

Union may be required from time to time to perform Construction to its facilities, which may impact Union's ability to meet Customer's requirements. In such event, Union shall have the right to suspend any Service in whole or in part but will use reasonable efforts to determine a mutually acceptable period during which such Construction will occur and also to reasonably limit the extent and duration of any impairments. Union shall provide at least fifteen (15) days Notice (except in cases of emergency, in which event it may be done immediately with Notice provided as soon as reasonably possible afterwards) to Customer of the extent that Union's ability to provide Service may be impaired. During any such curtailment, Customer will be relieved of the demand charges for Services directly related to the said curtailment, but commodity and proportionate demand charges for Services available to Customer will be payable.

12.15 Unauthorized Use of Services

If Customer exceeds the Contract parameters (including Service parameters, after notification of interruption of Interruptible Service or curtailment resulting from a Force Majeure), in



addition to charges identified in the Rate Schedules, Customer shall also be responsible for any direct damages resulting from exceeding the Contract parameters and/or not complying fully with any Notice.

If Customer uses Interruptible Services, in breach of notification of interruption, Union will have the right to change Customer from Interruptible Service to Firm Service or increase its Firm Service, by an amount equivalent to the quantity of such excess Interruptible Service used on any day effective on the first Day of any Month following such breach.

12.16 Consequential Claims or Damages

Neither party shall be responsible for any consequential, incidental, special or indirect damages whatsoever, including, without limitation, loss of profits, loss of earnings, business interruption losses, cost of capital or loss of business opportunities. This provision shall survive the termination or expiration of this Contract.

12.17 Further Assurances

Each party will do, execute and deliver, or will cause to be done, executed and delivered, all such further acts, documents, and assurances as may reasonably be requested for the carrying out and performance of this Contract.

12.18 Amendment

Union may from time to time incorporate updates to Schedule 2 to this Contract and/or these General Terms and Conditions which are intended to be applicable to all of Union's customers on non-discriminatory basis. Union will notify Customer not less than 60 days prior to the effective date of the update and post the update on Unionline. Union will notify Customer again not less than 30 days prior to the effective date of the update. If 10 Business Days prior to the effective date, Customer has not provided Notice to Union objecting to the update, then Customer will be deemed to have accepted the revised Schedule 2 to this Contract and/or these General Terms and Conditions, as the case may be, which shall, as of the effective date, apply to this Contract. If Customer has provided Notice objecting to the update, the revision shall not apply to this Contract.

12.19 Counterparts

This Agreement may be executed in several counterparts, each of which so executed being deemed to be an original. Such counterparts together shall constitute one and the same instrument and notwithstanding their date of execution shall be deemed to be made and dated as of the date hereof.

13 DEFINITIONS

Except where this Contract expressly states another meaning, the following definitions, when used in these General Terms and Conditions or in this Contract, shall have the following meanings:

“Agent” means such person as appointed by Customer as its agent to enter into the Contract on behalf of the Customer and to act on Customer's behalf hereunder.



"Average Heat Value" means the average forecasted heating value of all Gas to be received by Union for the applicable Delivery Area for the applicable period.

"Authorization Notice" means the written approval provided by Union in response to Customer's request for a short-term amendment to certain contract parameters or additional Services. Such Authorization Notice shall specify the approved amended parameters and the term for the amendment.

"Business Day" means any day upon which Union's head office in Chatham, Ontario, is normally open for business.

"Bundled Service" means a Service provided by Union under the Gas Distribution Contract and/or the Bundled T Gas Contract without daily Nominations at the Consumption Point.

"Bundled T" means the Bundled T Gas Contract with Union under which Customer receives Receipt Services.

"Compressor Fuel" means an amount of Gas specified by Transporter to be supplied by a shipper as a fuel source for Transporter's pipeline compressors.

"Construction" means constructing, maintaining, removing, operating and/or repairing Union's facilities for the purpose of commencing, maintaining, or discontinuing deliveries of Gas to Customer.

"Contract" means the contract entered into between Union and Customer to which these General Terms and Conditions, Rate Schedules and Schedules apply, and into which they are incorporated by reference.

"Contract Demand" ("CD") means the maximum volume or quantity of Gas that Union is obliged to deliver in any one day to a Customer under all Services or, if the context so requires, a particular Service at the Consumption Point.

"Contract Year" means a period of twelve (12) consecutive Months beginning on the day of First Delivery and each anniversary date thereafter unless mutually agreed otherwise.

"Cubic Metre" ("m³") means the volume of Gas which occupies one cubic metre when such Gas is at a temperature of 15 degrees Celsius, and at an absolute pressure of 101.325 kilopascals.

"Customer" shall have the meaning as defined in this Contract.

"Daily Contract Quantity" ("DCQ") means that portion of the daily parameters as set out in Schedule 1, being a quantity of Gas which Customer must deliver to Union on a Firm basis. The DCQ (GJ/day) is equal to 12 months of consumption of end-use locations underlying the direct purchase contract / 365 days * heat value (GJ/m³). If this Contract has a term greater than 12 months, the DCQ is calculated by dividing the historical consumption for the term of this Contract by the number of Days in this Contract term. The consumption of general service end-use locations is weather normalized.



“Day of First Delivery” means the date the Service, obligations, terms and conditions of the Gas Distribution Contract commence, as set out in its Schedule 1.

“Day of First Receipt” means the date the Service, obligations, terms and conditions of the Bundled T commence, as set out in its Schedule 1.

“Delivery Area” means the receipt zone(s) of Union (Manitoba, Western, Northern, Sault Ste. Marie, Central, North Central or Eastern Delivery Areas) which are defined as the delivery zone(s) of TCPL for service under its applicable toll schedules.

“Delivery Service” means the transportation of Gas by Union to storage or the Consumption Points.

“Distribution Service” means any combination of Delivery Service and Storage Service.

“End User” means the ultimate user of the Gas in Union’s franchise area.

“Failure to Deliver” means the circumstance where Customer is obligated to deliver a quantity of Gas to Union, and all or a portion of the said quantity is not received by Union at the Points of Receipt.

“Firm” means any Services not subject to interruption or curtailment except under sections titled Force Majeure; Service Curtailment; and Priority of Service of these General Terms and Conditions.

“Firm Entitlements” means the quantity of Gas as set out in Schedule 1 of the Unbundled Service contract which Customer will nominate and deliver to Union and Union shall receive at each contracted Receipt Point.

“Gas” means Gas as defined in the Ontario Energy Board Act, 1998, as amended, supplemented or re-enacted from time to time, which may be commingled supplies.

“Gas Day” means a period of twenty-four (24) consecutive hours beginning at 10:00 a.m. in the Eastern Time Zone. The reference date for any day shall be the calendar date upon which the twenty-four (24) hour period shall commence.

“Interruptible” means any Services subject to interruption, after being notified by Union.

“Interest” means the minimum commercial lending rate of Union’s principal banker for the relevant period.

“Joule” (J) means the work done when the point of application of a force of one (1) newton is displaced a distance of one (1) metre in the direction of the force. The term “Megajoule” (MJ) shall mean 1,000,000 Joules. The term “gigajoule” (GJ) shall mean 1,000,000,000 Joules.

“Month” means a period beginning at 10:00 a.m. (Eastern Clock Time) on the first day of the calendar month and ending at the same hour on the first day of the next succeeding



calendar month.

"Nomination" means a request to Union for a Service in accordance with Union's nomination provisions.

"Non-Obligated" means any quantities of Gas that are not committed to be delivered by Customer on a Firm basis and which Union will receive on a Firm basis when delivered by Customer.

"Obligated" means that quantity of Gas which Customer is committed to deliver to Union on a Firm basis at the Points of Receipt.

"Points of Consumption" or "Consumption Points" means, unless otherwise specified in this Contract, the outlet side of the Union measuring equipment located at Customer's or End User locations as specified in Schedule 1 or Schedule 3, as applicable.

"Rate Schedule" means the Ontario Energy Board approved rate schedule applicable to the Service being provided, (including schedules attached thereto), or such other replacement rate schedule as approved by the Ontario Energy Board from time to time.

"Receipt Service" means the approved receipt of Gas from Customer to Union at the Points of Receipt.

"Receipt Point" or "Points of Receipt" shall mean the points listed on Schedule 1 of this Contract where Union may receive Gas from Customer.

"Schedules" means the schedules attached to and forming part of this Contract.

"Seasonal" means any Service that is available during a specified period of the Year.

"Service(s)" means Receipt, Delivery or Storage Service as defined herein.

"Storage Service" means the space and deliverability service for storage under either Bundled Service or Unbundled Service.

"TCPL" means TransCanada PipeLines Limited.

"Transporter" means the transmission company that transports the Gas to the Receipt Point.

"Unbundled Service" means a Service provided by Union under which Customer will nominate and balance daily for Receipt, Storage and Delivery Services.

"Unionline" means Union's electronic web based system for Customer and Union to interact electronically, including but not limited to nominating and information exchange.

"When Available" means any interruptible Service that is available based on Union's sole discretion after Firm and Interruptible Services have been exhausted and is priced at the interruptible rate in the applicable Rate Schedule.



"Western" means the points of receipt on the TCPL system where Union is able to receive Gas.

"Year" means a period of 365 days; provided, however, that any such Year, which contains a date of February 29, shall consist of 366 days.



UNION GAS LIMITED
Response to Interrogatory
from Board Staff

Protection of Union's Ratepayers

9. Reference: Prefiled Evidence / page 7 of 18 / para. 38

- a) Please provide the Board with documentary evidence, such as contracts between Goldcorp and Union, that the contribution will in fact be paid and that Union's existing ratepayers will not face any financial risk in the event of non-payment.
- b) Please describe the nature of any guarantees or security that may exist. Note that any commercially sensitive information maybe filed in confidence.

Response:

- a) Please refer to Clause 11 of the redacted Gas Distribution Contracts referred to in the Attachment to Union's response to Board Staff Interrogatory #8.
- b) Please refer to Clause 13 of the redacted Gas Distribution Contracts referred to in the Attachment to Union's response to Board Staff Interrogatory # 8.

UNION GAS LIMITED
Response to Interrogatory
from Board Staff

10. Reference: Prefiled Evidence / page 7 of 18 / para. 38
- a) Please describe any potential rate impact on Union's existing customers as a result of proceeding with Phase I. In particular, please include a discussion of any financial risk to Union's existing customers as a result of the project.
 - b) Please describe what would happen in the event of a construction cost overrun. How is that handled and describe how it might impact existing Union customers?

Response:

- a) As described at page 7, para. 36 of Union's prefiled evidence, the PI for Phase I of the project is 1. Further, the capital investment net of contributions in aid of construction is only \$1,300,000.00. Accordingly, existing customers will not experience any material rate impacts or bear any financial risks as a result of proceeding with Phase I.
- b) Please refer to Clause 11 of the redacted Gas Distribution Contracts referred to in the Attachment to Union's response to Board Staff Interrogatory # 8.

UNION GAS LIMITED
Response to Interrogatory
from Board Staff

The Proposed Phase II

11. Reference: Prefiled Evidence / page 1 of 18 / para. 4

- a) Please clarify whether Union is requesting a final Board Leave-to-Construct Order for Phase II at this time.
- b) If so, please indicate the criteria under section 90 of the OEB Act for the Phase II pipelines that would trigger the required leave to construct from the Board.

Response:

- a) Union is requesting OEB approval for both phases of the proposed Red Lake project at this time.
- b) Criteria that would trigger an OEB Application for Phase II included: Section 90.(1)(a) the proposed hydrocarbon line is more than 20 kilometres in length; and, Section 90.(1)(b) the proposed hydrocarbon line is projected to cost more than the amount prescribed by the regulations. Phase II of the project meets both these thresholds.

UNION GAS LIMITED
Response to Interrogatory
from Board Staff

12. Reference: Prefiled Evidence / page 1 of 18 / para. 4
- a) Please explain why the finalization of the economics and the assessment of any contribution in aid for Phase II was deferred with respect to the current application.
 - b) What period of time does Union consider appropriate to allow for the supporting financial arrangements for Phase II to be finalized?

Response:

- a) b) Please refer to Union's response to Board Staff Interrogatory # 1.

UNION GAS LIMITED
Response to Interrogatory
from Board Staff

13. Reference: Prefiled Evidence / page 2 and 5 of 18 / para. 9 and 27

Preamble:

The evidence at paragraph 9 states the following: "Construction of the Phase I facilities is expected to begin in May 2011. The timing of Phase II is dependent on receipt of the necessary funding." Paragraph 27 is Union's evidence on the customer attachment forecast for Phase II.

Questions:

- a) Based on current information, what is the expected capital cost of Phase II?
- b) Based on Union's forecast for customer attachments, what is the estimated capital contribution required to construct Phase II of the project.
- c) What are the financial underpinnings and criteria that must be met prior to construction of Phase II of the project?

Response:

- a), b), c) Please refer to Union's response to Board Staff Interrogatory # 1.

UNION GAS LIMITED
Response to Interrogatory
from Board Staff

14. Reference: Prefiled Evidence / page 1 of 18 / para. 4
- a) Please list all the key steps that are needed to move Phase II to a stage where construction can commence. Please include a discussion of financing and contributions in aid of construction, and a timeline of the key events.
 - b) Please indicate the preliminary financing plan and anticipated timeline for obtaining the funding and construction start.

Response:

- a) b) Please refer to Union's response to Board Staff Interrogatory # 1.

UNION GAS LIMITED
Response to Interrogatory
from Board Staff

15. Reference: Prefiled Evidence / page 2 of 18 / para. 7

In the event that the Board approves the construction of Phase II of the project:

- a) What termination date for commencement of construction does Union consider appropriate?
- b) Please list any additional approvals Union must obtain to start and complete the Phase II construction.

Response:

- a) Please refer to Union's response to Board Staff Interrogatory # 1.
- b) Environmental: additional environmental approvals will include clearance from the Ministry of Tourism and Culture with respect to Cultural Heritage Resources and watercourse crossings approvals from the Ministry of Natural Resources and the Department of Fisheries and Oceans.

Construction: In order to start construction of Phase II, Union must obtain municipal road allowance and utility crossing approvals from the Municipality of Red Lake, as well as an encroachment permit from the Ministry of Transportation.

UNION GAS LIMITED
Response to Interrogatory
from Board Staff

16. Reference: Prefiled Evidence / page 6 of 18 / para. 32

Preamble:

Union stated that the capacity of the proposed facilities is 13,961 m³/h, and that it is proposed that Goldcorp will use 72% while the residents and small businesses in Red Lake will use 28% of the capacity in Phase II.

Questions:

- a) Is the project financing based on 72% to 28% volume split?
- b) Please confirm that there is no cross-subsidy between Phase I and Phase II financing.
- c) If there is a cross-subsidy please describe the financial arrangements between Goldcorp and other parties including the Municipality of Red Lake.

Response:

- a) No. The project costs have been allocated based on the facilities required to serve the municipality and the two industrial mines.
- b) & c) Please see attached Council resolution as attachment # 1. There is no cross-subsidy between Phase I and Phase II but there is cross subsidization between Goldcorp and the Municipality.

The Corporation of the Municipality of Red Lake

COUNCIL RESOLUTION

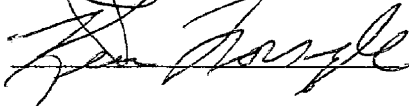
MOVED BY:



NO.

507-10

SECONDED BY:



DATE:

20 December 2010

WHEREAS the Council of The Corporation of the Municipality of Red Lake recognizes that government funding for the "municipal" share of the Red Lake Gas Pipeline Project may not be committed in time for the proposed 2011 construction schedule; and

WHEREAS in order to advance Phase 1 of the project and secure the pipeline capacity for future municipal gas distribution, Goldcorp may consider providing the interim funding for the Municipality's portion of **common** costs of the pipeline lateral (the common part of the pipeline is defined as the high pressure section from Griffiths Mine to Harry's Corner, the high pressure common line from Harry's Corner to Balmertown and the common line to Cochenour); and

WHEREAS common costs do not include low pressure distribution mains and services to homes and businesses in the Municipality of Red Lake; and



WHEREAS the cost allocation for the common lateral pipeline is based on Union Gas' determination of the prorated percentage share of peak capacity attributed to each of the key funding parties; and

WHEREAS at this time, the cost of the municipal share of the common pipeline is expected to be approximately \$7 million; and

WHEREAS if Goldcorp agrees to provide "interim" funding for The Corporation of the Municipality of Red Lake share;

NOW THEREFORE BE IT RESOLVED that the Council of The Corporation of the Municipality of Red Lake hereby acknowledges that it will be on the understanding that:

1. The advance payment is at Goldcorp's risk. If the Corporation of The Municipality of Red Lake does not connect, there will be no cost recovery for Goldcorp.
2. The Corporation of the Municipality of Red Lake recognizes that Goldcorp's payment on behalf of The Corporation of the Municipality of Red Lake is a Contribution in Aid of Construction that will be refunded to Goldcorp once government funding has been obtained for The Corporation of the Municipality of Red Lake common and distribution costs. This refund to Goldcorp will take place prior to Union Gas undertaking the construction of the Municipal distribution portion (Phase 2).

DIVISION OF RECORDED VOTE				CARRIED <input checked="" type="checkbox"/>	DEFEATED <input type="checkbox"/>
Declaration of Interest (*)	NAME OF COUNCIL MEMBER	YEAS	NAYS	<div> CHAIR</div> <div> CLERK</div>	
	BAKER, Jason				
	BILLARD, Anne				
	FORSYTHE, Ken				
	MIDDLETON, Sandy				
	PARSONS, Paul				
	SHUSHACK, Debra				
	VINET, Phil				
* General Nature Thereof: <input checked="" type="checkbox"/>					

Distribution:

CAO, File

UNION GAS LIMITED
Response to Interrogatory
from Board Staff

17. Reference: Prefiled Evidence / page 2 of 18 / para. 7

Preamble:

Union stated that Phase II of the Project will also have a PI=1.

Questions:

- a) Does Union consider Phase II of this project to be subject to the Board's rules for system expansion as established in the E.B.O. 188 Report of the Board, January 30, 1998? If so, under what circumstances would Union consider constructing Phase II if the estimated PI for the project is less than 1.0?

Response:

- a) Please refer to Union's response to Board Staff Interrogatory # 1.

UNION GAS LIMITED
Response to Interrogatory
from Board Staff

18. Reference: Prefiled Evidence / page 2 of 18 / para. 7

Please describe any potential rate impact on Union's existing customers as a result of proceeding with Phase II. In particular, please include a discussion of any financial risk to Union's existing customers as a result of the project.

Response:

Please refer to Union's response to Board Staff Interrogatory # 1.

UNION GAS LIMITED
Response to Interrogatory
from Board Staff

Environmental Assessment for the Project

19. Reference: Prefiled Evidence / page 13 of 18 / para. 68 and Schedule 14

Preamble:

Union stated it would provide in the prefiled evidence its responses to concerns from agencies and interested parties when received as Schedule 14. The Board has not received any updates to the Schedule 14.

Question:

Please file with the Board copies of correspondence addressing Union's response to concerns raised by any party in respect to the Red Lake Project.

Response:

Please see the OPCC Summary Table attached as Attachment # 1 of this interrogatory.

OPCC Review Summary

Red Lake Pipeline Project

AGENCY	COMMENT	RESPONSE
Ministry of Transportation Letter dated January 24, 2011	Letter has been forwarded to the Kenora Office. Kenora Office to provide any comments.	Not Required
Ministry of Northern Development, Mines and Forestry (MNDMF) Letter dated February 14, 2011	The proposed gas line will cross the access road to a drill core storage site. Access to the site may need to be on short notice. Spelling mistake of Mr. Andreas Lichtblau and insufficient postage on package.	Letter dated February 23, 2011 Union has informed its pipeline contractor and construction staff of the location of this facility and will ensure access throughout construction is maintained. Union apologizes for the incorrect spelling of Mr. Andreas Lichtblau and for the insufficient postage on our package.
Technical Standards & Safety Authority (TSSA) Letter dated February 15, 2011	The report properly deals with our concerns and is acceptable.	Not Required
Township of Ear Falls Letter date February 16, 2011	The Township of Ear Falls has no major concerns regarding this Project.	Not Required
Ministry of Transportation Letter dated February 18, 2011	Reviewed the report and maps, no comments to offer.	Not Required
Department of Fisheries and Oceans Canada Letter dated March 10, 2011	Provided that your plans are implemented as described, DFO has concluded that your proposal is not likely to result in impacts to fish and fish habitat. You will not need formal approval from DFO.	Not Required
Wabauskang First Nation Letter dated March 25, 2011	Wabauskang First Nation is taking the position that their interest, rights and title have not been adequately considered in the initial placement of gas service through their territory and further under new line extensions reference as Phase I and II. Wabauskang First Nation is seeking a positive approach which fully respects existing or asserted rights so that free and	On March 28 th , 2011, Union spoke to Chief Leslie Cameron regarding his letter. Union understood Grand Council Treaty 3 was undertaking the Consultation efforts for all of the affected First Nations in the area. Chief Cameron will confirm a meeting date between Union and Wabauskang Council to discuss the project. Meeting date has not yet been confirmed.

	prior consent can be achieved.	
Ministry of Natural Resources Conversation April 12, 2011.	Further understanding is requested around watercourse crossings, First Nation consultation and species at risk. Requested a teleconference with Union Gas.	Conference call date between Union and MNR to be confirmed.

Ministry of
Transportation

Ministère des
Transports

Operations Office
Corridor Management and Property Section
301 St. Paul St, 2nd Floor
St. Catharines, Ontario L2R 7R4
Phone - (905) 704-2916; Fax - (905) 704-2777



January 24, 2011

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

Att: D.F. (Doug) Schmidt
Principal Environmental Planner

RE: Union Gas Limited – Red Lake Pipeline Project

Thank you for your letter of January 21 2011 regarding the above noted subject.

Please be advised that I have forwarded your letter to our Kenora Office (Lynn Creed, Corridor Management Officer). Lynn will review the proposed work and provide any comments directly to Ms. Zora Crnojacki (Chairman, OPCC) and to yourself.

If you required further information, please do not to hesitate to contact me.

Thank you.

Yours truly

A handwritten signature in black ink, appearing to read "D. Peeling".

Doug Peeling
Senior Planner and Policy Adviser

c:- L. Creed



Ministry of	Ministère du
Northern Development,	Développement du Nord,
Mines and Forestry	des Mines et des Forêts

Resident Geologist's Office
227 Howey Street, P. O. Box 324
Red Lake, ON P0V 2M0
Tel: (807) 727-3272
Fax: (807) 727-3553

Mr. D. F. (Doug) Schmidt
Principle Environmental Planner
Union Gas Ltd.
P.O. Box 2001
50 Keil Drive North
Chatham ON
N7M 5M1

February 14, 2011

Re: Red Lake Pipeline Project

Dear Mr. Schmidt

The Ministry of Northern Development, Mines and Forestry operates a Remote Diamond Drill Core Storage Facility on the east side of Highway 105, 3.3 km south of the intersection of Highway 105 with Highway 125 just south of Killoran Creek. The site is used to store diamond drill core from recent exploration industry drilling projects as well as rock sample material and other things from the Red Lake Resident Geologist Office. I have read your report dated December 2010 and noted that your proposed gas line will cross the access road to the drill core storage site if it is located on the east side of the Highway 105 right of way. The site is not located on Map 1. I have included a Google Earth image showing the site and its access road. Access to the site by ministry or private sector personnel is required through the snow free months. Mineral exploration industry personnel may want access to the site to examine core on fairly short notice. The access road is not signed and has not been improved to discourage casual access and potential vandalism at the site.

Ministry of	Ministère du
Northern Development,	Développement du Nord,
Mines and Forestry	des Mines et des Forêts

On another matter the report was mailed to us with a serious spelling mistake in the address it should read **Mr. Andreas Lichtblau** and your mailroom people did not apply sufficient postage for the size of the package and it was received here with postage due.

Yours Truly



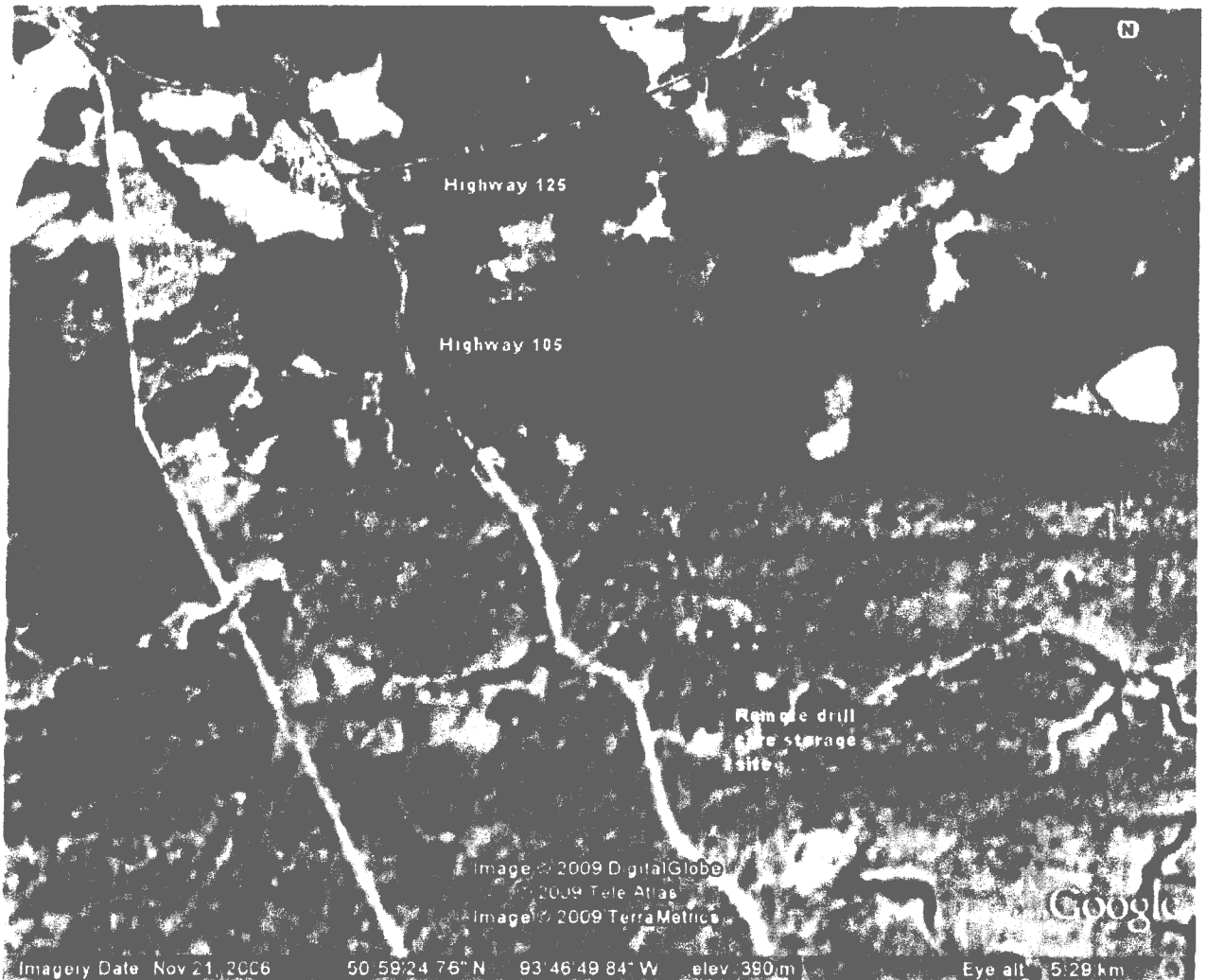
Mr. Carmen Storey P. Geo.
District Geologist
email: carmen.storey@ontario.ca

cc. Mr. John Mason, MNDMF NW Manager
Mr. Andreas Lichtblau, MNDMF Red Lake Regional Resident Geologist



Ministry of
Northern Development,
Mines and Forestry

Ministère du
Développement du Nord,
des Mines et des Forêts





uniongas

A Spectra Energy Company

EB-2011-004/0041/0042
Attachment # 1 to IRR # 19

February 23, 2011

Mr. Carmen Storey
District Geologist
Resident Geologist's Office
Ministry of Northern Development, Mines and Forestry
227 Howey Street, P.O. Box 324
Red Lake, ON P0V 2M0

Re: Union Gas Limited – Red Lake Pipeline Project

Dear: Mr. Carmen Storey

Thank you for your comments dated February 14, 2011 regarding the Red Lake Pipeline Project and in particular the location and access to the Remote Diamond Drill Core Storage Facility south of Red Lake.

Union has informed its pipeline contractor and construction staff of the location of this facility and will ensure access throughout construction is maintained. Construction staff will be in contact with you prior to construction to coordinate potential access and construction activities in this area.

We apologize for the incorrect spelling of Mr. Andreas Lichtblau and have corrected our contact list.

We also apologize for the insufficient postage on our package and any inconvenience this may have caused. This has been discussed with our mailroom and the situation has been corrected. Please forward any outstanding invoice back to my attention for payment.

Once again thank you for your comments and should you have additional concerns or questions please contact me 1-866-949-1595, Ext. 76954 or by email at dschmidt@uniongas.com.

Yours very truly,

UNION GAS LIMITED

D.F. (Doug) Schmidt
Principal Environmental Planner

cc. Mr. John Mason, MNDMF NW Manager
Mr. Andreas Lichtblau, MNDMF Red Lake Regional Resident Geologist



EB-2011-004/0041/0042
Attachment 1 of 1
3300 Bloor Street West
Toronto, Ontario
Canada M8X 2X4
Tel.: 416.734.3300
Fax: 416.231.1626
Toll Free: 1.877.682.8772
www.tssa.org

February 15, 2011
File: CF

Mr. D. F. Schmidt
Principal Environmental Planner
Union Gas Limited
P. O. Box 2001
Chatham, ON N7M 5M1

Dear Mr. Schmidt:

Re: Union Gas Limited - Red Lake Pipeline Project.

This is in response to your letter of January 21, 2011 regarding the referenced project. We reviewed the Report prepared by Union Gas dated December 2010 and the Design and Pipe Specifications attached to your submission.

The report properly deals with our concerns and is acceptable to us.

Yours truly,

Oscar Alonso, P. Eng.
Fuels Safety Engineer
Tel. 414 734 3353
oalonso@tssa.org

cc: Zora Crnojacki, Chair, OPCC, OEB

\\users\fses\oa\schmidt 15



The Corporation of the
Township of Ear Falls

P.O. Box 309
Ear Falls, ON P0V 1T0

ph (807) 222-3624
fx (807) 222-2384

February 16, 2011

Union Gas Ltd.
P.O. Box 2001
50 Keil Drive North
Chatham, ON
N7M 5M1
Attention: Doug Schmidt, Principal
Environmental Planner

Re: Union Gas Limited – Red Lake Pipeline Project

Dear Mr. Schmidt:

The Council of the Township of Ear Falls reviewed your letter, dated January 21st, 2011, and the Environmental Protection Plan for the Union Gas Limited – Red Lake Pipeline Project at the February 16th, 2011 Regular Meeting of Council.

At this time the Township of Ear Falls has no major concerns regarding this Project.

If you have any questions or comments, please feel free to contact me at 222-3624 ext. 26.

Yours truly,

THE TOWNSHIP OF EAR FALLS

P.M. Covell
Deputy Clerk-Treasurer

PMCDs



Ministry of Transportation

Corridor Management Office
Kenora Field Office
808 Robertson Street
Kenora, ON P9N 1X9
Tel.: 807-468-2761
Fax.: 807-468-2784

February 18, 2011

Mr. Doug Schmidt
Principal Environmental Planner
Union Gas Limited
P.O. Box 2001
50 Keil Drive North
Chatham, Ontario
N7M 5M1
Email: dschmidt@uniongas.com

Ms. Zora Crnojacki
Coordinator,
Ontario Pipeline Coordination Committee
Ontario Energy Board
2300 Yonge Street, 26th Floor, Suite 2601
Toronto, Ontario
M4P 1E4
Email: CrnojaZo@oeb.gov.on.ca

Dear Mr. Schmidt & Ms. Crnojacki:

Re: Union Gas Limited – Red Lake Pipeline Project
Highway 105 & 125 – Environmental Report for Project

I am writing in response to your letter of January 21, 2011 to Mr. Doug Peeling & myself regarding the above report. I have reviewed the report and attached maps and have no comments to offer.

Thank you for the opportunity to review and comment.

Sincerely,

Lynda C. Creed
Corridor Management Officer

/lcc



Fisheries and Oceans Pêches et Océans
Canada Canada

425-100 Main Street
Thunder Bay, Ontario
P7B 6R9

2011-March-10

Your file Votre référence

Our file Notre référence
KE-11-0093

Doug Schmidt
Environmental Planner
Union Gas
P.O. Box 2001
Chatham, Ontario
N7M5M1

Dear Mr. Schmidt:

Subject: Union Gas Pipeline Project Crossing Multiple Waterbodies, Red Lake, ON

Fisheries and Oceans Canada - Fish Habitat Management Program (DFO) received your proposal on 2011-January-26. Please refer to the file number and title below:

DFO File No.: **11-HCAA-CA4-00093**

Title: **Union Gas - Red Lake Pipeline Project, District of Kenora**

Your proposal has been reviewed to determine whether it is likely to result in impacts to fish and fish habitat which are prohibited by the habitat protection provisions of the *Fisheries Act* or those prohibitions of the *Species at Risk Act* that apply to aquatic species.*

Our review consisted of:

- Project Description, Generic Sediment and Erosion Control Plans, and Detailed construction Sequence submitted by Doug Schmidt, Union Gas
- Telephone conversation between Lori Skitt (OMNR-Red Lake) SAR Biologist and Tom Kleinboeck (DFO)
- Telephone conversation between Pam Dittrich and Leslie Barnes (OMNR Red Lake) and Tom Kleinboeck (DFO)
- Telephone conversation between Doug Schmidt (Union Gas) and Tom Kleinboeck (DFO)

*Those sections most relevant to the review of development proposals include 20, 22, 32 and 35 of the *Fisheries Act* and sections 32, 33 and 58 of the *Species at Risk Act*. For more information please visit www.dfo-mpo.gc.ca.

We understand that you propose to:

- Follow Timing Windows for work in water after discussions with the Red Lake MNR
- All directional drill crossings will follow the DFO Operational Statement for *High Pressure Directional Drilling*. A notification form will be submitted to DFO with all the locations of the crossings.
- All generic SCP's and detailed construction sequence drawings provided will be followed as per the Agreement between Union Gas Limited and Fisheries and Oceans Canada signed on May 2nd 2008.
- Site inspectors will monitor the effectiveness of sediment and erosion controls as well as ensure the rehabilitation of the site is done as per the conditions and measures outlined in the agreed upon documents provided.

Provided that your plans are implemented as described DFO has concluded that your proposal is not likely to result in impacts to fish and fish habitat.

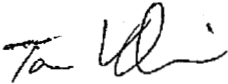
You will not need to obtain a formal approval from DFO in order to proceed with your proposal.

If the plans have changed or if the description of your proposal is incomplete you should contact this office to determine if the advice in this letter still applies.

Please be advised that any impacts to fish and fish habitat which result from a failure to implement this proposal as described could lead to corrective action such as enforcement.

If you have any questions please contact the undersigned at (807) 346-8214, by fax at (807) 346-8545, or by email at Tom.Kleinboeck@dfo-mpo.gc.ca.

Yours sincerely,



Tom Kleinboeck
Fish Habitat Biologist

Wabauskang First Nation
Box 339
Ear Falls, ON
P0V 1T0

March 25, 2011

D.F. Schmidt
Principal Environmental Planner
UnionGas
P.O. Box 2001, 50 Keil Drive North
Chatham, On
N7M 5M1

Dear Mr Schmidt

We thank you for the fax inviting Wabauskang First Nation to comment on the existing line capabilities along with the proposed extension of natural gas service for the Municipality of Red Lake and Goldcorp Inc.

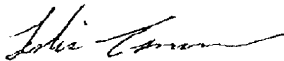
Our First Nation is taking the position that our interests, rights and title have not been adequately considered in the initial placement of gas service through our territory and further under new line extensions now under considerations referenced as Phase I and Phase II planning.

We feel that initial construction activities fell short of required consultation processes and that potential net effects will continue to impact and infringe upon our treaty and aboriginal rights, interests and title on our lands. Our First Nation asserts that the activities and use of resources contemplated under the existing line and extension lines affect our aboriginal and treaty rights, interests and title for breach of duty, wrongful expropriation of treaty lands, loss of access to and from interests, rights and title, and for the mental distress and loss of use caused by the destruction and impact upon our families, clans, society, economy, cultural sustainability and social structure.

Decisions have been made in the past by the Ministry of Natural Resources, Ministry of Environment, Ministry of Transport, Ministry of Northern Development and Mines that have and will continue to impact and infringe our First Nations aboriginal and treaty rights, interests and title. Our First Nation wants to be clear that our rights, interests and title must be respected, including our rights to meaningful consultation and accommodation when we assert that our constitutionally protected rights may be impacted.

Our First Nation is seeking a positive approach that will allow a decision to be made which fully respects existing or asserted rights so that free and prior consent can be achieved.

Meegwitich

A handwritten signature in black ink, appearing to read 'Leslie Cameron', with a stylized flourish at the end.

Chief Leslie Cameron

UNION GAS LIMITED
Response to Interrogatory
from Board Staff

20. Reference: Prefiled Evidence / page 14 of 18 / para. 76

Preamble:

Union has stated that it signed a “General Relationship Agreement with Métis Nations of Ontario”.

Questions:

- a) Please file a copy of this agreement with the Board.
- b) Explain the background and process that led to signing of this agreement.
- c) Summarize the contents of the agreement and indicate which projects are subject to the terms of the agreement between Union and Métis Nations of Ontario.

Response:

- a) The General Relationship Agreement (GRA) is a proprietary document between Union Gas (Union) and the Métis Nation of Ontario (MNO). The document will be filed with the Board in Confidence.
- b) Discussions were proactively initiated by Union with the MNO in 2008 with a formal signing of the GRA in 2010.
- c) The GRA formalizes processes for consultation between Union and the MNO that were already in place and also recognizes the MNO rights under the Constitution.

The GRA identifies projects that require approval through the OEB or NEB application process or crossing of significant waterways that may impact the Métis Traditional Way of Life.

UNION GAS LIMITED
Response to Interrogatory
from Board Staff

21. Reference: Prefiled Evidence / page 15 f 18 / para. 80 to 81

Preamble:

Issue of opportunities for employment and/or goods and services for First Nations and Métis during the Project was raised in Union's consultation with the First Nations. Union proposed to coordinate meetings in early 2011 before Project starts to explore these opportunities.

Question:

Please provide an update to the status and outcomes of communications with the First Nations and Métis in the Project area employment opportunities during the Project.

Response:

Meetings with the Consultation committees of the MNO and Treaty 3 Grand Council chief have been scheduled for April 19th and 20th respectively. Discussions will include opportunities for employment and goods and services provision for the project.

UNION GAS LIMITED
Response to Interrogatory
from Board Staff

22. Reference: Prefiled Evidence / page 2 of 18 / para. 8 and Schedule 13 “Environmental Protection Plan”

Preamble:

Union stated that an Environmental Report for the “Project” prepared by Union include all pipelines within the “Project” area. However, the “Environmental Protection Plan” does not deal with Phase II pipelines or environmental assessment and mitigation.

Questions:

- a) Please confirm that the Phase II pipelines are not included in the environmental assessment and protection submitted in the prefiled evidence.
- b) If so, please explain if the pipeline distribution system expansion in Phase II will be subject to Environmental Screening requirements as set in the EBO 188.
- c) What will be Union’s approach to environmental screening for Phase II?
- d) What is the anticipated timing and format of Union’s reporting to the Board on Environmental Screening for Phase II? Please discuss based on the EBO 188 requirements.

Response:

The Environmental Protection Plan (EPP) does cover Phase II pipelines. Please refer to Section 7.1 and specifically Watercourse Crossings, Archaeology, Water Wells, Blasting, Environmental Protection Areas, Hazard Land, Species at Risk, Section 7.2 Table 1 Mitigation Summary Pipeline Construction and Appendix 6, Map 2.

Should Phase II construction be delayed for several years, Union proposes to update the EPP by completing an environmental screening as set in the EBO 188.

UNION GAS LIMITED
Response to Interrogatory
from Board Staff

Land and Landowner Matters

23. Reference: Prefiled Evidence / page 16 of 18 / para. 84 and page 17 para. 86 and Schedule 17 Form of Easement Agreement

Preamble:

Phase I will be located and constructed within road allowances and four sections will require easements on private land. Union submitted a form of easement agreement in Schedule 17. Pursuant to section 97 of the OEB Act the applicant "has offered or will offer to each owner of land affected by the approved route or location an agreement in a form approved by the Board."

Question:

Please confirm that the form of the easement agreement provided in Schedule 17 has been offered or will be offered to all of the 4 private landowners from whom the easements are required.

Response:

Confirmed.

UNION GAS LIMITED
Response to Interrogatory
from Board Staff

24. Reference: Prefiled Evidence / page 17 of 18 / para. 88

Please explain the status of Union's negotiations for Agreements of Purchase and Sale for the lands needed for siting and construction of the four station sites.

Response:

Phase I contains one station site located on property owned by Goldcorp. Negotiations are ongoing between Union and Goldcorp. Phase II contains three station sites located on property owned by the Municipality of Red Lake. No work will be completed on these sites until Phase II moves forward.

UNION GAS LIMITED
Response to Interrogatory
from Board Staff

Construction and Design Technical and Safety Requirements

25. Reference: Prefiled Evidence / page 10 of 18 / para. 52 to 55 and /page 11 of 18/ para. 56 to 59

- a) Please confirm that all design and pipe regulatory requirements for both Phase I and Phase II have been met by Union for the Red Lake Project.
- b) Please file a copy of correspondence with the TSSA which confirms that the TSSA has reviewed the design and pipe specifications for both Phase I and Phase II of the Project and that it has no outstanding concerns regarding Union's compliance with pipeline design, technical and safety requirements under TSSA's jurisdiction.

Response:

- a) Confirmed.
- b) The TSSA has reviewed and accepted the design and pipe specifications for the Red Lake project. A copy of correspondence from TSSA can be found in Union's response to Board Staff Interrogatory # 19.

UNION GAS LIMITED
Response to Interrogatory
from Board Staff

26. Reference: Prefiled Evidence Schedule 11, page 1
- a) Referring to the Pipeline Construction Schedule Phase 1 in Schedule 11, please provide detailed construction schedules showing the critical timeframe for completion of construction and operational start-up of the proposed facilities.
 - b) Please discuss the impact on the project in-service date if construction is not fully completed in 2011 and must carry over to the 2012 construction season.
 - c) What is Union's requested termination date for the commencement of construction of Phase I of the project?

Response:

- a) Please refer to Attachment # 1 to this Interrogatory.
- b) If the project is not fully completed in 2011, then service will not be able to be provided to the Balmertown or Cochenour Mine Sites until it is completed in 2012.
- c) Please refer to Union's response to Board Staff Interrogatory # 1.

UNION GAS LIMITED
Response to Interrogatory
from Board Staff

27. Reference: Application for Leave to Construct EB-2011-0040 Schedule A and Prefiled Evidence Schedule 11
- a) Regarding Union's existing Bruce Lake lateral, please describe the operational history of the line noting any problems that may have been experienced with supply interruption, breakage, and similar problems.
 - b) Please describe the construction and operational challenges associated with the geographic and climatic conditions in the area of the proposed pipeline.
 - c) Please discuss the challenges of gas pipeline operation in the extreme cold winter weather often experienced in this region.

Response:

- a) The Bruce Lake Lateral was installed in 1967. Three repair fittings have been installed on this pipeline to remediate surface corrosion or other external damage. This pipeline is susceptible to "washouts", resulting in small sections of exposed pipe during heavy runoff periods, however when these areas are discovered, the required depth of cover is restored. The readings from the most recent corrosion and leak surveys, conducted in 2010, indicate adequate cathodic protection on this pipeline. There are no leaks on this line.
- b) Union has extensive experience constructing and operating pipelines in areas of Ontario with geographic and climatic conditions similar to those in the area of the proposed pipeline. Union does not anticipate any significant challenges with the proposed pipeline.
- c) Union has operated the existing Bruce Lake Lateral and Ear Falls distribution system since 1967. The experienced field personnel in our satellite offices in Northern Ontario, who will be responsible for the proposed pipeline, are trained to operate and maintain other transmission and high pressure distribution pipelines in the harsher climate of Northern Ontario, and have a long continuous history since 1956, of safe and reliable service.

UNION GAS LIMITED
Response to Interrogatory
from Board Staff

28. Please comment on the attached Board staff draft conditions of approval. Please note that these conditions are standard conditions and are a draft version subject to additions or changes depending Board staff's further review of the evidence in this case.

Response:

Union accepts the proposed draft conditions of approval with one change. Union requests that the post construction financial reports be filed with the Board within 18 months to mirror the contract with Goldcorp.