

## **UNION GAS LIMITED**

### **EXHIBIT LIST**

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**PREFILED EVIDENCE OF**

**GREG TETREAULT, MANAGER, RATES AND PRICING**

**HAROLD PANKRAC, TEAM LEADER, RATES AND PRICING**

This evidence will address the following rate related matters:

- 1/ Revenue Deficiency Restatement
- 2/ Recovery of the 2013 Revenue Deficiency
- 3/ S&T Transactional Services Revenue
- 4/ Rate Design Considerations
- 5/ In-Franchise Rate Design Proposals
  - a) Rate Review Guidelines
  - b) General Service Rates
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6/ Ex-Franchise Rates

a) Response to the M12-X and C1 Kirkwall to Dawn and M12 and C1 Kirkwall  
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b) C1 Dawn to Dawn-Vector Fuel Ratios

7/ Other Rate Schedule Changes

a) In-Franchise Rate Schedules

b) Ex-Franchise Rate Schedules

**1/ REVENUE DEFICIENCY RESTATEMENT**

Union has restated its revenue deficiency to reflect revenue and cost revisions not captured in  
Union's Phase I filing. As shown at Exhibit F3, Tab 1, Schedule 1, Union's revenue deficiency  
was \$71.378 million. Union's restated revenue deficiency is \$71.318 million, a decrease of  
\$0.060 million. Table 1 summarizes the Phase II revenue deficiency restatements.

Table 1

Restatement of Union's 2013 Revenue Deficiency/(Sufficiency)

<u>Line No.</u>	<u>Particulars</u>	<u>(\$ millions)</u>
	<u>Phase I Revenue Deficiency</u>	
1	Total Deficiency	70.625
2	Shareholder Portion of Storage Margin	0.754
3	Adjusted Deficiency	<u>71.378</u>
	<u>Phase II Revenue Deficiency</u>	
4	Deficiency Per Phase I	<u>71.378</u>
5	Compressor Fuel Budget Adjustment	0.334
6	Update to Non-Utility Cross Charge	(0.231)
7	C1 Union Supplied Fuel Revenue Adjustment	(0.103)
8	Heritage Pool M16 Transmission Charge	<u>(0.060)</u>
9	Updated Deficiency	<u>71.318</u>

The adjustments to the Phase I revenue deficiency are described below.

Compressor Fuel Budget

Union has updated its compressor fuel budget to account for M12 transportation activity that was not included in the compressor fuel budget. As a result of this increase in compressor fuel costs, Union's revenue deficiency has increased by \$0.334 million.

1 Non-Utility Cross Charge

2 The impact on the 2013 revenue deficiency associated with the change in the shareholder  
3 portion of short-term storage margin as a result of updating the non-utility cross charge is a  
4 decrease of \$0.231 million.

5  
6 As per Exhibit F6, Tab 3, Schedule 1, the 2013 short-term storage and balancing revenue is  
7 forecast to be \$11.488 million. The short-term peak storage revenue is associated with the sale  
8 of 13.0 PJ of excess utility space. For the purposes of calculating the Phase I deficiency, the  
9 cost associated with providing short-term storage and balancing services was assumed to be  
10 \$3.953 million. The cost of \$3.953 million consists of \$1.692 million related to forecast 2013  
11 compressor fuel and unaccounted-for-gas (“UFG”) and \$2.261 million associated with the non-  
12 utility cross charge related to the excess utility space. The non-utility cross charge of \$2.261  
13 million was derived using the 2007 Board-approved cost allocation study adjusted to reflect the  
14 Board’s EB-2005-0551 Decision (“NGEIR Decision”). Excess utility space at the time of the  
15 NGEIR Decision was 7.9 PJ.

16  
17 The resulting short-term storage and balancing margin available for sharing assumed in the  
18 calculation of the Phase I deficiency was \$7.535 million. Of the \$7.535 million of short-term  
19 storage and balancing margin, \$6.781 million (or 90%) was attributed to the ratepayer and  
20 \$0.754 million (or 10%) was attributed to the shareholder.

1 Union has updated the non-utility cross charge associated with 13.0 PJ of excess utility space  
2 to \$4.569 million as a result of preparing its 2013 cost allocation study. The total cost  
3 associated with the excess utility space is \$6.261 million (\$4.569 million plus \$1.692 million).  
4 The calculation of the updated non-utility cross charge is provided at Table 2.

**Table 2**  
**Phase II - Calculation of Excess Utility**  
**Storage Space - Non-Utility Cross Charge**

<u>Line</u> <u>No.</u>	<u>Particulars</u>	<u>(\$ millions)</u>	
1	Return	1.789	
2	Income and Property Taxes	0.378	
3	Accumulated Deferred Taxes	(0.179)	
4	Depreciation Expense	0.926	
5	O&M	3.348	
6	Total	<u>6.261</u>	
	<u>Less: Cost of Gas</u>		
7	UFG	(0.358)	
8	Compressor Fuel	(1.334)	
9	Total	<u>(1.692)</u>	
10	Non-Utility Cross Charge	<u><u>4.569</u></u>	

5  
6 As a result of updating the costs of excess utility space, the short-term storage and balancing  
7 revenue available for sharing in Phase II is \$5.227 million (\$11.488 million minus \$6.261  
8 million) of which \$4.704 million (or 90%) is attributable to the ratepayer and \$0.523 million  
9 (or 10%) is attributable to the shareholder.

To account for the difference in the shareholder portion of the short-term storage and balancing margin, Union has decreased the revenue deficiency by \$0.231 million (\$0.523 million minus \$0.754 million). The calculation of the adjustment is provided at Table 3.

Table 3

Short-term Storage Margin Sharing - Update to Excess Utility Storage Cross Charge

Line No.	Particulars (\$000's)	Phase I (a)	Phase II (b)	Difference (c) = (b-a)
1	Short-term Storage Revenue	11,488	11,488	-
	<u>Allocated Costs</u>			
2	Cost of Gas	1,692	1,692	-
3	Excess Utility Storage Cross Charge	2,261	4,569	2,308
4	Total Allocated Costs (line 2 + line 3)	3,953	6,261	2,308
5	Total Margin (line 1 - line 4)	7,535	5,227	(2,308)
6	Margin in In-franchise Rates	90%	90%	
7	(line 5 * line 6)	6,781	4,704	(2,078)
8	Shareholder Margin Deficiency (line 5 - line 7)	754	523	(231)



C1 Union Supplied Fuel Revenue

The C1 transportation revenue forecast for Dawn to Parkway transportation provided at Exhibit C1, Tab 3 is understated by \$0.103 million related to Union supplied fuel. The increase in C1 transportation revenue results in a decrease of \$0.103 million to Union's revenue deficiency.

Heritage Pool M16 Transmission Charges

Union is restating the Phase I deficiency by \$0.060 million to recognize the use of regulated transmission assets by Union's unregulated storage operation at the Heritage storage pool. The increase in utility transportation revenue results in a decrease of \$0.060 million to Union's revenue deficiency.

As indicated by Union in EB-2011-0038, if:

“the St. Clair Line is returned to utility rate base, the unregulated storage operations will be charged for transportation between Dawn and the Heritage Pool with a corresponding revenue credited to the utility operations.” (EB-2011-0038, Reply Argument, para. 73)

Union's 2013 test year rate base includes the St. Clair Line.

To ensure its unregulated storage operations are allocated costs associated with the use of regulated transmission assets, Union proposes to charge its unregulated storage business the transmission commodity and fuel charges per the 2013 proposed M16 rate schedule. As Union's unregulated storage business owns and operates the customer station at the Heritage pool, the M16 monthly fixed charge per customer station is not applicable. Similarly, since the

Heritage pool transports gas to and from Dawn on an interruptible basis only, the M16 monthly firm demand charge is also not applicable. Exhibit H3, Tab 8, Schedule 14 provides the calculation of the transmission commodity and fuel charges attributable to Union's Heritage storage pool.

## **2/ RECOVERY OF THE 2013 REVENUE DEFICIENCY**

Union's proposed recovery of the 2013 revenue deficiency is provided at Exhibit H3, Tab 1, Schedule 1. Union proposes to increase in-franchise delivery and gas supply transportation rates to recover a deficiency of \$74.783 million, and increase ex-franchise transportation rates to recover a deficiency of \$1.931 million. Union also proposes to decrease the Gas Supply Administration Charge by \$3.632 million, resulting in a net deficiency of \$73.083 million for recovery.

In addition, there is a Gas Supply Commodity sufficiency of \$1.765 million, which Union is not proposing to recover as part of this proceeding. Union will continue to process Gas Supply Commodity-related rate adjustments through the Board-approved QRAM process. The rate adjustments in total recover the restated revenue deficiency of \$71.318 million. Table 4 provides the proposed recovery of the 2013 revenue deficiency.

Table 4

Recovery of Union's 2013 Revenue Deficiency/(Sufficiency)

<u>Line No.</u>	<u>Particulars</u>	<u>(\$ millions)</u>	
1	In-franchise Delivery and Gas Supply Transportation-related Revenue Deficiency	74.783	
2	Ex-franchise Transportation-related Revenue Deficiency	1.931	
3	Gas Supply Administration Charge-related Sufficiency	(3.632)	
4	Total Deficiency for Recovery	<u>73.083</u>	
5	Gas Supply Commodity-related Sufficiency	(1.765)	
1	6 Restated Phase II Revenue Deficiency	<u><u>71.318</u></u>	

2

3 Union proposes to increase delivery and gas supply transportation rates in Union North to  
4 recover \$39.114 million of the total in-franchise delivery and gas supply transportation related  
5 deficiency of \$74.783 million. The in-franchise delivery and gas supply transportation  
6 deficiency in Union North is primarily driven by cost increases related to return, depreciation  
7 expense and O&M expenses, offset by increases to delivery revenue. For a residential  
8 customer consuming 2,200 m<sup>3</sup> per year this represents an annual increase of approximately  
9 \$76.

10

11 Union proposes to increase in-franchise delivery rates in Union South to recover \$35.669  
12 million of the total in-franchise delivery and gas supply transportation related revenue

1 deficiency of \$74.783 million. The in-franchise delivery deficiency in Union South is  
2 primarily driven by cost increases related to return, depreciation expense and O&M expenses,  
3 offset by increases to delivery revenue. For a residential customer consuming 2,200 m<sup>3</sup> per  
4 year this represents an annual increase of approximately \$19.

5  
6 As indicated above, the proposed recoveries of the 2013 revenue requirement by rate class are  
7 provided at Exhibit H3, Tab 1, Schedule 1. Exhibit H3, Tab 1, Schedule 1 also provides the  
8 2007 Board-approved and 2013 revenue to cost ratios. Exhibit H3, Tab 1, Schedule 2 provides  
9 detailed in-franchise and ex-franchise rates. The percentage change in average unit prices is  
10 provided at Exhibit H3, Tab 1, Schedule 3.

11  
12 **3/ S&T TRANSACTIONAL SERVICES REVENUE**

13 Union has included the ratepayer portion of forecast S&T transactional service revenue in the  
14 revenue stream for ratemaking purposes in 2013. To reflect the results of the 2013 cost  
15 allocation study, Union proposes to include S&T transactional services revenue of \$20.852  
16 million in in-franchise rates. The S&T transactional services revenue restated to reflect 2013  
17 costs is provided at Exhibit H3, Tab 10, Schedule 1.

**4/ RATE DESIGN CONSIDERATIONS**

When designing 2013 proposed rates for Union North and Union South, the following factors (in no particular order) have been taken into consideration:

- a) The revenue deficiency for the company as a whole;
- b) The relative rate changes of other rate classes;
- c) The allocated cost of service;
- d) The level of current rates and the magnitude of the proposed change;
- e) The potential impact on customers;
- f) The level of contribution to fixed cost recovery;
- g) Customer expectations with respect to rate stability and predictability; and
- h) Equivalency of comparable service options.

The revenue to cost ratios resulting from Union's 2013 rate design proposals have been filed at Exhibit H3, Tab 1, Schedule 1. For purposes of comparison, Union has also provided the EB-2005-0520 revenue to cost ratios approved by the Board for 2007 in column (j) of Exhibit H3, Tab 1, Schedule 1. The revenue to cost ratios reflect Union's application of accepted rate design principles and as noted above, are underpinned by the cost allocation study filed at Exhibit G3, Tab 1 through Tab 5. The 2013 proposed revenue to cost ratios are within an acceptable range and are generally consistent with those approved by the Board in EB-2005-0520.

1 **5/ IN-FRANCHISE RATE DESIGN PROPOSALS**

2 **a) RATE REVIEW GUIDELINES**

3 In reviewing in-franchise rates and service offerings, Union has defined a number of key  
4 guidelines to determine appropriate rate class boundaries and rate structures:

- 5
- 6 i. Common profiles within rate classes – Rate class groupings should exhibit  
7 sufficiently similar profiles with regards to average and peak use, seasonal usage  
8 and annual volume.
- 9
- 10 ii. Sufficient rate class size – Each rate class should be sufficiently large enough to  
11 produce meaningful average costing/pricing to ensure ongoing rate stability within  
12 the rate class (i.e. rates and costs that are stable and predictable).
- 13
- 14 iii. Sufficient differentiation among rate groupings – Proposed rate groupings must be  
15 examined to determine if they are materially different from other groupings with  
16 regards to the criteria developed in item (i). Sufficient differentiation is necessary  
17 to avoid an unnecessary number of rate classes, minimize undue rate class switching  
18 and to reduce the number of customers with similar operating profiles in different  
19 rate classes.

1       iv.   Sufficient interest and reasonable prospect of use – Union continues to assess the  
2           appropriateness of its rates and service offerings based on customer interest and use  
3           (or lack thereof) in order to avoid hypothetical rate designs in the absence of a  
4           proven market. The design of rates should be driven by a demonstrated need and  
5           provide customers some assurance that workable services will be offered on a  
6           sustained basis.

7  
8       v.   Rate harmonization – Where appropriate, Union will consider common rate  
9           structures, but not necessarily common rate levels, in accordance with the Board's  
10          EBO 195 Report (Application to Amalgamate Union Gas and Centra, Section 2.5  
11          Rates).

12  
13   **b) GENERAL SERVICE RATES**

14   Union is proposing two rate design changes in its General Service market. The first proposed  
15   change is to lower the annual volume breakpoint between the Rate 01 and Rate 10 rate classes  
16   in Union North and the Rate M1 and Rate M2 rate classes in Union South from 50,000 m<sup>3</sup> to  
17   5,000 m<sup>3</sup>. The second proposed change is to harmonize the rate block structures in the small  
18   volume General Service rate classes (Rate 01 and Rate M1) and in the large volume General  
19   Service rate classes (Rate 10 and Rate M2).

Union proposes to implement the annual volume breakpoint and rate block structure harmonization to General Service rate classes on a revenue neutral basis effective January 1, 2014. Each of the proposed changes is described below.

**Lowering the Annual Volume Breakpoint**

The current annual volume breakpoint between small volume General Service rate classes (Rate 01 and Rate M1) and large volume General Service rate classes (Rate 10 and Rate M2) is 50,000 m<sup>3</sup>.

The annual volume breakpoint of 50,000 m<sup>3</sup> was first approved for small volume General Service Rate 01 by the Board in E.B.R.O 411-III/E.B.R.O. 430-II Decision with Reasons, dated May 20, 1988. Based on the Customer Reclassification Study for ICG Utilities (Ontario) Ltd, the Board approved the current Rate 01 rate class, which previously applied strictly to residential customers, to include residential, small commercial, and small industrial customers in Union North.

In EB-2005-0520 (Union's 2007 rate case), the Board approved the use of the annual volume breakpoint of 50,000 m<sup>3</sup> to split the General Service Rate M2 rate class into small volume Rate M1 and large volume Rate M2 in Union South. Using an annual volume breakpoint of 50,000 m<sup>3</sup> to split the rate class recognized that a small volume residential customer does not incur the same level of customer-related costs as a large volume industrial customer.



Union is proposing to lower the annual volume breakpoint between small volume General Service rate classes (Rate 01 and Rate M1) and large volume General Service rate classes (Rate 10 and Rate M2) to 5,000 m<sup>3</sup> from 50,000 m<sup>3</sup> to improve the rate class composition of Rate 01 and M1 and achieve more homogeneous rate classes. Union's proposal will also improve the rate class size in Rate 10 and Rate M2, which will ensure viable large volume General Service rate classes and improve rate stability.

#### Rate Class Homogeneity

The small volume General Service rate classes (Rate 01 and Rate M1) display a lack of homogeneity at the current annual volume breakpoint of 50,000 m<sup>3</sup>. Union proposes to improve the homogeneity of these rate classes by lowering the annual volume breakpoint to 5,000 m<sup>3</sup>.

As shown at Table 5, line 16, at the current annual volume breakpoint of 50,000 m<sup>3</sup> for Rate M1, the class average use per customer is 2,700 m<sup>3</sup>. However, within the residential, commercial and industrial markets there are significant differences in average use per customer.

The residential market average use per customer at the 50,000 m<sup>3</sup> breakpoint is 2,258 m<sup>3</sup>, which is similar to the class average of 2,700 m<sup>3</sup>. The commercial and industrial market average use per customer are 7,650 m<sup>3</sup> and 12,966 m<sup>3</sup> respectively, which differ significantly from the class average use.

Table 5

Union South - General Service Rate Class Profiles  
Annual Volume Breakpoint Analysis using 2010 Actuals

Line No.	Annual Volume Breakpoint	Rate M1			Rate M2		
		Annual Volume	Number of Meters	Average Use per Customer	Annual Volume	Number of Meters	Average Use per Customer
		(m <sup>3</sup> )	(b)	(c) = (a/b)	(m <sup>3</sup> )	(e)	(f) = (d/e)
	<u>2,500 m<sup>3</sup></u>						
1	Residential	1,073,442,283	619,856	1,732	997,338,294	295,369	3,377
2	Commercial	30,624,470	25,579	1,197	1,237,704,163	52,917	23,390
3	Industrial	930,477	752	1,237	310,881,622	4,339	71,648
4	Total	1,104,997,230	646,187	1,710	2,545,924,079	352,625	7,220
	<u>5,000 m<sup>3</sup></u>						
5	Residential	1,949,672,659	898,064	2,171	121,107,917	17,161	7,057
6	Commercial	90,773,709	42,241	2,149	1,177,554,925	36,255	32,480
7	Industrial	3,437,553	1,432	2,401	308,374,546	3,659	84,278
8	Total	2,043,883,921	941,737	2,170	1,607,037,388	57,075	28,157
	<u>20,000 m<sup>3</sup></u>						
9	Residential	2,061,185,940	915,011	2,253	9,594,636	214	44,835
10	Commercial	324,435,758	65,832	4,928	943,892,876	12,664	74,534
11	Industrial	20,838,044	3,021	6,898	290,974,055	2,070	140,567
12	Total	2,406,459,741	983,864	2,446	1,244,461,567	14,948	83,253
	<u>50,000 m<sup>3</sup></u>						
13	Residential	2,066,157,260	915,184	2,258	4,623,316	41	112,764
14	Commercial	561,651,565	73,418	7,650	706,677,068	5,078	139,164
15	Industrial	51,749,801	3,982	12,996	260,062,298	1,109	234,502
16	Total	2,679,558,627	992,584	2,700	971,362,682	6,228	155,967
	<u>80,000 m<sup>3</sup></u>						
17	Residential	2,067,536,745	915,206	2,259	3,243,831	19	170,728
18	Commercial	698,927,422	75,604	9,245	569,401,212	2,892	196,888
19	Industrial	71,464,633	4,296	16,635	240,347,466	795	302,324
20	Total	2,837,928,799	995,106	2,852	812,992,509	3,706	219,372

As shown at Table 5, line 8, at the proposed annual volume breakpoint of 5,000 m<sup>3</sup> for Rate M1, the class average use per customer is 2,170 m<sup>3</sup>. The residential, commercial and industrial markets all exhibit average uses per customer that are similar in magnitude to the Rate M1

1 class average use shown at Table 5, line 8. This demonstrates that the annual volume  
2 breakpoint of 5,000 m<sup>3</sup> best achieves a homogeneous grouping of customers in Rate M1.

3  
4 A similar improvement in rate class homogeneity in Rate 01 is also achieved. As shown at  
5 Table 6, line 16, at the current annual volume breakpoint of 50,000 m<sup>3</sup> for Rate 01, the class  
6 average use per customer is 2,797 m<sup>3</sup>. However, within the Rate 01 residential, commercial  
7 and industrial markets there are significant differences in average use per customer.

8  
9 The residential market average use per customer is 2,250 m<sup>3</sup>, is similar in magnitude to the rate  
10 class average of 2,797 m<sup>3</sup>. The commercial and industrial market average use per customer,  
11 however, are 8,413 m<sup>3</sup> and 27,318 m<sup>3</sup> respectively, which differs significantly from the rate  
12 class average use.

Table 6  
Union North - General Service Rate Class Profiles  
Annual Volume Breakpoint Analysis using 2010 Actuals

Line No.	Annual Volume Breakpoint	Rate 01			Rate 10		
		Annual Volume (m <sup>3</sup> )	Number of Meters	Average Use per Customer (m <sup>3</sup> )	Annual Volume (m <sup>3</sup> )	Number of Meters	Average Use per Customer (m <sup>3</sup> )
		(a)	(b)	(c) = (a/b)	(d)	(e)	(f) = (d/e)
<u>2,500 m<sup>3</sup></u>							
1	Residential	321,514,442	186,202	1,727	292,983,236	86,765	3,377
2	Commercial	9,594,021	7,662	1,252	415,381,609	20,370	20,392
3	Industrial	1,425	5	285	42,876,633	140	306,262
4	Total	331,109,888	193,869	1,708	751,241,478	107,275	7,003
<u>5,000 m<sup>3</sup></u>							
5	Residential	578,531,026	267,742	2,161	35,966,652	5,225	6,884
6	Commercial	30,835,838	13,498	2,284	394,139,792	14,534	27,118
7	Industrial	4,456	6	743	42,873,602	139	308,443
8	Total	609,371,320	281,246	2,167	472,980,046	19,898	23,770
<u>20,000 m<sup>3</sup></u>							
9	Residential	612,892,618	272,913	2,246	1,605,060	54	29,723
10	Commercial	130,045,789	23,394	5,559	294,929,842	4,638	63,590
11	Industrial	61,526	10	6,153	42,816,533	135	317,160
12	Total	742,999,932	296,317	2,507	339,351,434	4,827	70,303
<u>50,000 m<sup>3</sup></u>							
13	Residential	614,276,579	272,963	2,250	221,100	4	55,275
14	Commercial	222,217,874	26,413	8,413	202,757,756	1,619	125,236
15	Industrial	901,507	33	27,318	41,976,551	112	374,791
16	Total	837,395,960	299,409	2,797	244,955,407	1,735	141,185
<u>80,000 m<sup>3</sup></u>							
17	Residential	614,497,678	272,967	2,251	0	0	0
18	Commercial	270,391,583	27,188	9,945	154,584,047	844	183,156
19	Industrial	2,415,034	56	43,126	40,463,025	89	454,641
20	Total	887,304,295	300,211	2,956	195,047,071	933	209,054

As shown at Table 6, line 8, at the proposed annual volume breakpoint of 5,000 m<sup>3</sup> for Rate 01, the class average use per customer is 2,167 m<sup>3</sup>. The residential and commercial markets exhibit average uses per customer that are similar to the Rate 01 class average use shown at Table 6, line 8.

Union notes that the industrial customers' average use per customer is only 743 m<sup>3</sup>. In Union's view, the level of the average use for industrial customers has no material impact on the improved homogeneity of the new Rate 01 rate class as there are only six customers identified as industrial.

#### Rate Class Size

By lowering the annual volume breakpoint from 50,000 m<sup>3</sup> to 5,000 m<sup>3</sup>, Union is also able to improve the rate class size and composition of large volume General Service rate classes (Rate M2 and Rate 10).

As shown at Table 5, line 16, at an annual volume breakpoint of 50,000 m<sup>3</sup>, the current Rate M2 rate class is comprised of 6,228 customers. Of the 6,228 customers in the current Rate M2, 81% (or 5,078) are commercial customers. The remaining customers in the current Rate M2 are predominantly industrial customers.

Lowering the annual volume breakpoint to 5,000 m<sup>3</sup> results in an increase in customers in the Rate M2 rate class of 57,075 customers. Of the 57,075 customers in proposed Rate M2, 64% (or 36,255) are commercial customers. Residential customers in proposed Rate M2 represent 30% (or 17,161) and industrial customers represent the remaining 6%.

A similar improvement in rate class size and composition is also achieved in Rate 10.

As shown at Table 6, Line 16, at an annual volume breakpoint of 50,000 m<sup>3</sup>, the current Rate 10 rate class is comprised of 1,735 customers. Of the 1,735 customers in current Rate 10, 93% (or 1,619) are commercial customers. The remaining customers in current Rate 10 are predominantly industrial customers.

Lowering the annual volume breakpoint to 5,000 m<sup>3</sup> results in an increase in customers in the Rate 10 rate class of 19,898 customers. Of the 19,898 customers in proposed Rate 10, 73% (or 14,534) are commercial customers. Residential customers in proposed Rate 10 represent 26% (or 5,225) with industrial customers representing the remaining 1%.

The increase in rate class size in the Rate 10 and Rate M2 is consistent with Union's rate review guidelines and will ensure viable large volume General Service rate classes with improved rate class composition. The increase in rate class size will allow for more meaningful average pricing and rate stability in these rate classes.

#### Harmonization of Rate Block Structures

As indicated above, Union is proposing to harmonize the rate block structures in the small volume General Service rate classes (Rate 01 and M1) and in the large volume General Service rate classes (Rate 10 and Rate M2). Union proposes to utilize the current Board-approved rate block structures for Rate M1 and Rate M2 in Union South for Rate 01 and Rate 10 in Union North respectively. Union proposes to implement the volume breakpoint and rate block structure harmonization to General Service rate classes on a revenue neutral basis effective

January 1, 2014.

The current approved rate block structure of Rate M1 is provided at Table 7.

Table 7  
Rate M1  
Current Approved Rate Block Structure

<u>Particulars</u>	<u>Annual Volume Breakpoint of 50,000 m<sup>3</sup></u>
Rate M1	First 100 m <sup>3</sup> Next 150 m <sup>3</sup> All Over 250 m <sup>3</sup>

The first delivery block volume of 100 m<sup>3</sup> is intended to capture base load consumption. The second block, the next 150 m<sup>3</sup>, accommodates the consumption of the average customer. The final block, all over 250 m<sup>3</sup>, accommodates customers with higher volume and is priced to ensure a smooth transition between small volume and large volume General Service rates.

The current approved rate block structure for Rate M2 is provided at Table 8.

Table 8  
Rate M2  
Current Appoved Rate Block Structure

<u>Particulars</u>	<u>Annual Volume Breakpoint of 50,000 m<sup>3</sup></u>
Rate M2	First 1,000 m <sup>3</sup> Next 6,000 m <sup>3</sup> Next 13,000 m <sup>3</sup> All Over 20,000 m <sup>3</sup>

The first block volume of 1,000 m<sup>3</sup> is intended to capture base load consumption. The second block and third block, the next 6,000 m<sup>3</sup> and 13,000 m<sup>3</sup>, accommodates the consumption of most commercial/industrial customers. The final block, all over 20,000 m<sup>3</sup>, accommodates customers with higher volume and is priced to ensure the smooth transition between large volume General Service and contract rates.

Proposed General Service Pricing and Bill Impacts

Union's proposed 2013 and 2014 pricing and rate blocking structures for small volume General Service rate classes Rate 01 and Rate M1 and large volume General Service rate classes Rate 10 and Rate M2 are provided at Tables 9 and 10.



Table 9

Small Volume General Service  
Rate Structure Harmonization and Proposed Pricing

Particulars	2013 Rate Structure - Annual Volume Breakpoint of 50,000 m <sup>3</sup>	2013 Proposed Rates (cents/m <sup>3</sup> )	2014 Proposed Rate Structure - Annual Volume Breakpoint of 5,000 m <sup>3</sup>	2014 Proposed Rates (cents/m <sup>3</sup> )
Rate 01	Monthly Charge	\$ 21.00	Monthly Charge	\$ 21.00
	First 100 m <sup>3</sup>	10.1637	First 100 m <sup>3</sup>	10.1235
	Next 200 m <sup>3</sup>	9.6392	Next 150 m <sup>3</sup>	9.6941
	Next 200 m <sup>3</sup>	9.2665	All Over 250 m <sup>3</sup>	9.0949
	Next 500 m <sup>3</sup>	8.9245		
	Over 1,000 m <sup>3</sup>	8.6420		
Rate M1	Monthly Charge	\$ 21.00	Monthly Charge	\$ 21.00
	First 100 m <sup>3</sup>	4.3477	First 100 m <sup>3</sup>	4.4858
	Next 150 m <sup>3</sup>	4.1412	Next 150 m <sup>3</sup>	4.1311
	All Over 250 m <sup>3</sup>	3.6527	All Over 250 m <sup>3</sup>	3.6794

Table 10

Large Volume General Service  
Rate Structure Harmonization and Proposed Pricing

Particulars	2013 Rate Structure - Annual Volume Breakpoint of 50,000 m <sup>3</sup>	2013 Proposed Rates (cents/m <sup>3</sup> )	2014 Proposed Rate Structure - Annual Volume Breakpoint of 5,000 m <sup>3</sup>	2014 Proposed Rates (cents/m <sup>3</sup> )
Rate 10				
	Monthly Charge	\$ 70.00	Monthly Charge	\$ 35.00
	First 1,000 m <sup>3</sup>	7.5883	First 1,000 m <sup>3</sup>	7.0317
	Next 9,000 m <sup>3</sup>	6.1747	Next 6,000 m <sup>3</sup>	6.7640
	Next 20,000 m <sup>3</sup>	5.3685	Next 13,000 m <sup>3</sup>	5.9923
	Next 70,000 m <sup>3</sup>	4.8524	All Over 20,000 m <sup>3</sup>	5.0853
	Over 100,000 m <sup>3</sup>	2.8972		
Rate M2				
	Monthly Charge	\$ 70.00	Monthly Charge	\$ 35.00
	First 1,000 m <sup>3</sup>	4.2259	First 1,000 m <sup>3</sup>	3.5412
	Next 6,000 m <sup>3</sup>	4.1496	Next 6,000 m <sup>3</sup>	3.4334
	Next 13,000 m <sup>3</sup>	3.9222	Next 13,000 m <sup>3</sup>	3.2856
	All Over 20,000 m <sup>3</sup>	3.6493	All Over 20,000 m <sup>3</sup>	3.2221

In Rate 01 and Rate M1, Union proposes to maintain the current approved monthly customer charge of \$21 per month. The remaining customer-related costs and all demand and commodity-related costs will continue to be recovered in volumetric delivery rates.

In Rate 10 and Rate M2, Union proposes to decrease the monthly customer charge to \$35 per month from the current approved monthly customer charge of \$70 per month. Union is

1 proposing to decrease the monthly customer charge to recognize that the redesigned Rate 10  
2 and Rate M2 rate classes will have significantly more customers than the current Rate 10 and  
3 Rate M2 rate classes. A monthly customer charge of \$70, when applied to the increased  
4 number of customers, results in a significant over-recovery of allocated customer-related costs.

5  
6 The proposed monthly customer charge of \$35 is more reflective of the composition of the new  
7 Rate 10 and Rate M2 rate classes, which have lower average use per customer than at the  
8 50,000 m<sup>3</sup> annual volume breakpoint. The lower monthly customer charge also helps mitigate  
9 rate impacts for smaller customers migrating to the new Rate 10 and Rate M2 rate classes. The  
10 remaining customer-related costs and all demand and commodity-related costs will continue to  
11 be recovered in volumetric delivery rates.

12  
13 The bill impacts associated with Union's proposal to lower the annual volume breakpoint and  
14 harmonize the rate block structures between small and large volume General Service rate  
15 classes are provided at Table 11 for Union North and Table 12 for Union South.

Table 11  
Union North  
Annual General Service Delivery Bill Impacts of  
2014 Rate Proposals

Line No.	Annual Volume (m <sup>3</sup> /year)	2013 Proposed - Annual Volume Breakpoint of 50,000 m <sup>3</sup> and Current Blocking		2014 Proposed - Annual Volume Breakpoint of 5,000 m <sup>3</sup> and Proposed Blocking		Annual Bill Impacts	
		Rate 01 (\$)	Rate 10 (\$)	Rate 01 (\$)	Rate 10 (\$)	(\$)	(%)
1	1,800	430.37		429.70		(0.68)	-0.2%
2	2,200	468.59		467.26		(1.33)	-0.3%
3	2,600	506.46		504.63		(1.83)	-0.4%
4	3,000	544.12		541.81		(2.31)	-0.4%
5	5,000	727.95		726.41		(1.54)	-0.2%
6	7,000	907.92			912.14	4.22	0.5%
7	10,000	1,173.21			1,119.15	(54.05)	-4.6%
8	20,000	2,047.14			1,801.88	(245.25)	-12.0%
9	30,000	2,915.26			2,480.60	(434.66)	-14.9%
10	50,000	4,646.89			3,830.92	(815.98)	-17.6%
11	80,000		5,919.86		5,732.09	(187.77)	-3.2%
12	100,000		7,063.31		6,977.85	(85.46)	-1.2%
13	200,000		12,622.44		12,796.24	173.79	1.4%
14	300,000		17,828.31		18,173.84	345.53	1.9%
15	500,000		27,842.19		28,612.19	770.00	2.8%

Table 12

Union South  
Annual General Service Delivery Bill Impacts of  
2014 Rate Proposals

Line No.	Annual Volume (m <sup>3</sup> /year)	2013 Proposed - Annual Volume		2014 Proposed - Annual Volume		Annual Bill Impacts	
		Breakpoint of 50,000 m <sup>3</sup> Rate M1 (\$)	Rate M2 (\$)	Breakpoint of 5,000 m <sup>3</sup> Rate M1 (\$)	Rate M2 (\$)	(\$)	(%)
1	1,800	327.69		328.98		1.29	0.4%
2	2,200	343.16		344.58		1.42	0.4%
3	2,600	358.55		360.08		1.53	0.4%
4	3,000	373.82		375.47		1.65	0.4%
5	5,000	449.13		451.34		2.21	0.5%
6	7,000	523.15			667.37	144.22	27.6%
7	10,000	633.91			771.65	137.74	21.7%
8	20,000	999.67			1,117.24	117.58	11.8%
9	30,000	1,364.94			1,461.55	96.62	7.1%
10	50,000	2,095.47			2,143.84	48.37	2.3%
11	80,000		4,117.07		3,146.02	(971.06)	-23.6%
12	100,000		4,911.88		3,809.88	(1,102.00)	-22.4%
13	200,000		8,736.83		7,084.44	(1,652.39)	-18.9%
14	300,000		12,470.81		10,332.91	(2,137.89)	-17.1%
15	500,000		19,846.07		16,797.86	(3,048.22)	-15.4%

c) Union South Bundled Contract Rate Eligibility

Union is proposing to lower the eligibility criteria for the mid-market bundled contract rate class (Rate M4 or Rate M5A) and the large market bundled contract rate class (Rate M7) in Union South. Union proposes to implement the bundled contract rate class eligibility changes effective January 1, 2014.

Union is proposing changes to the mid-market and large market contract rate eligibility for the following reasons:

(i) Continuity of service: Lowering the eligibility ensures that existing mid-market contract rate customers will continue to take service in a contract rate class even if they undertake conservation and efficiency initiatives and/or are already at the rate class eligibility threshold.

(ii) Sufficient class size: Lowering the eligibility criteria ensures sufficient rate class size for both the mid-market and large market rate classes. Rate M7 customers that have already migrated to Rate M4 or Rate M5A as a result of demand reductions, will again be eligible for service under Rate M7. The lower eligibility criteria also make a contract rate option available to large non-contract Rate M2 customers.

The proposed eligibility changes for the mid-market and large market bundled contract rate classes are described below.

Lowering the Eligibility Criteria for Rate M4 and Rate M5A

To qualify for service in the current mid-market Rate M4 and Rate M5A rate classes, a customer must have a daily contracted demand between 4,800 m<sup>3</sup> and 140,870 m<sup>3</sup> and a minimum annual volume of 700,000 m<sup>3</sup>. In addition, the annual volume commitment for Rate

1 M4 customers must equal 146 days use of firm daily contracted demand (i.e. a 40% load  
2 factor).

3  
4 Union is proposing to lower the eligibility criteria for Rate M4 and Rate M5A in Union South  
5 to a daily contracted demand of 2,400 m<sup>3</sup>. The maximum daily contracted demand would be  
6 reduced to 60,000 m<sup>3</sup>. The minimum annual volume requirement would be reduced to 350,000  
7 m<sup>3</sup>. Rate M4 will continue to require 146 days use of firm daily contracted demand.

8  
9 The proposed changes to lower the eligibility criteria for Rate M4 reflect the significant  
10 changes in the Union South mid-market. For Rate M4, the number of customers has declined  
11 from 194 in the Board-approved 2007 forecast to 121 in Union's 2013 forecast. Union  
12 estimates that lowering the Rate M4 eligibility requirements makes a firm contract service  
13 potentially available to a further 595 customers with annual volumes exceeding 350,000 m<sup>3</sup>  
14 currently taking service under Rate M2.

15  
16 Further, a large number of customers currently taking service in Rate M4 are at or near the  
17 daily contracted demand and annual volume eligibility threshold. Of the 121 Rate M4  
18 customers in the 2013 forecast, there are 31 customers (26%) with daily contracted demand of  
19 4,800 m<sup>3</sup> and 69 customers (57%) whose firm daily contracted demand falls entirely within the  
20 first firm demand block of 8,450 m<sup>3</sup>/day.

Lowering the Rate M4 daily contracted demand threshold to 2,400 m<sup>3</sup> shifts these customers closer to the mid-point of the first demand block, which will allow for more meaningful average pricing and rate stability in this rate class.

Union is proposing to lower the Rate M5A eligibility to a daily contracted demand of 2,400 m<sup>3</sup> and a minimum annual volume requirement of 350,000 m<sup>3</sup> to maintain consistent eligibility with Rate M4.

#### Large Market Bundled Contract Rates

The current eligibility criteria to qualify for Rate M7 consists of a combined firm, interruptible and seasonal daily contracted demand of 140,870 m<sup>3</sup> and a minimum annual volume of 28,327,840 m<sup>3</sup>. Union is proposing to lower the Rate M7 eligibility to a daily contracted demand of 60,000 m<sup>3</sup>. This minimum daily contracted demand aligns with the maximum daily contracted demand for Rate M4 and Rate M5A. Union proposes to eliminate the minimum annual volume requirement as a condition of qualifying for Rate M7.

There are four customers forecast as Rate M7 in 2013. Lowering the Rate M7 eligibility criteria will result in five customers currently forecast in Rate M4 and 17 customers currently forecast in Rate M5A to be eligible for Rate M7. At 26 customers, Rate M7 has sufficient rate class size to ensure meaningful average rate class pricing.



1    **d) Rate M4 Interruptible Service Offering**

2    Union is proposing to enhance the current Rate M4 firm service by adding an interruptible  
3    service offering to the Rate M4 rate schedule. Union's proposal to introduce an interruptible  
4    service offering to firm Rate M4 mirrors the optional, firm base service currently available to  
5    interruptible customers taking service under Rate M5A. The introduction of this interruptible  
6    service offering to Rate M4 ensures all contract rate customers in Union South for which Union  
7    provides the burner-tip service (Rates M4, M5A, M7 and T1) have both firm and interruptible  
8    service offerings.

9  
10   The eligibility criteria for the proposed Rate M4 interruptible service will be an interruptible  
11   daily contracted demand of at least 2,400 m<sup>3</sup> and a minimum annual interruptible volume of  
12   350,000 m<sup>3</sup>. The structure and pricing of the proposed Rate M4 interruptible service matches  
13   the Rate M5A interruptible service.

14  
15   **e) Rate T1 Redesign**

16   Union is proposing to split current Rate T1 into two rate classes with distinct rate structures; a  
17   new Rate T1 mid-market service and a new Rate T2 large market service. If approved by the  
18   Board, Union proposes to implement the new rate classes, eligibility changes and rate  
19   structures, on a revenue neutral basis, effective January 1, 2013.

1 Current Rate Design

2 The Rate T1 rate schedule is applicable to customers with combined firm and interruptible  
3 annual consumption of 5,000,000 m<sup>3</sup> or more. Customers can contract for 100% firm, 100%  
4 interruptible or combined firm and interruptible transportation service. Interruptible  
5 transportation rates are customer specific and are negotiated within a Board-approved range.  
6 Union is not proposing any rate design changes to the rates it charges for interruptible services.

7 The current rate design for firm transportation service was approved by the Board in RP-2003-  
8 0063. In RP-2003-0063, the Board approved Union's proposal to introduce a two demand, two  
9 commodity block rate structure for Rate T1 firm transportation service. This rate design was  
10 proposed by Union to better align cost incurrence with cost recovery and to reduce intra-class  
11 cross subsidization of small customers by large customers.

12  
13 Proposed 2013 rates designed using the current approved rate structure for firm Rate T1  
14 transportation service are provided at Table 13.

Table 13

2013 Proposed Rate T1 with no Redesign

	2013 Proposed Rate T1 Firm Transportation Rate with no Redesign	
Monthly Customer Charge	Charge per Re-delivery point	\$6,605.75
Monthly Demand Charge (cents/m <sup>3</sup> )	First 140,870 m <sup>3</sup>	17.9438
	All Over 140,870 m <sup>3</sup>	12.2614
Monthly Commodity Charge (cents/m <sup>3</sup> )	First 2,360,653 m <sup>3</sup>	0.0232
	All Over 2,360,653 m <sup>3</sup>	0.0116
Fuel Ratio	Transportation	0.237%

Union is not proposing any changes to the rate design for storage service provided under the Rate T1 rate schedule. Storage service is an optional service available at cost-based rates for space up to the amount determined by applying the aggregate excess methodology or 15 times the customer's daily contract quantity ("DCQ"). Rate T1 customers may also contract for cost-based deliverability at the greater of DCQ or CD minus DCQ. The current method for allocating cost-based storage to T1 customers was approved in EB-2007-0725.

Rationale for Splitting the Current T1 Rate Class

Union is proposing to split current Rate T1 into two rate classes to better align cost incurrence and cost recovery by recognizing the differences in distribution demand and distribution

customer-related costs between small Rate T1 and large Rate T1 customers. The proposed split also addresses the significant diversity in daily contracted demand and firm annual consumption that exists between small and large customers within the current Rate T1 rate class.

*Customers Served Directly Off Transmission Main*

Under the current cost allocation method used to allocate distribution demand-related costs, rate classes with customers served directly off transmission main are allocated less distribution demand-related costs than rate classes with fewer customers served directly off transmission main. The proportion of customers in a rate class served off transmission main has an impact on the overall level of distribution demand-related costs allocated to a rate class.

As customers served directly off transmission main are generally larger in terms of daily contracted demand and annual consumption than those customers served off distribution main, an intra-class subsidy of small customers (CD's less than 140,870 m<sup>3</sup>/day) by large customers exists. The current two block demand rate design for Rate T1 firm transportation service only partially recognizes the costing differences within the Rate T1 class. In the current Rate T1 rate class, 20 of 59 customers (or 34%) are served directly off transmission main, while the remaining 39 customers (66%) are served off distribution main.

1 *Mains and Services Replacement Costs*

2 Mains and services classified to distribution customer are allocated to rate classes using service  
3 replacement costs. The allocation of service replacement costs to Rate T1 is determined by  
4 estimating the cost of replacing the service based on service length, size and type of pipe.  
5 When preparing the 2013 cost allocation study, Union updated the service replacement cost  
6 information used to determine its service replacement cost allocator. The allocation of service  
7 replacement costs to the current Rate T1 rate class has increased, primarily as a result of the  
8 service replacement costs associated with large Rate T1 customers. This is the case because,  
9 generally, the service replacement costs for large Rate T1 customers are greater than the  
10 service replacement costs for small Rate T1 customers due to the services being of greater size  
11 and length.

12  
13 By proposing to split the current Rate T1 rate class, Union is able to address the intra-class  
14 subsidy of large Rate T1 customers by small Rate T1 customers by setting monthly customer  
15 charges that are more reflective of the level of customer-related costs for each of the new semi-  
16 unbundled rate classes.

17  
18 *Non-homogeneous Rate Class Characteristics*

19 As shown at Table 14, the current Rate T1 rate class is comprised of a diverse group of  
20 customers with significantly different load profiles.

Table 14  
Load Profile - Current Rate T1 Customers

Particulars		2013 Rate T1 Customers
Number of Customers		59
Firm Contracted Demand (m <sup>3</sup> /day)	MIN	9,300
	MAX	2,755,000
	AVG	343,191
	MED	67,800
Annual Firm Volume (m <sup>3</sup> )	MIN	4,640,210
	MAX	836,320,120
	AVG	78,383,593
	MED	13,628,490
Customers served directly off transmission (Percent of class)		20 (34%)

Of the 59 customers forecasted in current Rate T1 for 2013, there is significant diversity in firm daily contracted demands. The smallest Rate T1 customer has a firm daily contracted demand of 9,300 m<sup>3</sup>, while the largest Rate T1 customer has a firm daily contracted demand of 2,755,000 m<sup>3</sup> (296 times the size of the smallest Rate T1 customer). The average firm daily contracted demand is approximately 343,000 m<sup>3</sup>.

This diversity within Rate T1 is also exhibited when examining firm annual consumption for small and large Rate T1 customers. The smallest Rate T1 customer has firm annual consumption of approximately 4,600,000 m<sup>3</sup>, while the largest Rate T1 customer has firm

1 annual consumption of 836,000,000 m<sup>3</sup> (181 times the consumption of the smallest Rate T1  
2 customer). The average firm annual consumption is approximately 78,000,000 m<sup>3</sup>.

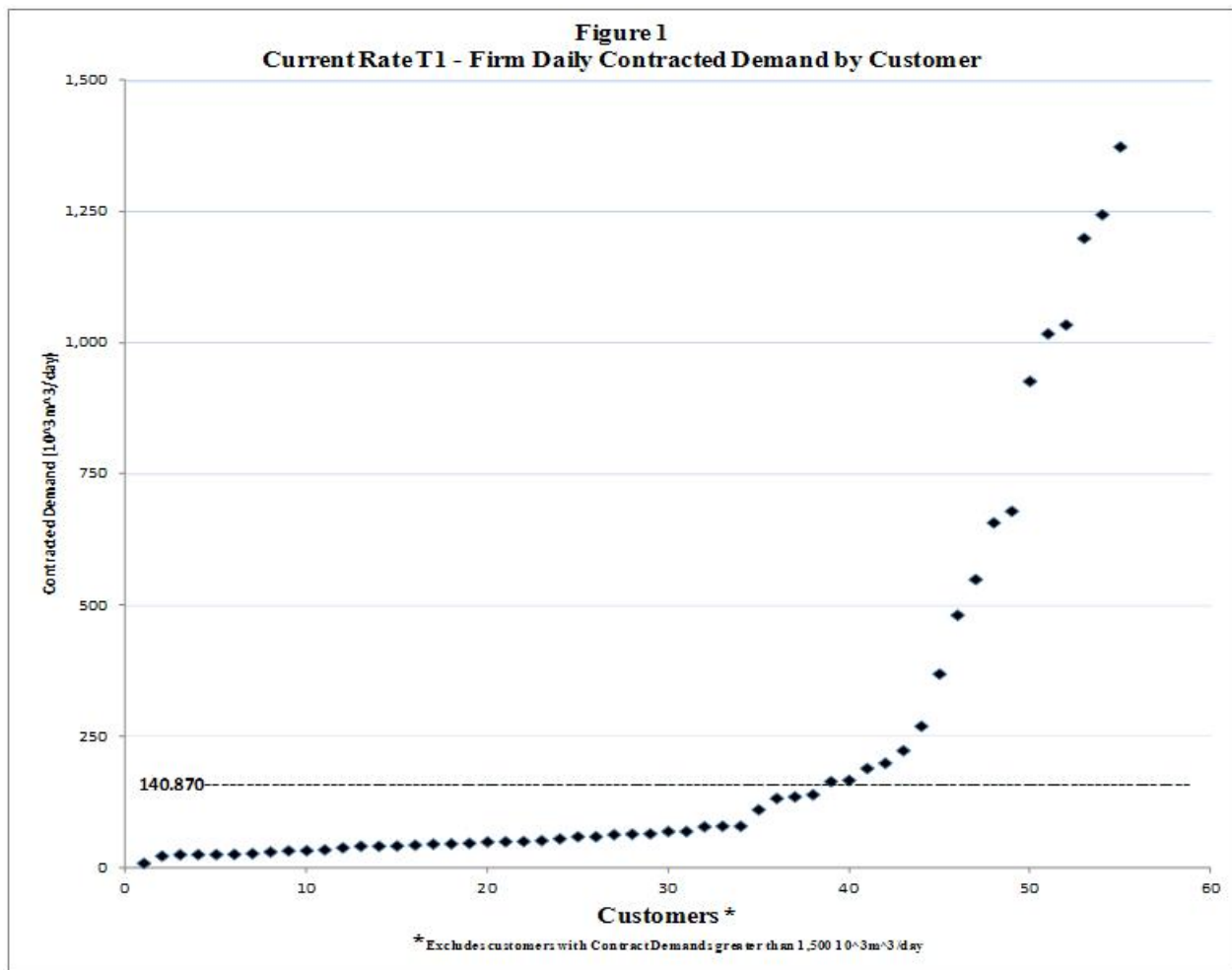
3  
4 Union's proposal to split current Rate T1 will result in a more homogeneous group of  
5 customers in both the new Rate T1 and Rate T2 rate classes.

6  
7 Proposed Rate T1/Rate T2 Eligibility

8 As indicated above, to qualify for the current Rate T1 service, a customer must have combined  
9 firm and interruptible annual consumption of 5,000,000 m<sup>3</sup> or more. For the new Rate T1 mid-  
10 market service, Union is proposing a minimum annual volume of 2,500,000 m<sup>3</sup>. Further,  
11 Union is proposing that the daily firm contracted demand for the new Rate T1 not exceed  
12 140,870 m<sup>3</sup>.

13  
14 The new Rate T2 large market service will be available to customers with a minimum firm  
15 daily contracted demand of 140,870 m<sup>3</sup>. Union is not proposing any minimum annual volume  
16 requirement as a condition for qualifying for new Rate T2.

17 The proposed firm contracted demand breakpoint between mid-market Rate T1 and large  
18 market Rate T2 is derived using the scatter diagram plotting firm daily contracted demands  
19 provided at Figure 1.



Union's proposal to split the current Rate T1 into two rate classes will result in improved rate class composition in both Rate T1 and Rate T2. Specifically, both proposed Rate T1 and Rate T2 will be comprised of more homogeneous customers in terms of firm contracted demands and firm annual consumption. The proposed split of current Rate T1 will also recognize cost differences within the current Rate T1 rate class associated with the allocation of distribution demand-related and distribution customer-related costs. Table 15 shows the load



characteristics after the proposed split of the current Rate T1. For comparison purposes, Table 15 also includes the load characteristics of the current Rate T1 provided at Table 14.

Table 15

Load Profile - Current Rate T1 Customers  
with Rate T1 Redesign

Particulars		2013 Rate T1 without Redesign	Rate T1 Redesign	
			Proposed Rate T1	Proposed Rate T2
Number of Customers		59	39	20
Firm Contracted Demand (m <sup>3</sup> /day)	MIN	9,300	9,300	165,000
	MAX	2,755,000	140,000	2,755,000
	AVG	343,191	55,812	889,212
	MED	67,800	48,750	669,000
Annual Firm Volume (m <sup>3</sup> )	MIN	4,640,210	4,640,210	22,590,890
	MAX	836,320,120	42,600,000	836,320,120
	AVG	78,383,593	12,795,770	199,721,065
	MED	13,628,490	10,726,120	146,616,000
Customers served directly off transmission (Percent of class)		20 (34%)	6 (15%)	14 (70%)

The rate structures and proposed pricing for the new Rate T1 and new Rate T2 rate classes are described below.

Rate T1 Rate Design and Pricing

Union is proposing that the rate structure of the new Rate T1 consist of a monthly customer charge, a two block monthly demand charge and a single block commodity charge. Table 16 provides a comparison of Rate T1 before rate redesign and proposed new Rate T1 rate structures and proposed rates.

Table 16

Comparison of 2013 Proposed Rate T1 with no Redesign  
and 2013 Proposed Rate T1 with Redesign

	2013 Proposed Rate T1 Firm Transportation Rate with no Redesign		2013 Proposed Rate T1 Firm Transportation Rate With Rate Design Changes	
Monthly Customer Charge	Charge per Re-delivery point	\$6,605.75	Charge per Re-delivery point	\$1,998.83
Monthly Demand Charge (cents/m <sup>3</sup> )	First 140,870 m <sup>3</sup>	17.9438	First 28,150 m <sup>3</sup>	31.0721
	All Over 140,870 m <sup>3</sup>	12.2614	Next 112,720 m <sup>3</sup>	23.4173
Monthly Commodity Charge (cents/m <sup>3</sup> )	First 2,360,653 m <sup>3</sup>	0.0232	All Volumes	0.0714
	All Over 2,360,653 m <sup>3</sup>	0.0116		
Fuel Ratio	Transportation	0.237%	Transportation	0.256%

1 The proposed monthly customer charge of \$1,998.83 is cost-based and fully recovers all of the  
2 customer-related costs applicable to the new Rate T1. The two block demand charge recovers  
3 approximately 82% of new Rate T1 demand-related transportation costs. The remainder of  
4 new Rate T1 demand-related transportation costs are recovered through the Rate T1 storage-  
5 related sufficiency. The single commodity charge recovers all the variable transportation costs.

6  
7 The two block demand and single block commodity rate structure for firm service in new Rate  
8 T1 is based on the comparable Rate M4 firm service, which also has a daily contracted demand  
9 breakpoint of 28,150 m<sup>3</sup>. This approach results in consistency between mid-market bundled  
10 and mid-market semi-unbundled service offerings.

11  
12 As indicated above, Union is not proposing any changes to the storage services currently  
13 available under the current Rate T1 rate schedule. However, given that Union is proposing a  
14 maximum firm daily contracted demand of 140,870 m<sup>3</sup> in the new Rate T1, the new Rate T1  
15 rate schedule will exclude the storage space, storage injection/withdrawal rights and  
16 transportation service provisions that are only applicable to new and existing customers with  
17 incremental daily firm demand requirements in excess of 1,200,000 m<sup>3</sup>/day.

18  
19 The derivation of the Rate T1 monthly customer charge, demand charges and commodity  
20 charge are provided at Exhibit H3, Tab 11, Schedule 1.

21  
22 Delivery bill impacts for typical proposed Rate T1 customers are provided at Table 17.

Table 17

Calculation of 2013 Estimated Bill Impacts with and without Rate T1 Redesign

Particulars (\$'s)	Transportation Bill at 2013 Rates <u>No Redesign</u> (a)	Transportation Bill at 2013 Rates <u>With Redesign</u> (b)	Estimated Bill Impacts (c) = ((b-a)/a)
<b><u>Small Customer - Rate T1</u></b>			
Contracted Demand (m <sup>3</sup> /day)	25,750		
Load Factor	80%		
Annual Volume (m <sup>3</sup> )	7,537,000		
Demand Bill	55,446	96,013	
Commodity Bill	1,750	5,383	
Customer Charge	79,269	23,986	
Total Annual Bill	<u>136,466</u>	<u>125,382</u>	-8.1%
<b><u>Average Customer - Rate T1</u></b>			
Contracted Demand (m <sup>3</sup> /day)	48,750		
Load Factor	65%		
Annual Volume (m <sup>3</sup> )	11,565,938		
Demand Bill	104,971	162,849	
Commodity Bill	2,686	8,261	
Customer Charge	79,269	23,986	
Total Annual Bill	<u>186,926</u>	<u>195,096</u>	4.4%
<b><u>Large Customer - Rate T1</u></b>			
Contracted Demand (m <sup>3</sup> /day)	133,000		
Load Factor	53%		
Annual Volume (m <sup>3</sup> )	25,624,080		
Demand Bill	286,382	399,598	
Commodity Bill	5,759	18,303	
Customer Charge	79,269	23,986	
Total Annual Bill	<u>371,411</u>	<u>441,887</u>	19.0%

New Rate T2 Rate Design and Pricing

Union is proposing that the rate structure of the new Rate T2 consist of a monthly customer charge, two block monthly demand charge and a single block commodity charge. Table 18 provides a comparison of Rate T1 before rate redesign and proposed new Rate T2 rate structures and proposed rates.

Table 18

Comparison of 2013 Proposed Rate T1 with no Redesign  
and 2013 Proposed Rate T2 with Redesign

	2013 Proposed Rate T1 Firm Transportation Rate with no Redesign		2013 Proposed Rate T2 Firm Transportation Rate With Rate Design Changes	
Monthly Customer Charge	Charge per Re-delivery point	\$6,605.75	Charge per Re-delivery point	\$6,000.00
Monthly Demand Charge (cents/m <sup>3</sup> )	First 140,870 m <sup>3</sup>	17.9438	First 140,870 m <sup>3</sup>	21.8224
	All Over 140,870 m <sup>3</sup>	12.2614	All Over 140,870 m <sup>3</sup>	11.3992
Monthly Commodity Charge (cents/m <sup>3</sup> )	First 2,360,653 m <sup>3</sup>	0.0232	All Volumes	0.0081
	All Over 2,360,653 m <sup>3</sup>	0.0116		
Fuel Ratio	Transportation	0.237%	Transportation	0.234%

1 The proposed monthly customer charge for the new Rate T2 rate class has been set at \$6,000.  
2 At this level, the proposed monthly customer charge recovers approximately 50% of the  
3 customer-related costs attributable to the new Rate T2. Union is proposing to set the monthly  
4 customer charge at \$6,000 to ensure a smooth rate continuum between Rate T1 and Rate T2 at  
5 the daily contracted demand breakpoint of 140,870 m<sup>3</sup>. The balance of the customer-related  
6 costs not recovered in the Rate T2 monthly customer charge are recovered in the first block  
7 demand charge, which is common to all Rate T2 customers. The revenue to cost ratio for new  
8 Rate T2 is consistent with the revenue to cost ratio for Rate T1 before rate redesign.

9  
10 The two block demand rate structure for the new Rate T2 is based on a daily contracted  
11 demand breakpoint of 140,870 m<sup>3</sup>. This is the same daily contracted demand as the current  
12 Rate T1 structure. The two block demand charge also recovers all the demand-related  
13 transportation costs. The single commodity charge recovers all the variable transportation  
14 costs.

15  
16 As indicated above. Union is not proposing any changes to the storage services currently  
17 available under the current Rate T1 rate schedule. The proposed 2013 Rate T2 rate schedule,  
18 which is provided at Exhibit H3, Tab 3, Schedule 2, will include all the current Board-  
19 approved storage space and storage injection/withdrawal rights per the current approved Rate  
20 T1 rate schedule. Also, the transportation service provisions that are applicable to new and

- 1 existing customers with incremental daily firm demand requirements in excess of 1,200,000
- 2 m<sup>3</sup>/day are included in the proposed T2 rate schedule.
- 3 The derivation of the Rate T2 monthly customer charge, demand charges and commodity
- 4 charge are provided at Exhibit H3, Tab 11, Schedule 1.
- 5
- 6 Delivery bill impacts for typical proposed Rate T2 customers are provided at Table 19.

Table 19

Calculation of 2013 Estimated Bill Impacts with and without Rate T1 Redesign

Particulars (\$'s)	Transportation Bill at 2013 Rates <u>No Redesign</u> (a)	Transportation Bill at 2013 Rates <u>With Redesign</u> (b)	Estimated Bill Impacts (c) = ((b-a)/a)
<b><u>Small Customer - Rate T2</u></b>			
Contracted Demand (m <sup>3</sup> /day)	190,000		
Load Factor	85%		
Annual Volume (m <sup>3</sup> )	59,256,000		
Demand Bill	375,617	436,099	
Commodity Bill	10,152	4,815	
Customer Charge	79,269	72,000	
Total Annual Bill	465,038	512,914	10.3%
<b><u>Average Customer - Rate T2</u></b>			
Contracted Demand (m <sup>3</sup> /day)	669,000		
Load Factor	81%		
Annual Volume (m <sup>3</sup> )	197,789,850		
Demand Bill	1,080,401	1,091,323	
Commodity Bill	26,160	16,073	
Customer Charge	79,269	72,000	
Total Annual Bill	1,185,829	1,179,396	-0.5%
<b><u>Large Customer - Rate T2</u></b>			
Contracted Demand (m <sup>3</sup> /day)	1,200,000		
Load Factor	84%		
Annual Volume (m <sup>3</sup> )	370,089,000		
Demand Bill	1,861,696	1,817,678	
Commodity Bill	46,068	30,074	
Customer Charge	79,269	72,000	
Total Annual Bill	1,987,033	1,919,752	-3.4%

**f) Customer Charges in Contract Rates**

The proposed 2013 customer charges for the bundled contract rate classes are based on the following considerations:

- (i) the customer-related costs for each class;



- 1                   (ii)     the relative proportion of customer charges to total customer delivery  
2                               bills; and,  
3                   (iii)    the relative relationship of interruptible and firm customer charges.  
4

5   In Union North, for Rate 20 and Rate 100, Union proposes to set the level of monthly customer  
6   charge to maintain the same level of fixed and variable revenue for each class:

- 7       a)   The current approved monthly customer charge for Rate 20 customers represents  
8            approximately 20% of the customer delivery bill. The 2013 proposed monthly customer  
9            charge of \$1,000 will continue to represent approximately 20% of the customer delivery  
10          bill.  
11  
12       b)   The current approved monthly customer and demand charges for Rate 100 customers  
13            represent approximately 85% of the customer delivery bill. The 2013 proposed monthly  
14            customer charge of \$1,500 and demand charges will continue to represent  
15            approximately 85% of the customer delivery bill.  
16

17   The current approved monthly customer charge for interruptible Rate 25 customers is  
18   approximately 25% of the firm Rate 100 customer charge. The 2013 proposed monthly  
19   customer charge of \$375 will continue to represent approximately 25% of the 2013 proposed  
20   Rate 100 monthly customer charge of \$1,500. This approach maintains the same relative  
21   proportion of fixed revenue to total interruptible delivery revenue for Rate 25 and helps to

mitigate the bill impact of monthly customer charge changes for small volume customers in the Rate 25 rate class.

Union proposes to increase the monthly customer charge for interruptible Rate M5A by the average percent increase in the Rate M5A interruptible delivery service.

Based on an approximate increase of 45% in the interruptible Rate M5A price, Union proposes to increase the monthly customer charge to \$725. Using this approach to setting the Rate M5A monthly customer charge in proposed rates maintains the same relative proportion of interruptible customer charge revenue to total interruptible delivery revenue at 10%. This approach also manages the impact of monthly customer charge changes for small volume customers in the Rate M5A rate class.

**g) Elimination of Wholesale Transportation Service Rate 77**

Union proposes to eliminate the Rate 77 Wholesale Transportation Service Rate Schedule effective January 1, 2013.

The Rate 77 Wholesale Transportation Service is applicable to any natural gas distributor in Union's Fort Frances, Western, Northern or Eastern Zones who uses Union's gas distribution facilities for the transportation of natural gas to customers outside of Union's franchise area. There are currently no customers taking service under the Rate 77 Rate Schedule. The only customer previously taking service under Rate 77 terminated its contract on October 31, 2008.

Further, there are no Rate 77 customers included in the 2013 forecast. The elimination of the Rate 77 Wholesale Transportation Service will result in no customer impacts.

**h) Elimination of Contract Unbundled Service Offerings**

Union proposes to eliminate the Rate U5, Rate U7 and Rate U9 rate schedules in Union South and the unbundled storage service offerings on the Rate 20 and Rate 100 rate schedules in Union North, effective January 1, 2013.

The Rate U5, Rate U7 and Rate U9 rate schedules in Union South and unbundled storage service offerings on the Rate 20 and Rate 100 rate schedules in Union North were first introduced in January 1, 2000 as part of the RP-1999-0017 Decision.

The unbundled rate schedules in Union South and unbundled storage service offerings in Union North rates have been available for over ten years. Since January 1, 2000 no customer has contracted for contract rate unbundled services. There are currently no customers taking service under Rate U5, Rate U7 or Rate U9 or the unbundled storage service offerings available under the Rate 20 and Rate 100 rate schedules. Further, there are no contract customers forecasted to utilize the unbundled services in 2013.

The elimination of the Rate U5, Rate U7 and Rate U9 rate schedules in Union South and unbundled storage service offerings under Rate 20 and Rate 100 in Union North will result in no customer impacts.

1    **i) Summary of Union's In-Franchise Rate Design Proposals**

2    A summary of Union's 2013 and 2014 in-franchise rate design proposals is provided at  
3    Appendix A.

4  
5    The related rate schedule changes are provided at Exhibit H3, Tab 3, Schedule 1. The  
6    derivation of proposed rates is provided at Exhibit H3, Tab 11.

7  
8    **6. EX-FRANCHISE RATES**

9    **a) RESPONSE TO THE M12-X AND C1 KIRKWALL TO DAWN AND M12/C1 KIRKWALL TO**  
10   **PARKWAY DIRECTIVES**

11  
12   *M12-X and C1 Kirkwall to Dawn Directive*

13   In its EB-2010-0296 application, Union sought approval of a M12-X rate and a firm C1  
14   Kirkwall to Dawn rate, effective September 1, 2011.

15   In the EB-2010-0296 Decision with Reasons, the Board approved Union's proposed rate  
16   designs for the M12-X and C1 Kirkwall to Dawn transportation services. On page 8 of its EB-  
17   2010-0296 Decision, the Board directed Union to review the cost allocation and rate design  
18   methodology of the proposed transportation services as part of its 2013 rebasing application.

19  
20   *M12 and C1 Kirkwall to Parkway Directive*

21   In its EB-2011-0257 application, Union sought approval of a firm M12 and C1 Kirkwall to  
22   Parkway transportation rate, effective November 1, 2012.

1 In the EB-2011-0257 Decision with Reasons, the Board approved Union's proposed rate design  
2 for the M12 and C1 Kirkwall to Parkway transportation services. On page 6 of its EB-2011-  
3 0257 Decision, the Board directed Union to review the cost allocation and rate design  
4 methodology of the proposed M12 and C1 Kirkwall to Parkway transportation services as part  
5 of its 2013 rebasing application.

6  
7 Union's Response to the M12-X and C1 Kirkwall to Dawn and M12/C1 Kirkwall to Parkway  
8 Directives

9 Union has reviewed the cost allocation and rate design associated with the new transportation  
10 services described above. Based on that review, Union is not proposing any changes to M12-X  
11 or the M12/C1 Kirkwall to Parkway cost allocation and rate design.

12 For the C1 Kirkwall to Dawn transportation service, Union is proposing to remove the direct  
13 assignment of Kirkwall metering facilities modification costs from the firm monthly  
14 transportation demand charge. Union is proposing to allocate the Kirkwall metering costs  
15 consistent with the Board-approved cost allocation methodology used to allocate Dawn-  
16 Trafalgar Easterly Transmission demand costs.

17  
18 Union's Board-approved cost allocation methodology to allocate Dawn-Trafalgar Easterly  
19 Transmission demand costs to in-franchise and ex-franchise rate classes is based on a  
20 "commodity-kilometres" (distance-weighted demands) allocation. This cost allocation  
21 methodology recognizes that the Dawn-Parkway transmission system is designed to meet

1 easterly peak (design) day requirements and that rate classes use the Dawn-Parkway system to  
2 varying degrees depending on their design day demands and the distance those design day  
3 demands are required to be transported along the Dawn-Parkway system.

4  
5 This cost allocation approach is appropriate for the Kirkwall metering facilities modifications  
6 as it treats these facilities in a manner consistent with other Dawn-Parkway assets and  
7 recognizes that these facilities are required to meet easterly peak day demands on the Dawn-  
8 Parkway transmission system. Approximately 84% of the costs associated with the Kirkwall  
9 metering modifications will be allocated to the M12 rate class. The remaining costs will be  
10 allocated to in-franchise rate classes based on their design day requirements on the Dawn-  
11 Parkway transmission system. Union's proposal to allocate the costs associated with the  
12 Kirkwall metering facilities modifications based on a commodity-kilometre allocation will  
13 result in a rate design change for the C1 Kirkwall to Dawn transportation service only.

14 The firm C1 Kirkwall to Dawn firm monthly transportation demand charge will continue to be  
15 based on the M12 Dawn to Kirkwall firm transportation demand charge excluding Dawn  
16 compression, adjusted for the number of days (214 days) the Kirkwall to Dawn service is  
17 required. The firm monthly transportation demand charge will no longer directly include the  
18 costs associated with the Kirkwall facilities modifications.

19 **b) C1 Dawn to Dawn-Vector Fuel Ratios**

20 Currently the C1 Dawn to Dawn-Vector firm transportation service includes a summer fuel  
21 ratio which is designed to recover Dawn compressor fuel and UFG associated with the

provision of the transportation service. The summer fuel ratio recovers incremental Dawn compressor fuel and UFG for the 60 days compression is required over the 214-day summer period. For the 151-day winter period, there is currently no fuel ratio included in the rate design of the Dawn to Dawn-Vector transportation service. Table 20 provides the summer fuel ratio design as approved by the Board in EB-2007-0613.

Table 20

C1 Firm Dawn to Dawn-Vector Transportation Fuel Ratio - April 1st to October 31st  
as Approved by the Board in EB-2007-0613

Line No.	Particulars	Units	Fuel (a)	UFG (b)	Total (c)
1	Total Fuel and UFG Over 60 Days	GJ	22,515	18,322	40,837
2	Consumption Over 60 Days	GJ	5,570,700	5,570,700	5,570,700
3	Fuel Ratio Over 60 Days	%	0.404%	0.329%	0.733%
4	Consumption Over 214 Days	GJ	19,868,830	19,868,830	19,868,830
5	Fuel Ratio Over 214 Days	%	0.113%	0.092%	0.206%

Union is proposing to modify the fuel ratio design for the Dawn to Dawn-Vector transportation service to recover UFG on all transportation activity in both the summer and winter periods. This fuel ratio design is consistent with the manner in which Union recovers UFG for other C1 firm transportation service as recently approved by the Board in EB-2010-0207 (C1 Dawn to Dawn–TCPL firm transportation service).

For the April 1 to October 31 summer period, Union will continue to recover Dawn compressor fuel for the 60 days compression is required to provide the firm transportation service. However, Union is proposing to recover UFG from firm Dawn to Dawn-Vector customers on all forecasted transportation activity in the summer period. The proposed summer fuel ratio for the C1 Dawn to Dawn-Vector firm transportation service is 0.332%. The derivation of the proposed fuel ratio can be found at Table 21.

Table 21

Proposed C1 Firm Dawn to Dawn-Vector Transportation Fuel Ratio - April 1st to October 31st  
Effective January 1, 2013

Line No.	Particulars	Units	Fuel (a)	UFG (b)	Total (c)
1	Total Fuel and UFG	GJ	22,525	19,673	42,198
2	Forecasted Activity 60 days (1)	GJ	4,904,944	N/A	N/A
3	Fuel Ratio Over 60 days (2)	%	0.459%	N/A	N/A
4	Forecasted Activity 214 days (3)	GJ	12,709,732	12,709,732	12,709,732
5	Fuel Ratio Over 214 days (4)	%	0.177%	0.155%	0.332%

For the November 1 to March 31 winter period, Union is proposing to recover UFG from Dawn to Dawn-Vector customers on all forecasted transportation activity. There is no compressor fuel forecasted for the Dawn to Dawn-Vector firm transportation service in the winter months. The proposed winter fuel ratio for the C1 Dawn to Dawn-Vector transportation service is 0.155% and will recover UFG only.



1 **7/ OTHER RATE SCHEDULE CHANGES**

2 **a) IN-FRANCHISE RATE SCHEDULES**

3 Union is proposing to update the additional service charge applicable to “Supplemental Service  
4 to Commercial and Industrial Customers under Group Meters” in Rate M1 and Rate M2. The  
5 supplemental service allows for the combination of readings from several meters, where the  
6 meters are located on contiguous pieces of property of the same owner and are not divided by a  
7 public right-of-way.

8  
9 Union proposes to increase the additional service charge on the Rate M1 rate schedule from the  
10 current approved \$15 per month to \$21 per month. On the Rate M2 rate schedule, Union  
11 proposes to increase the additional service charge from the current approved \$15 per month to  
12 \$70 per month (\$35 per month in 2014). Union is proposing to increase the additional service  
13 charge to ensure that customers who combine readings from several meters do not receive an  
14 unintended benefit in comparison to customers who cannot combine meter readings. This  
15 change will result in all Rate M1 and Rate M2 customers paying the same monthly customer  
16 charge for all meter readings.

17  
18 The increase in the additional service charge on the Rate M1 and Rate M2 rate schedules will  
19 align this charge with the proposed monthly customer charges in each rate class going forward.

1   **b) EX-FRANCHISE RATE SCHEDULES**

2   Union is proposing several ex-franchise rate schedule changes that are intended to provide  
3   greater clarity and consistency. The proposed ex-franchise rate schedule changes are discussed  
4   below.

5  
6   M12 Rate Schedule

7   Union is proposing to make changes to Schedule" C" of the M12 rate schedule to clarify the  
8   applicability of the VT1 Easterly, VT3 Westerly and M12-X Westerly monthly fuel ratios and  
9   fuel rates. These changes are also proposed for the M12 monthly transportation authorized  
10   overrun fuel ratios and rates section in Schedule "C".

11  
12   The VT1 Easterly to Parkway (TCPL) With Dawn Compression will be renamed VT1 Easterly  
13   Dawn to Parkway (TCPL) With Dawn Compression and will be applicable to all volumes  
14   delivered to TCPL through Union's Parkway compressor.

15  
16   The VT1 Easterly to Kirkwall, Lisgar, Parkway (Consumers) With Dawn Compression will be  
17   renamed VT1 Easterly Dawn to Kirkwall, Lisgar, Parkway (Consumers) With Dawn  
18   Compression and will be applicable to all volumes delivered to those points.

19  
20   VT3 Westerly to Kirkwall, Dawn and M12-X Westerly to Kirkwall, Dawn will be renamed to  
21   VT3 Westerly Parkway to Kirkwall, Dawn and M12-X Westerly Parkway to Kirkwall, Dawn  
22   and will be applicable to Westerly volumes delivered to those points.

1 A black-lined version of the 2013 Schedule “C” highlighting these changes can be found at  
2 Exhibit H3, Tab 2, Schedule 3.

3  
4 C1 Rate Schedule

5 F24-T Service

6 In the EB-2005-0551 settlement agreement, the Board approved Union’s proposal to charge  
7 customers contracting for F24-T service an additional charge to recover the incremental costs  
8 associated with providing more nomination windows and firm all day transportation.

9 Accordingly, Union added the incremental F24-T rate to the M12 rate schedule on page 2 as  
10 note (5) in the “Notes for Section (C) Rates”. Further, the F24-T rate was included in Rate T1  
11 and Rate U7 rate schedules under the “Other Services and Charges” Section.

12  
13 Union is proposing to add the F24-T service to the C1 rate schedule. The inclusion of the F24-  
14 T service to the C1 rate schedule will allow customers contracting for C1 transportation  
15 services the option of contracting for the additional nomination windows and firm all day  
16 transportation made available by the F24-T service.

17  
18 A black-lined version of the 2013 C1 Rate Schedule highlighting these changes can be found at  
19 Exhibit H3, Tab 3, Schedule 1.

Other Ex-Franchise Rate Schedules Changes

Union is proposing new wording in the C1, M12, M13 and M16 rate schedules to clearly define receipt and delivery points.

The current Board approved C1 rate schedule includes “Dawn” as one of the applicable points, with “Dawn” described in the Applicability section to include Dawn (TCPL), Dawn (Facilities), Dawn (Tecumseh), Dawn (Vector) and Dawn (TSLE). The other ex-franchise rate schedules do not include a definition of “Dawn” as described in the C1 rate schedule.

Union is proposing to clarify the terminology on the C1 rate schedule and add a common “Dawn” definition as a receipt and delivery point in the Applicability section on the M12, M13 and M16 rate schedules.

Dawn as a receipt point includes Dawn (TCPL), Dawn (Facilities), Dawn (Tecumseh), Dawn (Vector) and Dawn (TSLE) and Dawn as a delivery point includes Dawn (Facilities) on M12, M13 and C1 rate schedules. However, the M16 rate schedule includes Dawn (Facilities) as both a delivery and receipt point.

The proposed wording will be consistent with Union’s current contracting practices and will also add clarity to the applicable rate schedules. The definition of “Dawn” as a receipt and delivery point will reflect the facilities Union has in place. There is no impact to customers as a result of these changes.

1 The black-lined version of the 2013 rate schedules can be found at Exhibit H3, Tab 3, Schedule

2 1.

## Appendix A

Summary of In-Franchise Rate Proposals

Rate Design Proposals	Current Approved	Proposed
<b>Contract Service</b> Effective January 1, 2013		
1. Rate 77	N/A	Eliminate Rate Schedule effective January 1, 2013
2. Rate 20 and Rate 100 Unbundled Services	N/A	Eliminate Contract Unbundled Service offerings effective January 1, 2013
3. Rate U5, Rate U7 and Rate U9	N/A	Eliminate Contract Rate Schedules effective January 1, 2013
<b>Contract Service - Semi-Unbundled</b> Rate T1 Redesign Effective January 1, 2013		
4. Proposed Rate T1	<ul style="list-style-type: none"> <li>Qualifying Annual Volume of 5,000,000 m<sup>3</sup></li> <li>Two Firm Contract Demand blocks: First 140,870 m<sup>3</sup>/day All Over 140,870 m<sup>3</sup>/day</li> <li>Two Firm Commodity blocks: First 2,360,653 m<sup>3</sup> All Over 2,360,653 m<sup>3</sup></li> </ul>	<ul style="list-style-type: none"> <li>Qualifying Annual Volume of 2,500,000 m<sup>3</sup>;</li> <li>Firm daily Contract Demand up to 140,870 m<sup>3</sup>/day</li> <li>Two Firm Contract Demand blocks: First 28,150 m<sup>3</sup>/day, Next 112,720 m<sup>3</sup>/day</li> <li>Single block Firm Commodity rate</li> </ul>
5. Proposed Rate T2	<ul style="list-style-type: none"> <li>Qualifying Annual Volume of 5,000,000 m<sup>3</sup></li> <li>Two Firm Contract Demand blocks: First 140,870 m<sup>3</sup>/day All Over 140,870 m<sup>3</sup>/day</li> <li>Two Firm Commodity blocks: First 2,360,653 m<sup>3</sup> All Over 2,360,653 m<sup>3</sup></li> </ul>	<ul style="list-style-type: none"> <li>Firm daily Contract Demand greater than 140,870 m<sup>3</sup>/day</li> <li>Two Firm Contract Demand blocks: First 140,870 m<sup>3</sup>/day, All Over 140,870 m<sup>3</sup>/day</li> <li>Single block Firm Commodity rate</li> </ul>
<b>General Service</b> Effective January 1, 2014		
1. (a) Annual volume breakpoint between Small & Large Volume rate classes	Annual Volume Breakpoint of 50,000 m <sup>3</sup>	Annual Volume Breakpoint of 5,000 m <sup>3</sup>
(b) Harmonize the Rate 01 delivery commodity blocking structure with the current approved blocking structure for Rate M1	First 100 m <sup>3</sup> Next 200 m <sup>3</sup> Next 200 m <sup>3</sup> Next 500 m <sup>3</sup> All Over 1,000 m <sup>3</sup>	First 100 m <sup>3</sup> Next 150 m <sup>3</sup> All Over 250 m <sup>3</sup>
(c) Harmonize the Rate 10 delivery commodity blocking structure with the current approved blocking structure for Rate M2	First 1,000 m <sup>3</sup> Next 9,000 m <sup>3</sup> Next 20,000 m <sup>3</sup> Next 70,000 m <sup>3</sup> All Over 100,000 m <sup>3</sup>	First 1,000 m <sup>3</sup> Next 6,000 m <sup>3</sup> Next 13,000 m <sup>3</sup> All Over 20,000 m <sup>3</sup>
<b>Contract Service - Bundled</b> Effective January 1, 2014		
2. Lower Union South Bundled Mid- Market Contract rate class eligibility for Rates M4 & M5A	<ul style="list-style-type: none"> <li>Contract Demand of 4,800 to 140,870 m<sup>3</sup>/day</li> <li>Minimum Annual Volume of 700,000 m<sup>3</sup></li> <li>Rate M4 load factor of at least 40%</li> </ul>	<ul style="list-style-type: none"> <li>Contract Demand of 2,400 to 60,000 m<sup>3</sup>/day</li> <li>Minimum Annual Volume of 350,000 m<sup>3</sup></li> <li>Rate M4 load factor of at least 40%</li> </ul>
3. Introduction of a Rate M4 Interruptible Service Offering	Firm Contract Service only	Firm Contract Service with Interruptible Option
4. Lower Union South Bundled Large Volume Contract rate class eligibility for Rate M7	<ul style="list-style-type: none"> <li>Combined Firm, Interruptible, and Seasonal Contract Demand of at least 140,870 m<sup>3</sup>/day</li> <li>Annual volume of at least 28,327,840 m<sup>3</sup></li> </ul>	<ul style="list-style-type: none"> <li>Contract Demand of at least 60,000 m<sup>3</sup>/day</li> </ul>

UNION GAS LIMITED  
Statement of Rate Base  
Calendar Year Ending December 31

Line No.	Particulars (\$000's)	Regulated <sup>(1)</sup> Forecast 2013 (a)	Unregulated <sup>(2)</sup> Forecast 2013 (b)
	<u>Gas Plant</u>		
1	Gross plant at cost	6,374,263	350,079
2	Less: accumulated depreciation	<u>2,753,674</u>	<u>84,198</u>
3	Net plant	<u>3,620,590</u>	<u>265,881</u>
	<u>Working Capital and Other Components</u>		
4	Cash working capital	20,007	851
5	Gas in storage and line pack gas	156,991	-
6	Balancing gas	72,963	-
7	ABC receivable (gas in storage)	(44,901)	-
8	Inventory of stores, spare equipment	29,618	2,175
9	Prepaid and deferred expenses	4,955	364
10	Customer deposits	(48,231)	-
11	Customer interest	<u>(764)</u>	<u>-</u>
12	Total working capital and other components	<u>190,638</u>	<u>3,390</u>
13	Total rate base before deduction of accumulated deferred income taxes	3,811,228	269,271
14	Accumulated deferred income taxes	<u>69,686</u>	<u>9,070</u>
15	Total rate base	<u><u>3,741,542</u></u>	<u><u>260,201</u></u>

Notes:

(1) Exhibit B3, Tab 1, Schedule 1.

(2) Unregulated rate base calculated using comparable rate base methodology.

**PREFILED EVIDENCE OF**  
**LIBBY PASSMORE, MANAGER, STRATEGIC SALES**

The purpose of this evidence is to describe Union’s proposals related to the General Terms and Conditions (“GT&C”) within its M12, M13, M16, and C1 transportation rate schedules. Union is proposing to change its M13 and M16 GT&C to create more consistency in language and structure with Union’s M12 and C1 GT&C. In addition, Union has proposed to update certain Articles of its GT&C and its Nominations schedule for all the ex-franchise transportation rate schedules. It is proposed that all changes be implemented effective January 1, 2013.

These proposals are explained in further detail in the following sections:

Structure changes:

1. M13 GT&C
2. M16 GT&C

Content changes:

3. Gas Quality and Measurement (“GQM”)
4. Taxes
5. Force Majeure
6. Renewal
7. Assignment



1           8. Preconditions to Service

2           9. Nominations

3  
4   In addition to the above, minor changes have been made to the ex-franchise GT&C to add clarity  
5   and improve grammar.

6  
7   As the change to each GT&C is the result of a number of proposals, schedules summarizing the  
8   structural and content changes to each article of the GT&C and the associated driver of the  
9   change are provided at Appendix 1-4, for M12, M13, M16, and C1, respectively.

10  
11   New and updated GT&C are attached at: Appendix 5-6 for M12; Appendix 7-8 for M13;  
12   Appendix 9-11 for M16; and Appendix 12-13 for C1.

13  
14   Black-lined comparisons of the new GT&C to the last Board-approved GT&C are attached at:  
15   Appendix 14-15 for M12; Appendix 16-17 for M13; Appendix 19-21 for M16; and Appendix  
16   23-24 for C1.

17  
18   Updated Nominations schedules are attached at Appendix 25-26 for M12 and Appendix 27-28  
19   for C1.

1 **1/ M13 GT&C**

2 Union proposes to move its M13 GT&C to a platform consistent with its M12/C1 GT&C, while  
3 still recognizing the unique attributes of the M13 service. The reasons for this change are:

- 4 i. Ensure the same treatment of contract/tariff provisions across ex-franchise rates and  
5 services;
- 6 ii. Have a consistent experience for customers who use multiple services;
- 7 iii. Allows for future changes in the terms and conditions of service to be effective upon  
8 the issuing of a rate order instead of relying on a contract amendment or waiting for  
9 contract renewal; and,
- 10 iv. Administrative ease.

11

12 The new M13 GT&C does not alter the M13 service.

13

14 In EB-2008-0052, Union obtained OEB approval of changes to M12 and C1 tariffs to ensure  
15 compliance with the Storage and Transportation Access Rule (“STAR”). Most changes were the  
16 result of moving text from the contract to the GT&C. In addition, as Union had existing contracts  
17 that were not to expire prior to June 16, 2010, Union’s M12 and C1 rate schedules had to  
18 accommodate two forms of the GT&C: Schedule “A” for contracts entered into prior to the  
19 effective date of the new GT&C; and Schedule “A 2010” for contracts entered into on or after  
20 the effective date of the new GT&C.

1 Similar to the changes to the M12/C1 GT&C, most of the changes are the result of moving text  
2 from the contract to the GT&C. Where appropriate, the text moved from the contract to the  
3 GT&C was updated to match the wording used in the M12/C1 GT&C. The wording in the new  
4 M13 GT&C differs from the wording in the M12/C1 GT&C due to differences in the M13  
5 service. These differences and the associated reasons are in:

- 6 i. Article I (Definitions) – definitions unique to M13 service
- 7 ii. Article II (Gas Quality) – includes deliveries to Union from M13 shipper facilities
- 8 iii. Article III (Measurements) – no interconnecting pipelines for M13 service
- 9 iv. Article IV (Receipt Point and Delivery Point) – requirements unique to M13
- 10 v. Article VI (Facilities on Shipper's Property) – requirements unique to M13 shippers
- 11 vi. Article VII (Measuring Equipment) – requirements unique to M13 shippers
- 12 vii. Article IX (Payments) – station/connection costs unique to M13 shippers
- 13 viii. Article XI (Force Majeure) – M13 served differently
- 14 ix. Article XII (Default and Termination) – producer balancing account unique to M13  
15 service
- 16 x. Article XVI (Reserved for Future Use) – allocation of capacity not applicable to the  
17 M13 service
- 18 xi. Article XVII (Renewals) – there are no long term M13 contracts
- 19 xii. Article XVIII (Service Curtailment) – M13 is different because of where facilities are  
20 located
- 21 xiii. Article XIX (Shippers Representations and Warranties) – includes requirements  
22 unique to M13

xiv. Article XX (Miscellaneous Provisions) – only permanent assignments available for M13

xv. Article XXI (Preconditions to Services) – includes requirements unique to M13

Union proposes that the new M13 GT&C (Schedule “A 2013”) apply to contracts entered into on or after January 1, 2013.

Similar to the implementation of the new M12/C1 GT&C, Union’s rate schedule will need to accommodate contracts entered into on or before December 31, 2012 (Schedule “A”) and contracts entered into on or after January 1, 2013 (Schedule “A 2013”) until all of Union’s current M13 contracts can be transitioned to the new GT&C.

A black-lined comparison of the new M13 GT&C (Schedule “A 2013”) to the old M13 GT&C (Schedule “A”) has been provided at Appendix 17. As there are additional changes to the M13 GT&C as described below, a schedule summarizing all changes to the M13 GT&C has been provided at Appendix 2.

A black-lined comparison of the new M13 GT&C (Schedule “A 2013”) to the STAR version of the C1 GT&C (Schedule “A 2010”) has been provided at Appendix 18. This comparison shows that the differences between the M13 and C1 GT&C are the result of the differences between the M13 and C1 service.

1 **2/ M16 GT&C**

2 In EB-2008-0052, when the M12 and C1 tariffs were updated for STAR, the following changes  
3 were made to the M16 tariff at the same time:

- 4 i. Updated Article II re: water content to have a value consistent with M12/C1; and,  
5 ii. Removal of blank articles and renumbering of remaining articles.

6  
7 Union proposes to move its M16 tariff to a platform more consistent with the M12/C1 tariffs  
8 while recognizing the unique attributes of the M16 service for the same reasons identified for  
9 M13 above.

10  
11 The new M16 GT&C does not alter the M16 service.

12  
13 Similar to the changes for the M12/C1 GT&C, and for the M13 GT&C above, most of these  
14 changes are the result of moving text from the contract to the GT&C. Where appropriate, the text  
15 moved from the contract to the GT&C was updated to match the wording used in the M12/C1  
16 GT&C. The wording in the new M16 GT&C differs from the wording in the M12/C1 GT&C due  
17 to differences in the M16 service. These differences and the associated reasons are in:

- 18 i. Article I (Definitions) – definitions unique to M16  
19 ii. Article II (Gas Quality) – includes deliveries to/from M16 shipper facilities  
20 iii. Article IV (Receipt Point and Delivery Point) – requirements unique to M16  
21 iv. Article VI (Facilities on Shipper's Property) – requirements unique to M16 shippers  
22 v. Article VII (Measuring Equipment) – custody transfer point unique to M16 service

- 1       vi.     Article VIII (Billing) – requirements unique to M16 service
- 2       vii.    Article IX (Payments) – requirements unique to M16 service
- 3       viii.   Article XI (Force Majeure) – M16 served differently
- 4       ix.     Article XVI (Reserved for Future Use) – allocation of capacity not applicable to the
- 5             M16 service
- 6       x.      Article XVII (Renewals) – requirements unique to M16 service
- 7       xi.     Article XVIII (Service Curtailment) – M16 is different because of where facilities are
- 8             located
- 9       xii.    Article XIX (Shippers Representations and Warranties) – includes requirements
- 10            unique to M16
- 11       xiii.   Article XX (Miscellaneous Provisions) – only permanent assignments available for
- 12            M16
- 13       xiv.    Article XXI (Preconditions to Services) – includes requirements unique to M16

14

15   Union proposes that the new M16 GT&C (Schedule “A 2013”) apply to contracts entered into on

16   or after January 1, 2013. Union’s M16 rate schedule will also need to accommodate contracts

17   entered into prior to June 16, 2010 (Schedule “A”) and contracts entered into between June 16,

18   2010 to December 31, 2012 (Schedule “A 2010”) until all of Union’s current M16 contracts can

19   be transitioned to the new GT&C.

1 At this point in time, Union has not entered into any M16 contracts that use Schedule “A 2010”.

2 If Union does not enter into any new M16 contracts prior to December 31, 2012, Union proposes  
3 to eliminate Schedule “A 2010”.

4  
5 A black-lined comparison of the new M16 GT&C (Schedule “A 2013”) to the old M16 GT&C  
6 (Schedule “A 2010”) has been provided at Appendix 21. As there are additional changes to the  
7 M16 GT&C as described below, a schedule summarizing all changes to the M16 GT&C has  
8 been provided at Appendix 3.

9  
10 A black-lined comparison of the new M16 GT&C (Schedule “A 2013”) to the STAR version of  
11 the C1 GT&C (Schedule “A 2010”) has been provided at Appendix 22. This comparison shows  
12 that the differences between the M13 and C1 GT&C are the result of the differences between the  
13 M16 and C1 service.

14  
15 **3/ GAS QUALITY AND MEASUREMENT (“GQM”)**

16 Union has conducted a full review of its GQM related clauses in its ex-franchise transportation  
17 rate schedules. As a result of this review, Union proposes changes to its M12, M13, M16, and C1  
18 GT&C. The proposed changes are consistent with more recent industry standards.

19  
20 The changes are included in Article I (Definitions), Article II (Gas Quality), Article III  
21 (Measurement) and Article VII (Measuring Equipment).

1 In Article I, definitions have been added for:

- 2 i. Cricondenthem hydrocarbon dewpoint – the highest hydrocarbon dewpoint  
3 temperature on the phase envelope;
- 4 ii. Hydrocarbon dewpoint – The temperature at a specific pressure where hydrocarbon  
5 vapour condensation begins;
- 6 iii. Specific gravity – the density of the gas divided by density of air, with both at a  
7 temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;  
8 and,
- 9 iv. Wobbe Number – the gross heating value of the gas divided by the square root of its  
10 specific gravity.

11  
12 In Article II, the following changes have been made with respect to gas quality:

- 13 i. Clause (a) – Bacteria has been added to the list of items that gas delivered to/by  
14 Union should be commercially free from. This recognizes that some level of bacteria  
15 does appear in gas but the level must be kept to an acceptable or commercially free  
16 level;
- 17 ii. Clause (h) – Ensure that water vapour is restricted to 65 milligrams per cubic meter of  
18 gas;
- 19 iii. Clause (i) – Replace the hydrocarbon dewpoint limit of -10°C with Cricondenthem  
20 hydrocarbon dewpoint limit of -8°C. This limit is consistent with the  
21 recommendations made within the NGC+ Working Group (Whitepaper on



1 Hydrocarbon Liquid Dropout, 2005) and AGA Report 4A (Natural Gas Contract  
2 Measurement and Quality Clauses, 2009);

- 3 iv. Clause (k) – Replace the current requirement for inter-changeability with other  
4 pipeline gas with a requirement for gas to have: a Wobbe Number from 47.5 – 51.46  
5 MJ/m<sup>3</sup>; a maximum of 1.5 molar percent by volume of butane plus (C<sub>4</sub>+); and a  
6 maximum of 4.0 molar percent by volume of total inerts in the gas; and,  
7 v. Remove clause (j) regarding the limit on ethane as it no longer has any value and  
8 renumber the remaining points.

9  
10 There are other proposed wording changes in Articles II (Gas Quality), III (Measurement), and  
11 VII (Measuring Equipment) as highlighted in the black-lined versions of the documents. These  
12 changes clean up wording and/or remove redundant wording and/or consolidate wording (to the  
13 extent that wording moves from other parts of the GT&C or more wording moves from the  
14 contract to the GT&C).

15  
16 The changes do not have any impact on the gas currently delivered to/by Union.

17  
18 **4/ TAXES**

19 Union proposes to update Article I (Definitions), Article IX (Payments), Article XIX (Shipper's  
20 Representations and Warranties) and Article XX (Miscellaneous Provisions) of its M12  
21 (Schedule "A 2010") and C1 (Schedule "A 2010") GT&C. In addition, Union proposes to reflect  
22 the same changes, where applicable, in the new M13 and M16 GT&C.

1 Taxes are referred to in a number of places in the current GT&C, each worded a little differently.  
2 The GT&C has been updated to have a single definition of Taxes in Article I – Definitions. The  
3 definition now provides more clarity as to what “Taxes” includes and how they can arise.

4  
5 In addition, when referring to taxes in other articles of the GT&C, the defined term is used  
6 thereby ensuring its consistent use and lowering the risk of confusion.

7  
8 This wording is consistent with that used by other companies, provides more clarity, and ensures  
9 that any new/changed tax in the provision of service to customers is passed on to the customer at  
10 the effective date of introduction/change.

11  
12 **5/ FORCE MAJEURE**

13 Union proposes to update section 9 of Article XI – Force Majeure in its M12 (Schedule “A” and  
14 Schedule “A 2010”) and C1 (Schedule “A” and Schedule “A 2010”) GT&C.

15  
16 The current wording assumes that Union is experiencing a peak day and that all customers are  
17 using their full firm contract demand when a force majeure occurs. However, a force majeure  
18 could occur on any day during the year, not just during a peak day, and/or all customers may not  
19 be using their full firm contract demand on the day a force majeure occurs.

20  
21 The wording has been updated to accommodate these situations by 1) removing references to  
22 peak day requirements and focusing on available capacity to meet firm needs on the day that a

1 force majeure occurs and, 2) referencing nominated firm quantities (for nominated services) and  
2 planned firm consumption for in-franchise customers on the day a force majeure occurs instead  
3 of firm contract demand.

4  
5 The new wording is fair, equitable, and more consistent with how other pipeline companies  
6 operate.

7  
8 In addition, instead of maintaining a listing of Rate Schedules under which customers may  
9 contract for firm service, the last sentence has been updated to a generic reference to firm  
10 services contracted by customers.

11  
12 **6/ RENEWALS**

13 Union proposes to update Article XVII - Renewals of its M12 (Schedule "A 2010"), M16  
14 (Schedule "A 2013") and C1 (Schedule "A 2010") GT&C.

15  
16 The current renewal wording allows a customer with a contract with an initial term of 5 years or  
17 greater to terminate the contract with 2 years notice. The new wording gives a customer with a  
18 contract with an initial term of 5 years or greater the option, with 2 years notice, to terminate the  
19 existing contract or reduce the contracted level of service without terminating the existing  
20 contract. The change is consistent with the practice currently followed by Union with its  
21 customers.

1 In addition, Union has expanded the applicability of the wording in the C1 GT&C to encompass  
2 all paths with a receipt point of Dawn (Facilities), Parkway, or Kirkwall and a delivery point of  
3 Dawn (Facilities), Parkway or Kirkwall. The current wording excludes the Kirkwall to Parkway  
4 path as it did not exist. With the recent approval of a Kirkwall to Parkway rate, the Kirkwall to  
5 Parkway path has now been included.

6  
7 **7/ ASSIGNMENTS**

8 Union proposes to update Article XX - Miscellaneous Provisions of its M12 (Schedule “A  
9 2010”) and C1 (Schedule “A 2010”) GT&C with respect to temporary assignments.

10  
11 The new wording ensures that customers understand that the party receiving a temporary  
12 assignment must have an executed Interruptible HUB Service Contract<sup>1</sup> or equivalent with  
13 Union.

14  
15 The change is consistent with the practice followed by Union with its customers.

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<sup>1</sup> The Interruptible HUB Service is a standard offering to any Shipper requiring basic short term services to manage their day-to-day gas needs. It serves as the base contract for any Shipper who is looking to enhance their storage and transportation service with Union Gas.

1    **8/ PRECONDITIONS**

2    Union proposes to update Article XXI – Preconditions to Service to its M12 (Schedule “A  
3    2010”) and C1 (Schedule “A 2010”) GT&C.

4  
5    Parties are allowed to terminate the agreement under certain conditions as identified in this  
6    article. Among the conditions benefiting Union is that Union receives from Shipper the requisite  
7    financial assurances reasonably necessary to ensure Shipper’s ability to honour the provision of  
8    the contract. Instead of referencing the financial assurance clause, the need for the Shipper to  
9    enter into a Hub contract clause is referenced. The article has been updated to reference the  
10   financial assurance clause.

11  
12   **9/ NOMINATIONS**

13   Union proposes to update the Nominations schedule (Schedule “B” and Schedule “B 2010”) to  
14   its M12 and C1 rate schedules.

15  
16   Section a) iii) of Schedule “B” and Section 4 of Schedule “B 2010” have been updated to  
17   provide a clear reference to the F-24T Agreement for those shippers that elect firm all day  
18   transportation service. The term “Contract” has been replaced by “F-24T Agreement” as the  
19   current use of the term “Contract” could be confused with the M12 or C1 contract.

1 The updated Schedule “B” and Schedule “B 2010” for M12 are provided at Appendix 25 and 26,  
2 respectively. The updated Schedule “B” and Schedule “B 2010” for C1 are provided at Appendix  
3 27 and 28, respectively.

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UNION GAS LIMITED  
Summary of Structure and Content Changes to M12 General Terms and Conditions

Article	Description of Change	Driver of Change	Note
Definitions	Added definitions for: cricondenthem hydrocarbon dewpoint; hydrocarbon dewpoint; specific gravity; and Wobbe number	GQM	(1)
	Added definition for Taxes	Taxes	(2)
Gas Quality	Changes due to Gas Quality / Measurement review	GQM	(1)
Measurements	Changes due to Gas Quality / Measurement review	GQM	(1)
Measuring Equipment	Changes due to Gas Quality / Measurement review	GQM	(1)
Payments	Incorporate new tax wording	Taxes	(2)
Force Majeure	Include relevant clauses from contract in Schedule "A" and update wording in Section 9	Force Majeure	(1)
Renewals	Allow for partial renewal	Renewals	(2)
Shipper's Representations and Warranties	Section 3 - update wording	Taxes	(2)
Miscellaneous Provisions	Section 2 - added wording re: assignee need for Hub contract	Assignments	(2)
	Section 3 - Modified Title to Gas wording for taxes	Taxes	(2)
Preconditions for Transportation Service	Section 4 - corrected reference to 1 c	Preconditions	(2)

Note:

(1) applicable to Schedule "A" and Schedule "A 2010".

(2) applicable to Schedule "A 2010" only.



UNION GAS LIMITED  
Summary of Structure and Content Changes to M13 General Terms and Conditions

Article	Description of Change	Driver of Change	Note
Definitions	Added definitions that had been in M13 contract and removed unused definitions	M13 rewrite	(2)
	Added new definitions for: cricondentherm hydrocarbon dewpoint; hydrocarbon dewpoint; specific gravity; and Wobbe number	GQM	(1)
	Added new definition for Taxes	Taxes	(2)
Gas Quality	Changes due to Gas Quality / Measurement review	GQM	(1)
Measurements	Changes due to Gas Quality / Measurement review	GQM	(1)
Receipt Point and Delivery Point	Changes to be consistent with M12/C1	M13 rewrite	(2)
Possession and Responsibility for Gas	Section 1 from contract and worded consistent with M12/C1	M13 rewrite	(2)
	Section 2 added to be consistent with M12/C1	M13 rewrite	(2)
Facilities on Shipper's Property	Added from M13 contract	M13 rewrite	(2)
Measuring Equipment	Changes due to Gas Quality / Measurement review	GQM	(1)
Billing	Section 3 from contract and consistent with M12/C1	M13 rewrite	(2)
Payments	Section 4 from contract and incorporates new tax wording	M13 rewrite/ Taxes	(2)
	Other changes from contract and worded consistent with M12/C1	M13 rewrite	(2)
Arbitration	Changes to be consistent with M12/C1	M13 rewrite	(2)
Force Majeure	Added from M13 contract and modified to be consistent with M12/C1 where applicable	M13 rewrite	(2)
	- Sections 1-6 match M12/C1		(2)
	- Sections 7-8 unique to M13		(2)
Default and Termination	Added from M13 contract and modified to be consistent with M12/C1	M13 rewrite	(2)
	Second paragraph unique to M13		
Amendment	Added from M13 contract and modified to be consistent with M12/C1	M13 rewrite	(2)
Non-Waiver and Future Default	Added from M13 contract and modified to be consistent with M12/C1	M13 rewrite	(2)
Renewals	Added from M13 contract and changed notice from 2 months to 3 months	M13 rewrite	(2)
Service Curtailment	Added from M13 contract - wording unique to M13	M13 rewrite	(2)
Shipper's Representations and Warranties	Added from M13 contract and modified to be consistent with M12/C1 where applicable	M13 rewrite	(2)
	- Section 1 matches M12/C1		(2)
	- Sections 2-3 unique to M13		(2)
Miscellaneous Provisions	Added from M13 contract and modified to be consistent with M12/C1	M13 rewrite	(2)
	Modified Title to Gas wording for taxes	Taxes	(2)
Preconditions to services	From M13 contract and unique to M13	M13 rewrite	(2)

Note:

(1) applicable to Schedule "A" and Schedule "A 2013".

(2) applicable to Schedule "A 2013" only.

UNION GAS LIMITED  
Summary of Structure and Content Changes to M16 General Terms and Conditions

Article	Description of Change	Driver of Change	Note
Definitions	Added definitions that had been in M16 contract and removed unused definitions	M16 rewrite	(2)
	Added new definitions for: cricondenthm hydrocarbon dewpoint; hydrocarbon dewpoint; specific gravity; and Wobbe number	GQM	(1)
	Added new definition for Taxes	Taxes	(2)
Gas Quality	Changes due to Gas Quality / Measurement review	GQM	(1)
Measurements	Changes due to Gas Quality / Measurement review	GQM	(1)
Receipt Point and Delivery Point	Changes to be consistent with M12/C1	M16 rewrite	(2)
Possession and Responsibility for Gas	Section 1 from contract and worded consistent with M12/C1	M16 rewrite	(2)
	Section 2 added to be consistent with M12/C1	M16 rewrite	(2)
Facilities on Shipper's Property	Added from M16 contract	M16 rewrite	(2)
Measuring Equipment	Changes due to Gas Quality / Measurement review	GQM	(1)
Billing	Section 3 from contract and consistent with M12/C1	M16 rewrite	(2)
Payments	Section 4 from contract and incorporates new tax wording	M16 rewrite/ Taxes	(2)
	Other changes from contract and worded consistent with M12/C1	M16 rewrite	(2)
Arbitration	Changes to be consistent with M12/C1	M16 rewrite	(2)
Force Majeure	Added from M16 contract and modified to be consistent with M12/C1 where applicable	M16 rewrite	(2)
	- Sections 1-8 match M12/C1		(2)
	- Section 9 unique to M16 service		(2)
Default and Termination	Added from M16 contract and modified to be consistent with M12/C1	M16 rewrite	(2)
Amendment	Added from M16 contract and modified to be consistent with M12/C1	M16 rewrite	(2)
Non-Waiver and Future Default	Added from M16 contract and modified to be consistent with M12/C1	M16 rewrite	(2)
Renewals	Added from M16 contract and modified to be consistent with M12/C1	M16 rewrite	(2)
Service Curtailment	Added from M16 contract - wording unique to M16 service	M16 rewrite	(2)
	Added from M16 contract and modified to be consistent with M12/C1 where applicable	M16 rewrite	(2)
Shipper's Representations and Warranties	- Section 1 matches M12/C1		(2)
	- Sections 2-3 unique to M16		(2)
Miscellaneous Provisions	Added from M16 contract and modified to be consistent with M12/C1	M16 rewrite	(2)
	Modified Title to Gas wording for taxes	Taxes	(2)
Preconditions to services	From M16 contract and unique to M16	M16 rewrite	(2)

Note:

(1) applicable to Schedule "A", Schedule "A 2010" and Schedule "A 2013".

(2) applicable to Schedule "A 2013" only.

UNION GAS LIMITED  
Summary of Structure and Content Changes to C1 General Terms and Conditions

Article	Description of Change	Driver of Change	Note
Definitions	Added definitions for: cricondenthem hydrocarbon dewpoint; hydrocarbon dewpoint; specific gravity; and Wobbe number	GQM	(1)
	Added definition for Taxes	Taxes	(2)
Gas Quality	Changes due to Gas Quality / Measurement review	GQM	(1)
Measurements	Changes due to Gas Quality / Measurement review	GQM	(1)
Measuring Equipment	Changes due to Gas Quality / Measurement review	GQM	(1)
Payments	Incorporate new tax wording	Taxes	(2)
Force Majeure	Include relevant clauses from contract in Schedule "A" and update wording in Section 9	Force Majeure	(1)
Renewals	Allow for partial renewal	Renewals	(2)
Shipper's Representations and Warranties	Section 3 - update wording	Taxes	(2)
Miscellaneous Provisions	Section 2 - added wording re: assignee need for Hub contract	Assignments	(2)
	Section 3 - Modified Title to Gas wording for taxes	Taxes	(2)
Preconditions for Transportation Service	Section 4 - corrected reference to 1 c	Preconditions	(2)

Note:

(1) applicable to Schedule "A" and "A 2010".

(2) applicable to Schedule "A 2010" only.

RATE M12  
GENERAL TERMS & CONDITIONS

**I. DEFINITIONS**

Except where the context expressly requires or states another meaning, the following terms, when used in these General Terms & Conditions and in any contract into which these General Terms & Conditions are incorporated, shall be construed to have the following meanings:

1. "Contract" shall refer to the Contract to which these General Terms & Conditions shall apply, and into which they are incorporated;
2. "cubic metre" shall mean the volume of gas which occupies one cubic metre when such gas is at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;
3. "day" shall mean a period of twenty-four (24) consecutive hours beginning at 9:00 a.m. Central Standard time. The reference date for any day shall be the calendar date upon which the twenty-four (24) hour period shall commence;
4. "delivery" shall mean any gas that is delivered by Union into Shipper's possession, or to the possession of Shipper's agent;
5. "firm" shall mean service not subject to curtailment or interruption except under Articles XI and XII of this Schedule "A";
6. "gas" shall mean gas as defined in the Ontario Energy Board Act, 1998, S.O. 1998, c.15, Sch. B, as amended, supplemented or re-enacted from time to time;
7. "gross heating value" shall mean the total heat expressed in megajoules per cubic metre (MJ/m<sup>3</sup>) produced by the complete combustion at constant pressure of one (1) cubic metre of gas with air, with the gas free of water vapour and the temperature of the gas, air and products of combustion at standard temperature and all water formed by the combustion reaction condensed to the liquid state;
8. "interruptible service" shall mean service subject to curtailment or interruption, after notice, at any time;
9. "Interconnecting Pipeline" shall mean a pipeline that directly connects to the Union pipeline system;
10. "joule" (J) shall mean 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;
11. "limited interruptible service" shall mean gas service subject to interruption or curtailment on a limited number of days as specified in the Contract;
12. "m<sup>3</sup>" shall mean cubic metre of gas and "10<sup>3</sup>m<sup>3</sup>" shall mean 1,000 cubic metres of gas;
13. "month" shall mean the period beginning at 9:00 a.m. Central Standard time on the first day of a calendar month and ending at 9:00 a.m. Central Standard time on the first day of the following calendar month;
14. "OEB" means the Ontario Energy Board;
15. "pascal" (Pa) shall mean the pressure produced when a force of one (1) newton is applied to an area of one (1) square metre. The term "kilopascal" (kPa) shall mean 1,000 pascals;
16. "receipt" shall mean any gas that is delivered into Union's possession, or the possession of Union's agent;
17. "Shipper" shall have the meaning as defined in the Contract and shall also include Shipper's agent(s);
18. "TCPL" means TransCanada PipeLines Limited;

19. "cricondenth therm hydrocarbon dewpoint" shall mean the highest hydrocarbon dewpoint temperature on the phase envelope;
20. "hydrocarbon dewpoint" shall mean temperature at a specific pressure where hydrocarbon vapour condensation begins;
21. "specific gravity" shall mean density of the gas divided by density of air, with both at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;
22. "Wobbe Number" shall mean gross heating value of the gas divided by the square root of its specific gravity.

## **II. GAS QUALITY**

1. Natural Gas: The minimum gross heating value of the gas delivered to/by Union hereunder, shall be thirty-six (36) megajoules per cubic metre. The maximum gross heating value of the gas delivered to/by Union hereunder shall be forty point two (40.2) megajoules per cubic metre. The gas to be delivered hereunder to Union may be a commingled supply from Shipper's gas sources of supply. The gas to be delivered by Union may be a commingled supply from Union's sources of gas supply; provided, however, that helium, natural gasoline, butane, propane and other hydrocarbons, except methane, may be removed prior to delivery to Shipper. Further, Union may subject, or permit the subjection of, the gas to compression, dehydration, cooling, cleaning and other processes.
2. Freedom from objectionable matter: The gas to be delivered to/by Union hereunder,
  - a. shall be commercially free from bacteria, sand, dust, gums, crude oils, lubricating oils, liquids, chemicals or compounds used in the production, treatment, compression or dehydration of the gas or any other objectionable substance in sufficient quantity so as to render the gas toxic, unmerchantable or cause injury to or interference with the proper operation of the lines, regulators, meters or other appliances through which it flows,
  - b. shall not contain more than seven (7) milligrams of hydrogen sulphide per cubic metre of gas nor more than four hundred and sixty (460) milligrams of total sulphur per cubic metre of gas,
  - c. shall not contain more than five (5) milligrams of mercaptan sulphur per cubic metre of gas,
  - d. shall not contain more than two point zero (2.0) molar percent by volume of carbon dioxide in the gas,
  - e. shall not contain more than zero point four (0.4) molar percent by volume of oxygen in the gas,
  - f. shall not contain more than zero point five (0.5) molar percent by volume of carbon monoxide in the gas,
  - g. shall not contain more than four point zero (4.0) molar percent by volume of hydrogen in the gas,
  - h. shall not contain more than sixty-five (65) milligrams of water vapour per cubic metre of gas,
  - i. shall not have a cricondenth therm hydrocarbon dewpoint exceeding minus eight (-8) degrees Celsius,
  - j. shall have Wobbe Number from forty seven point fifty (47.50) megajoules per cubic metre of gas to fifty one point forty six (51.46) megajoules per cubic metre of gas, maximum of one point five (1.5) mole percent by volume of butane plus (C4+) in the gas, and maximum of four point zero (4.0) mole percent by volume of total inerts in the gas in order to be interchangeable with other Interconnecting Pipeline gas.
3. Non-conforming Gas: In addition to any other right or remedy of a party, each party shall be entitled to refuse to accept delivery of any gas which does not conform to any of the specifications set out in this Article II.
4. Quality of Gas Received: The quality of the gas to be received by Union hereunder is to be of a merchantable quality and in accordance with the quality standards as set out by Union in this Article II, but, Union will also accept gas of a

quality as set out in any other Interconnecting Pipeline's general terms and conditions, provided that all Interconnecting Pipelines accept such quality of gas. In addition to any other right or remedy of a party, each party shall be entitled to refuse to accept delivery of any gas which does not conform to any of the specifications set out in Union's M12 Rate Schedule.

### **III. MEASUREMENTS**

1. Storage, Transportation, and/or Sales Unit: The unit of the gas delivered to Union shall be a megajoule or a gigajoule. The unit of gas transported or stored by Union shall be a megajoule or a gigajoule. The unit of gas delivered by Union shall be a megajoule, a gigajoule, a cubic metre (m<sup>3</sup>) or one thousand cubic metres (10<sup>3</sup>m<sup>3</sup>) at Union's discretion.
2. Determination of Volume and Energy:
  - a. The volume and energy amounts determined under the Contract shall be determined in accordance with the Electricity and Gas Inspection Act (Canada), RSC 1985, c E-4- (the "**Act**") and the Electricity and Gas Inspection Regulations, SOR 86/131 (the "**Regulations**"), and any documents issued under the authority of the Act and Regulations and any amendments thereto.
  - 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, all as amended from time to time.
  - c. The volume and/or energy of the gas delivered to/by Union hereunder shall be determined by the measurement equipment designated in Article VII herein.
  - d. Upon request by Union, Shipper shall obtain measurement of the total quantity of gas received by Union hereunder from the Interconnecting Pipeline. Such measurement shall be done in accordance with established practices between Union and the Interconnecting Pipeline.

### **IV. RECEIPT POINT AND DELIVERY POINT**

1. Unless otherwise specified in the Contract, the point or points of receipt for all gas to be covered hereunder shall be on the outlet side of the measuring stations located at or near the point or points of connection specified in the Contract, where Union takes possession of the gas.
2. Unless otherwise specified in the Contract, the point or points of delivery for all gas to be covered hereunder shall be on the outlet side of the measuring stations located at or near the point or points of connection as specified in the Contract where Shipper takes possession of the gas.

### **V. POSSESSION OF AND RESPONSIBILITY FOR GAS**

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### **VI. FACILITIES ON SHIPPER'S PROPERTY**

Except under those conditions where Union is delivering to TCPL for TCPL or Shipper at Union's Parkway Point of Delivery, or to an Interconnecting Pipeline, or where otherwise specified in the Contract, the following will apply:

1. Construction and Maintenance: Union, at its own expense may construct, maintain and operate on Shipper's property at the delivery point a measuring station properly equipped with a meter or meters and any other necessary measuring equipment for properly measuring the gas redelivered under the Contract. Shipper will grant to Union a lease and/or rights-of-way over property of Shipper as required by Union to install such facilities and to connect same to Union's pipeline.

2. Entry: Union, its servants, agents and each of them may at any reasonable time on notice (except in cases of emergency) to Shipper or his duly authorized representative enter Shipper's property for the purpose of constructing, maintaining, removing, operating and/or repairing station equipment.
3. Property: The said station and equipment will be and remain the property of Union notwithstanding it is constructed on and attached to the realty of Shipper, and Union may at its own expense remove it upon termination of the Contract and will do so if so requested by Shipper.

## **VII. MEASURING EQUIPMENT**

1. Metering by Union: Union will install and operate meters and related equipment as required and in accordance with the Act and Regulations referenced in Article III herein.
2. Metering by Others: In the event that all or any gas delivered to/by Union hereunder is measured by a meter that is owned and operated by an Interconnecting Pipeline, then Union and Shipper agree to accept that metering for the purpose of determining the volume and energy of gas delivered to/by Union on behalf of the Shipper. The standard of measurement and tests for the gas delivered to/by Union hereunder shall be in accordance with the general terms and conditions as incorporated in that Interconnecting Pipeline company's gas tariff as approved by their regulatory body.
3. Check Measuring Equipment: Shipper may install, maintain and operate, at the redelivery point, at its own expense, such check measuring equipment as desired, provided that such equipment shall be so installed as not to interfere with the operation of Union's measuring equipment at or near the delivery point, and shall be installed, maintained and operated in conformity with the same standards and specifications applicable to Union's metering facilities.
4. Rights of Parties: The measuring equipment installed by either party, together with any building erected by it for such equipment, shall be and remain its property. However, Union and Shipper shall have the right 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 used in measuring or checking the measurement of deliveries of gas to/by Union under the Contract. Either party will give the other party reasonable notice of its intention to carry out the acts herein specified. The records from such measuring equipment shall remain the property of their owner, but upon request each will submit to the other its records and charts, together with calculations therefrom, for inspection and verification, subject to return within ten (10) days after receipt thereof.
5. Calibration and Test of Measuring Equipment: The accuracy of Union's measuring equipment shall be verified by Union at reasonable intervals, and if requested, in the presence of representatives of Shipper, but Union shall not be required to verify the accuracy of such equipment more frequently than once in any thirty (30) day period. In the event either party notifies the other that it desires a special test of any measuring equipment, the parties shall co-operate to secure a prompt verification of the accuracy of such equipment. The expense of any such special test, if called for by Shipper, shall be borne by Shipper if the measuring equipment tested is found to be in error by not more than two per cent (2%). If, upon test, any measuring equipment is found to be in error by not more than two per cent (2%), previous recordings of such equipment shall be considered accurate in computing redeliveries of gas, but such equipment shall be adjusted at once to record as near to absolute accuracy as possible. If the test conducted shows a percentage of inaccuracy greater than two percent (2%), the financial adjustment, if any, shall be calculated in accordance with the Act and Regulations, as may be amended from time to time and in accordance with any successor statutes and regulations.
6. Preservation of Metering Records: Union and Shipper shall each preserve for a period of at least six (6) years all test data, and other relevant records.
7. Error in Metering or Meter Failure: In the event of an error in metering or a meter failure, (such error or failure being determined through check measurement by Union or any other available method), then Shipper shall enforce its rights as Shipper with the Interconnecting Pipeline(s) to remedy such error or failure including enforcing any inspection and/or verification rights and procedures.

## **VIII. BILLING**

1. Monthly Billing Date: Union shall render bills on or before the 10th day of each month for all services furnished during the preceding month. Such charges may be based on estimated quantities, if actual quantities are unavailable in time to prepare the billing. Union shall provide, in a succeeding month's billing, an adjustment based on any difference between actual quantities and estimated quantities, without any interest charge. If presentation of a bill to Shipper is delayed after the 10th day of the month, then the time of payment shall be extended accordingly, unless Shipper is responsible for such delay.
2. Right of Examination: Both Union and Shipper shall have the right to examine at any reasonable time 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 the Contract.

## **IX. PAYMENTS**

1. Monthly Payments: Shipper shall pay the invoiced amount directly into Union's bank account as directed on the invoice on or before the twentieth (20<sup>th</sup>) day of each month. If the payment date is not a business day, then payment must be received in Union's account on the first business day preceding the twentieth (20<sup>th</sup>) day of the month.
2. Remedies for Non-payment: Should Shipper fail to pay all of the amount of any bill as herein provided when such amount is due,
  - a. Shipper shall pay to Union interest on the unpaid portion of the bill accruing at a rate per annum equal to the minimum commercial lending rate of Union's principal banker in effect from time to time from the due date until the date of payment.
  - b. If such failure to pay continues for thirty (30) days after payment is due, Union, in addition to any other remedy it may have under the Contract, may suspend service(s) until such amount is paid. Notwithstanding such suspension, all demand charges shall continue to accrue hereunder as if such suspension were not in place.

If Shipper in good faith disputes the amount of any such bill or part thereof Shipper shall pay to Union such amounts as it concedes to be correct. At any time thereafter, within twenty (20) days of a demand made by Union, Shipper shall furnish financial assurances satisfactory to Union, guaranteeing payment to Union of the amount ultimately found due upon such bill after a final determination. Such a final determination may be reached either by agreement, arbitration decision or judgement of the courts, as may be the case. Union shall not be entitled to suspend service(s) because of such non-payment unless and until default occurs in the conditions of such financial assurances or default occurs in payment of any other amount due to Union hereunder.

Notwithstanding the foregoing paragraph(s), Shipper is not relieved from the obligation to continue its deliveries of gas to Union under the terms of any agreement, where Shipper has contracted to deliver specified quantities of gas to Union.

3. Billing Adjustments: If it shall be found that at any time or times Shipper has been overcharged or undercharged in any form whatsoever under the provisions of the Contract and Shipper shall have actually paid the bills containing such overcharge or undercharge, Union shall refund the amount of any such overcharge and interest shall accrue from and including the first day of such overcharge as paid to the date of refund and shall be calculated but not compounded at a rate per annum determined each day during the calculation period to be equal to the minimum commercial lending rate of Union's principal banker, and the Shipper shall pay the amount of any such undercharge, but without interest. In the event Union renders a bill to Shipper based upon measurement estimates, the required adjustment to reflect actual measurement shall be made on the bill next following the determination of such actual measurement, without any charge of interest. In the event an error is discovered in the amount billed in any statement rendered by Union, such error shall be adjusted by Union. Such overcharge, undercharge or error shall be adjusted by Union on the bill next following its determination (where the term "bill" next following shall mean a bill rendered at least fourteen (14) days after the day of its determination), provided that claim therefore shall have been made within six (6) years from the date of the incorrect billing. In the event any refund is issued with Shipper's gas bill, the aforesaid date of refund shall be deemed to be the date of the issue of bill.



## X. ARBITRATION

If and when any dispute, difference or question shall arise between the parties hereto touching the Contract or anything herein contained, or the construction hereof, or the rights, duties or liabilities of the parties in relation to any matter hereunder, the matter in dispute shall be submitted and referred to arbitration within ten (10) days after written request of either party. Upon such request each party shall appoint an arbitrator, and the two so appointed shall appoint a third. A majority decision of the arbitrators shall be final and binding upon both parties. In all other respects the provisions of the Arbitration Act of the Province of Ontario, or any act passed in amendment thereof or substitution therefore, shall apply to each such submission. Operations under the Contract shall continue, without prejudice, during any such arbitration and the costs attributable to such arbitration shall be shared equally by the parties hereto.

## XI. FORCE MAJEURE

1. The term "**force majeure**" as used herein shall mean acts of God, strikes, lockouts or any other industrial disturbance, acts of the public enemy, sabotage, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of governments and people, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, freezing of wells or lines of pipe, inability to obtain materials, supplies, permits or labour, any laws, orders, rules, regulations, acts or restraints of any governmental body or authority (civil or military), any act or omission that is excused by any event or occurrence of the character herein defined as constituting force majeure, any act or omission by parties not controlled by the party having the difficulty and any other similar cases not within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome.
2. In the event that either the Shipper or Union is rendered unable, in whole or in part, by force majeure, to perform or comply with any obligation or condition of the Contract, such party shall give notice and full particulars of such force majeure in writing delivered by hand, fax or other direct written electronic means to the other party as soon as possible after the occurrence of the cause relied on and subject to the provision of this Article.
3. Neither party shall be entitled to the benefit of the provisions of force majeure hereunder if any or all of the following circumstances prevail: the failure resulting in a condition of force majeure was caused by the negligence of the party claiming suspension; the failure was caused by the party claiming suspension where such party failed to remedy the condition by making all reasonable efforts (short of litigation, if such remedy would require litigation); the party claiming suspension failed to resume the performance of such condition obligations with reasonable dispatch; the failure was caused by lack of funds; the party claiming suspension did not, as soon as possible after determining, or within a period within which it should acting reasonably have determined, that the occurrence was in the nature of force majeure and would affect its ability to observe or perform any of its conditions or obligations under the Contract, give to the other party the notice required hereunder.
4. The party claiming suspension shall likewise give notice as soon as possible after the force majeure condition is remedied, to the extent that the same has been remedied, and that such party has resumed or is then in a position to resume the performance of the obligations and conditions of the Contract.
5. An event of force majeure on Union's system will excuse the failure to deliver gas by Union or the failure to accept gas by Union hereunder, and both parties shall be excused from performance of their obligations hereunder, except for payment obligations, to the extent of and for the duration of the force majeure.
6. Upstream or Downstream Force Majeure: An event of force majeure upstream or downstream of Union's system shall not relieve Shipper of any payment obligations.
7. Delay of Firm Transportation Services: Despite Article XI herein, if Union is prevented, by reason of an event of force majeure on Union's system from delivering gas on the Day or Days upon which Union has accepted gas from Shipper, Union shall thereafter make all reasonable efforts to deliver such quantities as soon as practicable and on such Day or Days as are agreed to by Shipper and Union. If Union accepts such gas on this basis, Shipper shall not receive any demand charge relief as contemplated under Article XI herein.
8. Demand Charge Relief for Firm Transportation Services: Despite Article XI herein, if on any Day Union fails to accept gas from Shipper by reason of an event of force majeure on Union's system and fails to deliver the quantity of gas

nominated hereunder by Shipper up to the firm Contract Demand for that Contract, then for that Day the Monthly demand charge shall be reduced by an amount equal to the applicable Daily Demand Rate, as defined in this paragraph, multiplied by the difference between the quantity of gas actually delivered by Union during such Day and the quantity of gas which Shipper in good faith nominated on such Day. The term "**Daily Demand Rate**" shall mean the Monthly demand charge or equivalent pursuant to the M12 Rate Schedule divided by the number of days in the month for which such rate is being calculated.

9. If, due to the occurrence of an event of force majeure as outlined above, the capacity for gas deliveries by Union is impaired, it will be necessary for Union to curtail Shipper's gas receipts to Union hereunder, via proration based on utilization of such facilities for the Day. This prorating shall be determined by multiplying the capability of such facilities as available downstream of the impairment on the Day, by a fraction where the numerator is Shipper's nominated firm quantity and the denominator is the total of all such nominated firm quantities for nominated services and planned consumption for in-franchise customers on the Day. For the purposes of this Article XI, firm services shall mean all firm services provided by Union to in-franchise customers and ex-franchise shippers.

## **XII. DEFAULT AND TERMINATION**

In case of the breach or non-observance or non-performance on the part of either party hereto of any covenant, proviso, condition, restriction or stipulation contained in the Contract (but not including herein failure to take or make delivery in whole or in part of the gas delivered to/by Union hereunder occasioned by any of the reasons provided for in Article XI hereof) which has not been waived by the other party, then and in every such case and as often as the same may happen, the Non-defaulting party may give written notice to the Defaulting party requiring it to remedy such default and in the event of the Defaulting party failing to remedy the same within a period of thirty (30) days from receipt of such notice, the Non-defaulting party may at its sole option declare the Contract to be terminated and thereupon the Contract shall be terminated and be null and void for all purposes other than and except as to any liability of the parties under the same incurred before and subsisting as of termination. The right hereby conferred upon each party 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.

## **XIII. MODIFICATION**

Subject to Union's M12 Rate Schedule, Schedule A, Article XV and the ability of Union to amend the M12 Rate Schedule with the approval of the OEB, no amendment or modification of the Contract shall be effective unless the same shall be in writing and signed by each of the Shipper and Union.

## **XIV. NON-WAIVER AND FUTURE DEFAULT**

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## **XV. LAWS, REGULATIONS AND ORDERS**

The Contract and the respective rights and obligations of the parties hereto are subject to all present and future valid laws, orders, rules and regulations of any competent legislative body, or duly constituted authority now or hereafter having jurisdiction and the 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 the Contract.

RATE M12  
GENERAL TERMS & CONDITIONS

I. **DEFINITIONS**

Except where the context expressly requires or states another meaning, the following terms, when used in these General Terms & Conditions and in any contract into which these General Terms & Conditions are incorporated, shall be construed to have the following meanings:

**"Authorized Overrun"** shall mean the amount by which Shipper's Authorized Quantity exceeds the Contract Demand;

**"Available Capacity"** shall mean at any time, Union's remaining available capacity to provide Transportation Services;

**"Business Day"** shall mean any day, other than Saturday, Sunday or any days on which national banks in the Province of Ontario are authorized to close;

**"Contract"** shall refer to the Contract to which these General Terms & Conditions shall apply, and into which they are incorporated;

**"Contract Year"** shall mean a period of three hundred and sixty-five (365) consecutive days; provided however, that any such period which contains a date of February 29 shall consist of three hundred and sixty-six (366) consecutive days, commencing on November 1 of each year; except for the first Contract Year which shall commence on the Commencement Date and end on the first October 31 that follows such date;

**"cricondentherm hydrocarbon dewpoint"** shall mean the highest hydrocarbon dewpoint temperature on the phase envelope;

**"cubic metre"** shall mean the volume of gas which occupies one cubic metre when such gas is at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;

**"Day"** shall mean a period of twenty-four (24) consecutive hours beginning at 10:00 a.m. Eastern Clock Time. The reference date for any Day shall be the calendar date upon which the twenty-four (24) hour period shall commence;

**"delivery"** shall mean any gas that is delivered by Union into Shipper's possession, or to the possession of Shipper's agent;

**"Eastern Clock Time"** shall mean the local clock time in the Eastern Time Zone on any Day;

**"Expansion Facilities"** shall mean any new facilities to be constructed by Union in order to provide Transportation Services;

**"firm"** shall mean service not subject to curtailment or interruption except under Articles XI, XII and XVIII herein;

**"gas"** shall mean gas as defined in the Ontario Energy Board Act, 1998, S.O. 1998, c.15, Sch. B, as amended, supplemented or re-enacted from time to time;

**"gross heating value"** shall mean the total heat expressed in megajoules per cubic metre (MJ/m<sup>3</sup>) produced by the complete combustion at constant pressure of one (1) cubic metre of gas with air, with the gas free of water vapour and the temperature of the gas, air and products of combustion at standard temperature and all water formed by the combustion reaction condensed to the liquid state;

**"hydrocarbon dewpoint"** shall mean temperature at a specific pressure where hydrocarbon vapour condensation begins;

**"Interruptible HUB Service Contract"** shall mean a contract between Shipper and Union under which Union provides interruptible HUB service;

**"interruptible service"** or **"Interruptible"** shall mean service subject to curtailment or interruption, after notice, at any time;

"**Interconnecting Pipeline**" shall mean a pipeline that directly connects to the Union pipeline system;

"**joule**" (J) shall mean 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;

"**Loaned Quantities**" shall mean those quantities of gas loaned to Shipper under the Facilitating Agreement;

"**m<sup>3</sup>**" shall mean cubic metre of gas and "**10<sup>3</sup>m<sup>3</sup>**" shall mean 1,000 cubic metres of gas;

"**Month**" shall mean the period beginning at 10:00 a.m. Eastern Clock Time on the first day of a calendar month and ending at 10:00 a.m. Eastern Clock Time on the first day of the following calendar month;

"**NAESB**" shall mean North American Energy Standards Board;

"**OEB**" means the Ontario Energy Board;

"**Open Season**" or "**open season**" shall mean an open access auction or bidding process held by Union as a method of allocating capacity;

"**pascal**" (Pa) shall mean the pressure produced when a force of one (1) newton is applied to an area of one (1) square metre. The term "**kilopascal**" (kPa) shall mean 1,000 pascals;

"**receipt**" shall mean any gas that is delivered into Union's possession, or the possession of Union's agent;

"**Shipper**" shall have the meaning as defined in the Contract, and shall also include Shipper's agent(s);

"**specific gravity**" shall mean density of the gas divided by density of air, with both at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;

"**Taxes**" shall mean any tax (other than tax on income or tax on property), duty, royalty, levy, license, fee or charge not included in the charges and rates as per the applicable rate schedule (including but not limited to charges under any form of cap and trade, carbon tax, or similar system) and that is levied, assessed or made by any governmental authority on the gas itself, or the act, right, or privilege of producing, severing, gathering, storing, transporting, handling, selling or delivering gas under the Contract;

"**TCPL**" means TransCanada PipeLines Limited;

"**Wobbe Number**" shall mean gross heating value of the gas divided by the square root of its specific gravity.

## **II. GAS QUALITY**

1. **Natural Gas:** The minimum gross heating value of the gas delivered to/by Union hereunder, shall be thirty-six (36) megajoules per cubic metre. The maximum gross heating value of the gas delivered to/by Union hereunder shall be forty point two (40.2) megajoules per cubic metre. The gas to be delivered hereunder to Union may be a commingled supply from Shipper's gas sources of supply. The gas to be delivered by Union may be a commingled supply from Union's sources of gas supply; provided, however, that helium, natural gasoline, butane, propane and other hydrocarbons, except methane, may be removed prior to delivery to Shipper. Further, Union may subject, or permit the subsection of, the gas to compression, dehydration, cooling, cleaning and other processes.
2. **Freedom from objectionable matter:** The gas to be delivered to/by Union hereunder,
  - a. shall be commercially free from bacteria, sand, dust, gums, crude oils, lubricating oils, liquids, chemicals or compounds used in the production, treatment, compression or dehydration of the gas or any other objectionable substance in sufficient quantity so as to render the gas toxic, unmerchantable or cause injury to, or interference with, the proper operation of the lines, regulators, meters or other appliances through which it flows,

- b. shall not contain more than seven (7) milligrams of hydrogen sulphide per cubic metre of gas, nor more than four hundred and sixty (460) milligrams of total sulphur per cubic metre of gas,
  - c. shall not contain more than five (5) milligrams of mercaptan sulphur per cubic metre of gas,
  - d. shall not contain more than two point zero (2.0) molar percent by volume of carbon dioxide in the gas,
  - e. shall not contain more than zero point four (0.4) molar percent by volume of oxygen in the gas,
  - f. shall not contain more than zero point five (0.5) molar percent by volume of carbon monoxide in the gas,
  - g. shall not contain more than four point zero (4.0) molar percent by volume of hydrogen in the gas,
  - h. shall not contain more than sixty-five (65) milligrams of water vapour per cubic metre of gas,
  - i. shall not have a cricondenthem hydrocarbon dewpoint exceeding minus eight (-8) degrees Celsius,
  - j. shall have Wobbe Number from forty seven point fifty (47.50) megajoules per cubic metre of gas to fifty one point forty six (51.46) megajoules per cubic metre of gas, maximum of one point five (1.5) mole percent by volume of butane plus (C4+) in the gas, and maximum of four point zero (4.0) mole percent by volume of total inerts in the gas in order to be interchangeable with other Interconnecting Pipeline gas.
3. Non-conforming Gas: In addition to any other right or remedy of a party, each party shall be entitled to refuse to accept delivery of any gas which does not conform to any of the specifications set out in this Article II.
4. Quality of Gas Received: The quality of the gas to be received by Union hereunder is to be of a merchantable quality and in accordance with the quality standards as set out by Union in this Article II, but, Union will also accept gas of a quality as set out in any other Interconnecting Pipeline's general terms and conditions, provided that all Interconnecting Pipelines accept such quality of gas. In addition to any other right or remedy of a party, each party shall be entitled to refuse to accept delivery of any gas which does not conform to any of the specifications set out in Union's M12 Rate Schedule.

### III. MEASUREMENTS

1. Storage, Transportation, and/or Sales Unit: The unit of the gas delivered to Union shall be a megajoule or a gigajoule. The unit of gas transported or stored by Union shall be a megajoule or a gigajoule. The unit of gas delivered by Union shall be a megajoule, a gigajoule, a cubic metre (m<sup>3</sup>) or one thousand cubic metres (10<sup>3</sup>m<sup>3</sup>) at Union's discretion.
2. Determination of Volume and Energy:
- a. The volume and energy amounts determined under the Contract shall be determined in accordance with the Electricity and Gas Inspection Act (Canada), RSC 1985, c E-4- (the "**Act**") and the Electricity and Gas Inspection Regulations, SOR 86/131 (the "**Regulations**"), and any documents issued under the authority of the Act and Regulations and any amendments thereto.
  - 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, all as amended from time to time.
  - c. The volume and/or energy of the gas delivered to/by Union hereunder shall be determined by the measurement equipment designated in Article VII herein.
  - d. Upon request by Union, Shipper shall obtain measurement of the total quantity of gas received by Union hereunder from the Interconnecting Pipeline. Such measurement shall be done in accordance with established practices between Union and the Interconnecting Pipeline.

#### IV. RECEIPT POINT AND DELIVERY POINT

1. Unless otherwise specified in the Contract, the point or points of receipt and point or points of delivery for all gas to be covered hereunder shall be on the outlet side of the measuring stations located at or near the point or points of connection specified in the Contract, where possession of the gas changes from one party to the other, and as per Schedule "D 2010".

#### V. POSSESSION OF AND RESPONSIBILITY FOR GAS

1. Union accepts no responsibility for any gas prior to such gas being delivered to Union at the Receipt Point or after its delivery by Union at the Delivery Point. As between the parties hereto, Union shall be deemed to be in control and possession of and responsible for all such gas from the time that such gas enters Union's system until such gas is delivered to Shipper.
2. Shipper agrees that Union is not a common carrier and is not an insurer of Shipper's gas, and that Union shall not be liable to Shipper or any third party for loss of gas in Union's possession, except to the extent such loss is caused entirely by Union's negligence or wilful misconduct.

#### VI. FACILITIES ON SHIPPER'S PROPERTY

Except under those conditions where Union is delivering to TCPL for TCPL or Shipper at Parkway (TCPL), or to an Interconnecting Pipeline, or where otherwise specified in the Contract, the following will apply:

1. Construction and Maintenance: Union, at its own expense may construct, maintain and operate on Shipper's property at the delivery point a measuring station properly equipped with a meter or meters and any other necessary measuring equipment for properly measuring the gas redelivered under the Contract. Shipper will grant to Union a lease and/or rights-of-way over property of Shipper as required by Union to install such facilities and to connect same to Union's pipeline.
2. Entry: Union, its servants, agents and each of them may at any reasonable time on notice (except in cases of emergency) to Shipper or his duly authorized representative enter Shipper's property for the purpose of constructing, maintaining, removing, operating and/or repairing station equipment.
3. Property: The said station and equipment will be and remain the property of Union notwithstanding it is constructed on and attached to the realty of Shipper, and Union may at its own expense remove it upon termination of the Contract and will do so if so requested by Shipper.

#### VII. MEASURING EQUIPMENT

1. Metering by Union: Union will install and operate meters and related equipment as required and in accordance with the Act and Regulations referenced in Article III herein.
2. Metering by Others: In the event that all or any gas delivered to/by Union hereunder is measured by a meter that is owned and operated by an Interconnecting Pipeline, then Union and Shipper agree to accept that metering for the purpose of determining the volume and energy of gas delivered to/by Union on behalf of the Shipper. The standard of measurement and tests for the gas delivered to/by Union hereunder shall be in accordance with the general terms and conditions as incorporated in that Interconnecting Pipeline company's gas tariff as approved by its regulatory body.
3. Check Measuring Equipment: Shipper may install, maintain and operate, at the redelivery point, at its own expense, such check measuring equipment as desired, provided that such equipment shall be so installed as not to interfere with the operation of Union's measuring equipment at or near the delivery point, and shall be installed, maintained and operated in conformity with the same standards and specifications applicable to Union's metering facilities.
4. Rights of Parties: The measuring equipment installed by either party, together with any building erected by it for such equipment, shall be and remain its property. However, Union and Shipper shall have the right 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 used in measuring or checking the measurement of deliveries of gas to/by Union under the Contract. Either party will give the other party reasonable notice of its intention to carry out the acts herein specified. The records from such measuring equipment shall remain the property of their owner, but upon request each will submit to the other its records and charts, together with calculations therefrom, for inspection and verification, subject to return within ten (10) days after receipt thereof.

5. Calibration and Test of Measuring Equipment: The accuracy of Union's measuring equipment shall be verified by Union at reasonable intervals, and if requested, in the presence of representatives of Shipper, but Union shall not be required to verify the accuracy of such equipment more frequently than once in any thirty (30) day period. In the event either party notifies the other that it desires a special test of any measuring equipment, the parties shall co-operate to secure a prompt verification of the accuracy of such equipment. The expense of any such special test, if called for by Shipper, shall be borne by Shipper if the measuring equipment tested is found to be in error by not more than two per cent (2%). If, upon test, any measuring equipment is found to be in error by not more than two per cent (2%), previous recordings of such equipment shall be considered accurate in computing receipts and deliveries of gas, but such equipment shall be adjusted at once to record as near to absolute accuracy as possible. If the test conducted shows a percentage of inaccuracy greater than two percent (2%), the financial adjustment, if any, shall be calculated in accordance with the Act and Regulations, as may be amended from time to time and in accordance with any successor statutes and regulations.
6. Preservation of Metering Records: Union and Shipper shall each preserve for a period of at least six (6) years all test data, and other relevant records.
7. Error in Metering or Meter Failure: In the event of an error in metering or a meter failure, (such error or failure being determined through check measurement by Union or any other available method), then Shipper shall enforce its rights as Shipper with the Interconnecting Pipeline(s) to remedy such error or failure including enforcing any inspection and/or verification rights and procedures.

#### **VIII. BILLING**

1. Monthly Billing Date: Union shall render bills on or before the tenth (10<sup>th</sup>) day of each month for all Transportation Services furnished during the preceding Month. Such charges may be based on estimated quantities, if actual quantities are unavailable in time to prepare the billing. Union shall provide, in a succeeding Month's billing, an adjustment based on any difference between actual quantities and estimated quantities, without any interest charge. If presentation of a bill to Shipper is delayed after the tenth (10<sup>th</sup>) day of the month, then the time of payment shall be extended accordingly, unless Shipper is responsible for such delay.
2. Right of Examination: Both Union and Shipper shall have the right to examine at any reasonable time 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 the Contract.
3. Amendment of Statements: For the purpose of completing a final determination of the actual quantities of gas handled in any of the Transportation Services to Shipper, the parties shall have the right to amend their statement for a period equal to the time during which the Interconnecting Pipeline retains the right to amend their statements, which period shall not exceed three (3) years from the date of termination of the Contract.

#### **IX. PAYMENTS**

1. Monthly Payments: Shipper shall pay the invoiced amount directly into Union's bank account as directed on the invoice on or before the twentieth (20<sup>th</sup>) day of each month. If the payment date is not a Business Day, then payment must be received in Union's account on the first Business Day preceding the twentieth (20<sup>th</sup>) day of the month.
2. Remedies for Non-payment: Should Shipper fail to pay all of the amount of any bill as herein provided when such amount is due,
  - a. Shipper shall pay to Union interest on the unpaid portion of the bill accruing at a rate per annum equal to the minimum commercial lending rate of Union's principal banker in effect from time to time from the due date until the date of payment; and,

- b. If such failure to pay continues for thirty (30) days after payment is due, Union, in addition to any other remedy it may have under the Contract, may suspend Services until such amount is paid. Notwithstanding such suspension, all demand charges shall continue to accrue hereunder as if such suspension were not in place.

If Shipper in good faith disputes the amount of any such bill or part thereof Shipper shall pay to Union such amounts as it concedes to be correct. At any time thereafter, within twenty (20) days of a demand made by Union, Shipper shall furnish financial assurances satisfactory to Union, guaranteeing payment to Union of the amount ultimately found due upon such bill after a final determination. Such a final determination may be reached either by agreement, arbitration decision or judgement of the courts, as may be the case. Union shall not be entitled to suspend Services because of such non-payment unless and until default occurs in the conditions of such financial assurances or default occurs in payment of any other amount due to Union hereunder.

Notwithstanding the foregoing, Shipper is not relieved from the obligation to continue its deliveries of gas to Union under the terms of any agreement, where Shipper has contracted to deliver specified quantities of gas to Union.

3. Billing Adjustments: If it shall be found that at any time or times Shipper has been overcharged or undercharged in any form whatsoever under the provisions of the Contract and Shipper shall have actually paid the bills containing such overcharge or undercharge, Union shall refund the amount of any such overcharge and interest shall accrue from and including the first day of such overcharge as paid to the date of refund and shall be calculated but not compounded at a rate per annum determined each day during the calculation period to be equal to the minimum commercial lending rate of Union's principal banker, and the Shipper shall pay the amount of any such undercharge, but without interest. In the event Union renders a bill to Shipper based upon measurement estimates, the required adjustment to reflect actual measurement shall be made on the bill next following the determination of such actual measurement, without any charge of interest. In the event an error is discovered in the amount billed in any statement rendered by Union, such error shall be adjusted by Union. Such overcharge, undercharge or error shall be adjusted by Union on the bill next following its determination (where the term "**bill next following**" shall mean a bill rendered at least fourteen (14) days after the day of its determination), provided that claim therefore shall have been made within three (3) years from the date of the incorrect billing. In the event any refund is issued with Shipper's bill, the aforesaid date of refund shall be deemed to be the date of the issue of bill.

4 Taxes:

In addition to the charges and rates as per the applicable rate schedules and price schedules, Shipper shall pay all Taxes which are imposed currently or subsequent to the execution of the Contract by any legal authority having jurisdiction and any amount in lieu of such Taxes paid or payable by Union.

5. Set Off:

If either party shall, at any time, be in arrears under any of its payment obligations to the other party under the Contract, then the party not in arrears shall be entitled to reduce the amount payable by it to the other party in arrears under the Contract, or any other contract, by an amount equal to the amount of such arrears or other indebtedness to the other party. In addition to the foregoing remedy, Union may, upon forty-eight (48) hours verbal notice, to be followed by written notice, take possession of any or all of Shipper's gas under the Contract or any enhancement to the Contract, which shall be deemed to have been assigned to Union, to reduce such arrears or other indebtedness to Union.

X. ARBITRATION

If and when any dispute, difference or question shall arise between the parties hereto touching the Contract or anything herein contained, or the construction hereof, or the rights, duties or liabilities of the parties in relation to any matter hereunder, the matter in dispute shall be submitted and referred to arbitration within ten (10) days after written request of either party. Upon such request each party shall appoint an arbitrator, and the two so appointed shall appoint a third. A majority decision of the arbitrators shall be final and binding upon both parties. In all other respects the provisions of the Arbitration Act, 1991, or any act passed in amendment thereof or substitution therefore, shall apply to each such submission. Operations under the Contract shall continue, without prejudice, during any such arbitration and the costs attributable to such arbitration shall be shared equally by the parties hereto.



## **XI. FORCE MAJEURE**

1. The term "**force majeure**" as used herein shall mean acts of God, strikes, lockouts or any other industrial disturbance, acts of the public enemy, sabotage, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of governments and people, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, freezing of wells or lines of pipe, inability to obtain materials, supplies, permits or labour, any laws, orders, rules, regulations, acts or restraints of any governmental body or authority (civil or military), any act or omission that is excused by any event or occurrence of the character herein defined as constituting force majeure, any act or omission by parties not controlled by the party having the difficulty and any other similar cases not within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome.
2. In the event that either the Shipper or Union is rendered unable, in whole or in part, by force majeure, to perform or comply with any obligation or condition of the Contract, such party shall give notice and full particulars of such force majeure in writing delivered by hand, fax or other direct written electronic means to the other party as soon as possible after the occurrence of the cause relied on and subject to the provision of this Article.
3. Neither party shall be entitled to the benefit of the provisions of force majeure hereunder if any or all of the following circumstances prevail: the failure resulting in a condition of force majeure was caused by the negligence of the party claiming suspension; the failure was caused by the party claiming suspension where such party failed to remedy the condition by making all reasonable efforts (short of litigation, if such remedy would require litigation); the party claiming suspension failed to resume the performance of such condition obligations with reasonable dispatch; the failure was caused by lack of funds; the party claiming suspension did not, as soon as possible after determining, or within a period within which it should acting reasonably have determined, that the occurrence was in the nature of force majeure and would affect its ability to observe or perform any of its conditions or obligations under the Contract, give to the other party the notice required hereunder.
4. The party claiming suspension shall likewise give notice as soon as possible after the force majeure condition is remedied, to the extent that the same has been remedied, and that such party has resumed or is then in a position to resume the performance of the obligations and conditions of the Contract.
5. An event of force majeure on Union's system will excuse the failure to deliver gas by Union or the failure to accept gas by Union hereunder, and both parties shall be excused from performance of their obligations hereunder, except for payment obligations, to the extent of and for the duration of the force majeure.
6. Upstream or Downstream Force Majeure: An event of force majeure upstream or downstream of Union's system shall not relieve Shipper of any payment obligations.
7. Delay of Firm Transportation Services: Despite Article XI herein, if Union is prevented, by reason of an event of force majeure on Union's system from delivering gas on the Day or Days upon which Union has accepted gas from Shipper, Union shall thereafter make all reasonable efforts to deliver such quantities as soon as practicable and on such Day or Days as are agreed to by Shipper and Union. If Union accepts such gas on this basis, Shipper shall not receive any demand charge relief as contemplated under Article XI herein.
8. Demand Charge Relief for Firm Transportation Services: Despite Article XI herein, if on any Day Union fails to accept gas from Shipper by reason of an event of force majeure on Union's system and fails to deliver the quantity of gas nominated hereunder by Shipper up to the firm Contract Demand for that Contract, then for that Day the Monthly demand charge shall be reduced by an amount equal to the applicable Daily Demand Rate, as defined in this paragraph, multiplied by the difference between the quantity of gas actually delivered by Union during such Day and the quantity of gas which Shipper in good faith nominated on such Day. The term "**Daily Demand Rate**" shall mean the Monthly demand charge or equivalent pursuant to the M12 Rate Schedule divided by the number of days in the month for which such rate is being calculated.
9. If, due to the occurrence of an event of force majeure as outlined above, the capacity for gas deliveries by Union is impaired, it will be necessary for Union to curtail Shipper's gas receipts to Union hereunder, via proration based on utilization of such facilities for the Day. This prorating shall be determined by multiplying the capability of such facilities as available downstream of the impairment on the Day, by a fraction where the numerator is Shipper's nominated firm quantity and the denominator is the total of all such nominated firm quantities for nominated services and planned consumption for

in-franchise customers on the Day. For the purposes of this Article XI, firm services shall mean all firm services provided by Union to in-franchise customers and ex-franchise shippers.

## **XII. DEFAULT AND TERMINATION**

In case of the breach or non-observance or non-performance on the part of either party hereto of any covenant, proviso, condition, restriction or stipulation contained in the Contract (but not including herein failure to take or make delivery in whole or in part of the gas delivered to/by Union hereunder occasioned by any of the reasons provided for in Article XI herein) which has not been waived by the other party, then and in every such case and as often as the same may happen, the non-defaulting party may give written notice to the defaulting party requiring it to remedy such default and in the event of the defaulting party failing to remedy the same within a period of thirty (30) days from receipt of such notice, the non-defaulting party may at its sole option declare the Contract to be terminated and thereupon the Contract shall be terminated and be null and void for all purposes other than and except as to any liability of the parties under the same incurred before and subsisting as of termination. The right hereby conferred upon each party 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.

## **XIII. AMENDMENT**

Subject to Article XV herein and the ability of Union to amend the applicable rate schedules and price schedules, with the approval of the OEB (if required), no amendment or modification of the Contract shall be effective unless the same shall be in writing and signed by each of the Shipper and Union.

## **XIV. NON-WAIVER AND FUTURE DEFAULT**

No waiver of any provision of the Contract shall be effective unless the same shall be in writing and signed by the party entitled to the benefit of such provision and then such waiver shall be effective only in the specific instance and for the specified purpose for which it was given. No failure on the part of Shipper or Union to exercise, and no course of dealing with respect to, and no delay in exercising, any right, power or remedy under the Contract shall operate as a waiver thereof.

## **XV. LAWS, REGULATIONS AND ORDERS**

The Contract and the respective rights and obligations of the parties hereto are subject to all present and future valid laws, orders, rules and regulations of any competent legislative body, or duly constituted authority now or hereafter having jurisdiction and the 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 the Contract.

## **XVI ALLOCATION OF CAPACITY**

1. A potential shipper may request firm transportation service on Union's system at any time. Any request for firm M12 transportation service must include: potential shipper's legal name, Receipt Point(s), Delivery Point(s), Commencement Date, Initial Term, Contract Demand and proposed payment. This is applicable for M12 service requests for firm transportation service with minimum terms of ten (10) years where Expansion Facilities are required or a minimum term of five (5) years for use of existing capacity.
2. If requests for firm transportation services cannot be met through existing capacity such that the only way to satisfy the requests for transportation service would require the construction of Expansion Facilities which create new capacity, Union shall allocate any such new capacity by open season, subject to the terms of the open season, and these General Terms and Conditions.
3. If requests for long-term firm transportation service can be met through existing facilities upon which long-term capacity is becoming available, Union shall allocate such long-term capacity by open season, subject to the terms of the open season, and these General Terms and Conditions. "**Long-term**", for the purposes of this Article XVI, means, in the case of a transportation service, a service that has a term of one year or greater.

4. Capacity requests received during an open season shall be awarded starting with those bids with the highest economic value. If the economic values of two or more independent bids are equal, then service shall be allocated on a pro-rata basis. The economic value shall be based on the net present value which shall be calculated based on the proposed per-unit rate and the proposed term of the contract and without regard to the proposed Contract Demand ("NPV").
5. Union may at any time allocate capacity to respond to any M12 transportation service request through an open season. If a potential shipper requests M12 transportation service that can be provided through Available Capacity that was previously offered by Union in an open season but was not awarded, then:
  - a. Any such request must conform to the requirements of Section 1 of this Article XVI;
  - b. Union shall allocate capacity to serve such request pursuant to this Section 5, and subject to these General Terms and Conditions and Union's standard form M12 transportation contract;
  - c. Union may reject a request for M12 transportation service for any of the following reasons:
    - i) if there is insufficient Available Capacity to fully meet the request, but if that is the only reason for rejecting the request for service, Union must offer to supply the Available Capacity to the potential shipper;
    - ii) if the proposed monthly payment is less than Union's Monthly demand charge plus fuel requirements for the applicable service;
    - iii) if prior to Union accepting the request for transportation service Union receives a request for transportation service from one or more other potential shippers and there is, as a result, insufficient Available Capacity to service all the requests for service, in which case Union shall follow the procedure in Section 5 d hereof; -
    - iv) if Union does not provide the type of transportation service requested; or
    - v) if all of the conditions precedent specified in Article XXI Sections 1 and 2 herein have not been satisfied or waived.
  - d. Union will advise the potential shipper in writing whether Union accepts or rejects the request for service, subject to Article XVI 5 c, within 5 calendar days of receiving a request for M12 transportation service. If Union rejects a request for service, Union shall inform the potential shipper of the reasons why its request is being rejected; and
  - e. If Union has insufficient Available Capacity to service all pending requests for transportation service Union may:
    - i) Reject all the pending requests for transportation service and conduct an open season; or
    - ii) Union shall inform all the potential shippers who have submitted a pending request for transportation service that it does not have sufficient capacity to service all pending requests for service, and Union shall provide all such potential shippers with an equal opportunity to submit a revised request for service. Union shall then allocate the Available Capacity to the request for transportation service with the highest economic value to Union. If the economic values of two or more requests are equal, then service shall be allocated on a pro-rata basis. The economic value of any request shall be based on the NPV.

## **XVII. RENEWALS**

Contracts with an Initial Term of five (5) years or greater will continue in full force and effect beyond the Initial Term, automatically renewing for a period of one (1) year, and every one (1) year thereafter. Shipper may reduce the Contract Demand or terminate the Contract with notice in writing by Shipper at least two (2) years prior to the expiration thereof.

## **XVIII. SERVICE CURTAILMENT**

1. Union shall have the right to curtail or not to schedule part or all of Transportation Services, in whole or in part, on all or a portion of its pipeline system at any time for reasons of Force Majeure or when, in Union sole discretion, acting reasonably, capacity or operating conditions so require or it is desirable or necessary to make modifications, repairs or operating

changes to its pipeline system. Union shall provide Shipper such notice of such curtailment as is reasonable under the circumstances. If due to any cause whatsoever Union is unable to receive or deliver the quantities of Gas which Shipper has requested, then Union shall order curtailment by all Shippers affected and to the extent necessary to remove the effect of the disability. Union has a priority of service policy to determine the order of service curtailment. In order to place services on the priority of service list, Union considers the following business principles: appropriate level of access to core services, customer commitment, encouraging appropriate contracting, materiality, price and term, and promoting and enabling in-franchise consumption.

The Priority ranking for all services utilizing Union Gas' storage, transmission and distribution system as applied to both in-franchise and ex-franchise services are as follows; with number 1 having the highest priority and the last interrupted.

1. Firm In-franchise Transportation and Distribution services and firm Ex-franchise services (Note 1)
2. In-franchise Interruptible Distribution services
3. C1/M12 IT Transport and IT Exchanges with Take or Pay rates
4. Balancing (Hub Activity) < = 100 GJ/d; Balancing (Direct Purchase) < = 500 GJ/d; In-franchise distribution authorized overrun (Note 3)
5. C1/M12 IT Transport and IT Exchanges at premium rates
6. C1/M12 Overrun < = 20% of CD (Note 4)
7. Balancing (Direct Purchase) > 500 GJ/d
8. Balancing (Hub Activity) > 100 GJ/d; C1/M12 IT Transport and IT Exchanges
9. C1/M12 Overrun > 20% of CD
10. C1/M12 IT Transport and IT Exchanges at a discount
11. Late Nominations

Notes:

1. Nominated services must be nominated on the NAESB Timely Nomination Cycle otherwise they are considered to be late nomination and are therefore interruptible.
  2. Higher value or more reliable IT is contemplated in the service and contract, when purchase at market competitive prices.
  3. Captures the majority of customers that use Direct Purchase balancing transactions.
  4. Captures the majority of customers that use overrun.
2. Union reserves the right to change its procedures for sharing interruptible capacity and will provide Shipper with two (2) months prior notice of any such change.
  3. Maintenance: Union's facilities from time to time may require maintenance or construction. If such maintenance or construction is required, and in Union's sole opinion, acting reasonably, such maintenance or construction may impact Union's ability to meet Shipper's requirements, Union shall provide at least ten (10) days notice to Shipper, except in the case of an emergency. In the event the maintenance impacts on Union's ability to meet Shipper's requirements, Union shall not be liable for any damages and shall not be deemed in breach of the Contract. To the extent that Union's ability to accept and/or deliver Shipper's gas is impaired, the Monthly demand charge shall be reduced in accordance with Article XI Section 8 and available capacity allocated in accordance with Article XI Section 9 herein.

Union shall use reasonable efforts to determine a mutually acceptable period during which such maintenance or construction will occur and also to limit the extent and duration of any impairments. Union will endeavour to schedule and complete the maintenance and construction, which would normally be expected to impact on Union's ability to meet Shipper's requirements, during the period from April 1 through to November 1.

## **XIX. SHIPPER'S REPRESENTATIONS AND WARRANTIES**

1. Shipper's Warranty: Shipper warrants that it will, if required, maintain, or have maintained on its behalf, all external approvals including the governmental, regulatory, import/export permits and other approvals or authorizations that are required from any federal, state or provincial authorities for the gas quantities to be handled under the Contract. Shipper further warrants that it shall maintain in effect the Facilitating Agreements.
2. Financial Representations: Shipper represents and warrants that the financial assurances (including the Initial Financial Assurances and Security) (if any) shall remain in place throughout the term hereof, unless Shipper and Union agree otherwise. Shipper shall notify Union in the event of any change to the financial assurances throughout the term hereof.

Should Union have reasonable grounds to believe that Shipper will not be able to perform or continue to perform any of its obligations under the Contract as a result of one of the following events ("**Material Event**"):

- a. Shipper is in default, which default has not been remedied, of the Contract or is in default of any other material contract with Union or another party; or,
- b. Shipper's corporate or debt rating falls below investment grade according to at least one nationally recognized rating agency; or,
- c. Shipper ceases to be rated by a nationally recognized agency; or,
- d. Shipper has exceeded credit available as determined by Union from time to time,

then Shipper shall within fourteen (14) days of receipt of written notice by Union, obtain and provide to Union a letter of credit or other security in the form and amount reasonably required by Union (the "**Security**"). The Security plus the Initial Financial Assurances shall not exceed twelve (12) months of Monthly demand charges (in accordance with Article IX herein) multiplied by Contract Demand. In the event that Shipper does not provide to Union such Security within such fourteen (14) day period, Union may deem a default under the Default and Termination provisions of Article XII herein.

In the event that Shipper in good faith, reasonably believes that it should be entitled to reduce the amount of or value of the Security previously provided, it may request such a reduction from Union and to the extent that the Material Event has been mitigated or eliminated, Union shall return all or a portion of the Security to Shipper within fourteen (14) Business Days after receipt of the request.

*The following paragraphs 3 and/or 4 are only applicable if indicated in Schedule 1 of the Contract.*

3. Point of Consumption Warranty: Shipper represents and warrants that, throughout the term of this Contract, all quantities of gas received by Union hereunder at the Receipt Point and/or all Loaned Quantities will be consumed in the U.S.A. Should any quantities of gas hereunder be directed to an end user in Canada, Shipper shall immediately notify Union that such quantities of gas will be consumed in Canada, as failure to do so will make Shipper liable to Union for any Taxes and related interest and penalties thereon, made as a result of such change.
4. Tax Registration re GST: Shipper warrants and represents that it is unregistered and a Non-Resident for purposes of the Excise Tax Act. Shipper agrees to notify Union within ten (10) working days if it becomes registered. "GST/HST" shall mean the Government of Canada's Goods and Services Tax or Harmonized Sales Tax as legislated under The Excise Tax Act, as may be amended from time to time.

## **XX. MISCELLANEOUS PROVISIONS**

1. Permanent Assignment: Shipper may assign the Contract to a third party ("Assignee"), up to the Contract Demand, (the "Capacity Assigned"). Such assignment shall require the prior written consent of Union and release of obligations by Union for the Capacity Assigned from the date of assignment. Such consent and release shall not be unreasonably withheld and shall be conditional upon the Assignee providing, amongst other things, financial assurances as per Article XXI herein. Any such assignment will be for the full rights, obligations and remaining term of the Contract as relates to the Capacity Assigned.
2. Temporary Assignment: Shipper may, upon notice to Union, assign all or a part of its service entitlement under the Contract (the "Assigned Quantity") and the corresponding rights and obligations to an Assignee on a temporary basis for not less than one calendar month. Such assignment shall not be unreasonably withheld and shall be conditional upon the Assignee executing the Facilitating Agreement as per Article XXI herein. Notwithstanding such assignment, Shipper shall remain obligated to Union to perform and observe the covenants and obligations contained herein in regard to the Assigned Quantity to the extent that Assignee fails to do so.
3. Title to Gas: Shipper represents and warrants to Union that Shipper shall have good and marketable title to, or legal authority to deliver to Union, all gas delivered to Union hereunder. Furthermore, Shipper hereby agrees to indemnify and save Union harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of claims of any or all third parties to such gas or on account of Taxes, or other charges thereon.

**XXI. PRECONDITIONS TO TRANSPORTATION SERVICES**

1. The obligations of Union to provide Transportation Services hereunder are subject to the following conditions precedent, which are for the sole benefit of Union and which may be waived or extended in whole or in part in the manner provided in the 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 provide the Transportation Services; and,
  - b. Union shall have obtained all internal approvals that are necessary or appropriate to provide the transportation Services; and,
  - c. Union shall have received from Shipper the requisite financial assurances reasonably necessary to ensure Shipper's ability to honour the provisions of the Contract (the "**Initial Financial Assurances**"). The Initial Financial Assurances, if required, will be as determined solely by Union; and,
  - d. Shipper and Union shall have entered into the Interruptible HUB Service Contract or equivalent (the "**Facilitating Agreement**") with Union.
2. The obligations of Shipper hereunder are subject to the following conditions precedent, which are for the sole benefit of Shipper and which may be waived or extended in whole or in part in the manner provided in the Contract:
  - a. Shipper shall, as required, have entered into the necessary contracts with Union and/or others to facilitate the Transportation Services contemplated herein, including contracts for upstream and downstream transportation, and shall specifically have an executed and valid Facilitating Agreement; and shall, as required, have entered into the necessary contracts to purchase the gas quantities handled under the Contract; and,
  - b. Shipper shall have obtained, in form and substance satisfactory to Shipper, and all conditions shall have been satisfied under, all governmental, regulatory and other third party approvals, consents, orders and authorizations, that are required from federal, state, or provincial authorities for the gas quantities handled under the Contract; and,
  - c. Shipper shall have obtained all internal approvals that are necessary or appropriate for the Shipper to execute the Contract.
3. Union and Shipper shall each use due diligence and reasonable efforts to satisfy and fulfil the conditions precedent specified in this Article XXI Section 1 a, c, and d and Section 2 a and b. Each party shall notify the other forthwith in writing of the satisfaction or waiver of each condition precedent for such party's benefit. If a party concludes that it will not be able to satisfy a condition precedent that is for its benefit, such party may, upon written notice to the other party, terminate the Contract and upon the giving of such notice, the Contract shall be of no further force and effect and each of the parties shall be released from all further obligations thereunder.
4. If any of the conditions precedent in this Article XXI Section 1 c or Section 2 are not satisfied or waived by the party entitled to the benefit of that condition by the Conditions Date as such term is defined in the Contract, then either party may, upon written notice to the other party, terminate the Contract and upon the giving of such notice, the Contract shall be of no further force and effect and each of the parties shall be released from all further obligations hereunder, provided that any rights or remedies that a party may have for breaches of the Contract prior to such termination and any liability a party may have incurred before such termination shall not thereby be released.

**GENERAL TERMS & CONDITIONS  
M13 TRANSPORTATION AGREEMENT**

**I. DEFINITIONS**

Except where the context expressly requires or states another meaning, the following terms, when used in these General Terms & Conditions and in any contract into which these General Terms & Conditions are incorporated, shall be construed to have the following meanings:

1. "Banking Day" shall mean a day on which the general offices of the Canadian Imperial Bank of Commerce, 99 King St. W., Chatham, Ontario are open for business;
2. "business day" shall mean a day on which the general offices of Union in Chatham, Ontario are open for business;
3. "Contract" shall refer to the Contract to which these General Terms & Conditions shall apply, and into which they are incorporated;
4. "contract year" shall mean a period of three hundred and sixty-five (365) consecutive days, beginning on the day agreed upon by Union and Shipper as set forth in the Contract, or on any anniversary of such date; provided, however, that any such period which contains a date of February 29 shall consist of three hundred and sixty-six (366) consecutive days;
5. "day" shall mean a period of twenty-four (24) consecutive hours beginning at 9:00 a.m. Central Standard time. The reference date for any day shall be the calendar date upon which the twenty-four (24) hour period shall commence;
6. "month" shall mean the period beginning at 9:00 a.m. Central Standard time on the first day of a calendar month and ending at 9:00 a.m. Central Standard time on the first day of the following calendar month;
7. "firm" shall mean service not subject to curtailment or interruption except under Articles XI and XII of this Schedule "B";
8. "interruptible service" shall mean service subject to curtailment or interruption, after notice, at any time;
9. "gas" shall mean gas as defined in the Ontario Energy Board Act, R.S.O. 1980, c. 332, as amended, supplemented or reenacted from time to time;
10. "cubic metre" shall mean the volume of gas which occupies one cubic metre when such gas is at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;
11. "m<sup>3</sup>" shall mean cubic metre of gas and "10<sup>3</sup>m<sup>3</sup>" shall mean 1,000 cubic metres of gas;
12. "pascal" (Pa) shall mean the pressure produced when a force of one (1) newton is applied to an area of one (1) square metre. The term "kilopascal" (kPa) shall mean 1,000 pascals;
13. "joule" (J) shall mean 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;
14. "gross heating value" shall mean the total heat expressed in megajoules per cubic metre (MJ/m<sup>3</sup>) produced by the complete combustion at constant pressure of one (1) cubic metre of gas with air, with the gas free of water vapour and the temperature of the gas, air and products of combustion at standard temperature and all water formed by the combustion reaction condensed to the liquid state;
15. "Shipper" shall have the meaning as defined in the Contract and shall also include Shipper's agent(s);
16. "subsidiary" shall mean a company in which more than fifty (50) per cent of the issued share capital (having full voting rights under all circumstances) is owned or controlled directly or indirectly by another company, by one or more subsidiaries of such other company, or by such other company and one or more of its subsidiaries;

17. "TCPL" means TransCanada PipeLines Limited;
18. "NOVA" means NOVA Gas Transmission Ltd;
19. "Panhandle" means CMS Panhandle Eastern Pipeline Company;
20. "MichCon" means Michigan Consolidated Gas Company;
21. "SCPL" means St. Clair Pipelines (1996) Ltd.;
22. "OEB" means the Ontario Energy Board;
23. "NEB" means the National Energy Board (Canada);
  - i. "GLGT" means Great Lakes Gas Transmission Company;
  - ii. "CMS" means CMS Gas Transmission and Storage Company; and,
  - iii. "Consumers" means The Consumers' Gas Company, Limited.
24. "cricondentherm hydrocarbon dewpoint" shall mean the highest hydrocarbon dewpoint temperature on the phase envelope;
25. "hydrocarbon dewpoint" shall mean temperature at a specific pressure where hydrocarbon vapour condensation begins;
26. "specific gravity" shall mean density of the gas divided by density of air, with both at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute; and,
27. "Wobbe Number" shall mean gross heating value of the gas divided by the square root of its specific gravity.

## **II. GAS QUALITY**

1. Natural Gas: The minimum gross heating value of the gas delivered to/by Union hereunder, shall be thirty-six (36) megajoules per cubic metre. The maximum gross heating value of the gas delivered to/by Union hereunder shall be forty point two (40.2) megajoules per cubic metre. The gas to be delivered hereunder to Union may be a commingled supply from Shipper's gas sources of supply. The gas to be delivered by Union may be a commingled supply from Union's sources of gas supply; provided, however, that helium, natural gasoline, butane, propane and other hydrocarbons, except methane, may be removed prior to delivery to Shipper. Further, Union may subject, or permit the subjection of, the gas to compression, dehydration, cooling, cleaning and other processes.
2. Freedom from objectionable matter: The gas to be delivered to Union at the Receipt Point(s) hereunder,
  - a. shall be commercially free from bacteria, sand, dust, gums, crude oils, lubricating oils, liquids, chemicals or compounds used in the production, treatment, compression or dehydration of the gas or any other objectionable substance in sufficient quantity so as to render the gas toxic, unmerchantable or cause injury to, or interference with, the proper operation of the lines, regulators, meters or other appliances through which it flows,
  - b. shall not contain more than seven (7) milligrams of hydrogen sulphide per cubic metre of gas, nor more than one hundred (100) milligrams of total sulphur per cubic metre of gas,
  - c. shall not contain more than five (5) milligrams of mercaptan sulphur per cubic metre of gas,
  - d. shall not contain more than two point zero (2.0) molar percent by volume of carbon dioxide in the gas,
  - e. shall not contain more than zero point four (0.4) molar percent by volume of oxygen in the gas,



- f. shall not contain more than zero point five (0.5) molar percent by volume of carbon monoxide in the gas,
  - g. shall not contain more than four point zero (4.0) molar percent by volume of hydrogen in the gas,
  - h. shall not contain more than sixty-five (65) milligrams of water vapour per cubic metre of gas,
  - i. shall not have a cricondentherm hydrocarbon dewpoint exceeding minus eight (-8) degrees Celsius,
  - j. shall have Wobbe Number from forty seven point fifty (47.50) megajoules per cubic metre of gas to fifty one point forty six (51.46) megajoules per cubic metre of gas, maximum of one point five (1.5) mole percent by volume of butane plus (C4+) in the gas, and maximum of four point zero (4.0) mole percent by volume of total inerts in the gas in order to be interchangeable with other Interconnecting Pipeline gas,
  - k. shall not exceed forty-three degrees Celsius (43°C), and,
  - l. shall not be odourized by Shipper.
3. Non-conforming Gas:
- a. In the event that the quality of the gas does not conform or if Union, acting reasonably, suspects the quality of the gas may not conform to the specifications herein, then Shipper shall, if so directed by Union acting reasonably, forthwith carry out, at Shipper's cost, whatever field testing of the gas quality as may be required to ensure that the quality requirements set out herein are met, and to provide Union with a certified copy of such tests. If Shipper does not carry out such tests forthwith, Union may conduct such test and Shipper shall reimburse Union for all costs incurred by Union for such testing.
  - b. If Shipper's gas fails at any time to conform to the requirements of this Article II, Union, in addition to its other remedies, may refuse to accept delivery of gas at the Receipt Points hereunder until such deficiency has been remedied by Shipper. Each Party agrees to notify the other verbally, followed by written notification, of any such deficiency of quality.
4. Quality of Gas Received: The quality of the gas to be received by Union at the Receipt Point(s) hereunder is to be of a merchantable quality and in accordance with the quality standards as set out by Union in this Article II, but, Union will use reasonable efforts to accept gas of a quality that may deviate from the quality standards set out therein.
5. Quality of Gas at Dawn: The quality of the gas to be delivered to Union at Dawn (Facilities) or the gas to be delivered by Union to Shipper at Dawn (Facilities) hereunder is to be of a merchantable quality and in accordance with the quality standards and measurement standards as set out by Union in this Article II, except that total sulphur limit shall be not more than four hundred and sixty (460) milligrams per cubic metre of gas. In addition to any other right or remedy of a party, each party shall be entitled to refuse to accept delivery of any gas which does not conform to any of the specifications set out in this Article II.

### III. MEASUREMENTS

- 1. Service Unit: The unit of the gas delivered to Union shall be a quantity of 10<sup>3</sup>m<sup>3</sup>. The unit of gas delivered by Union shall be a megajoule, a gigajoule, a cubic metre (m<sup>3</sup>) or one thousand cubic metres (10<sup>3</sup>m<sup>3</sup>) at Union's discretion.
- 2. Determination of Volume and Energy:
  - a. The volume and energy amounts determined under the Contract shall be determined in accordance with the Electricity and Gas Inspection Act (Canada), RSC 1985, c E-4- (the "Act") and the Electricity and Gas Inspection Regulations, SOR 86/131 (the "Regulations"), and any documents issued under the authority of the Act and Regulations and any amendments thereto.
  - 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, all

as amended from time to time.

- c. The volume and/or energy of the gas delivered to/by Union hereunder shall be determined by the measurement equipment designated in Article VI herein.

#### **IV. POINT OF RECEIPT AND POINT OF DELIVERY**

1. Unless otherwise specified in the Contract, the point or points of receipt for all gas to be covered hereunder shall be on the outlet side of the measuring stations located at or near the point or points of connection specified in the Contract, where Union takes possession of the gas. Whenever the phrase "receipt point" appears herein, it shall mean Point of Receipt as defined in this Article IV.
2. Unless otherwise specified in the Contract, the point or points of delivery for all gas to be covered hereunder shall be on the outlet side of the measuring stations located at or near the point or points of connection as specified in the Contract, where Shipper takes possession of the gas. Whenever the phrase "delivery point" shall appear herein, it shall mean Point of Delivery as defined in this Article IV.

#### **V. FACILITIES ON CUSTOMER'S PROPERTY**

N/A.

#### **VI. MEASURING EQUIPMENT**

1. Metering by Union: Union will install and operate meters and related equipment as required and in accordance with the Act and Regulations referenced in Article III herein.
2. Metering by Others: In the event that all or any gas received or delivered hereunder is measured by a meter that is owned and operated by an upstream or downstream transporter (the "Transporter") whose facilities may or may not interconnect with Union's, then Union and Shipper agree to accept that metering for the purpose of determining the volume and energy of gas received or delivered on behalf of the Shipper. The standard of measurement and tests for the gas delivered to/by Union pursuant to this Article VII, Section 2 shall be in accordance with the general terms and conditions as incorporated in that Transporter's gas tariff as approved by Transporter's regulatory body.
3. Check Measuring Equipment: Shipper may install, maintain and operate, at the Receipt Point, at its own expense, such check measuring equipment as desired, provided that such equipment shall be so installed as not to interfere with the operation of Union's measuring equipment at or near the Receipt Point, and shall be installed, maintained and operated in conformity with the same standards and specifications applicable to Union's metering facilities.
4. Calibration and Test of Measuring Equipment: The accuracy of Union's measuring equipment shall be verified by Union at reasonable intervals, and if requested, in the presence of representatives of Shipper, but Union shall not be required to verify the accuracy of such equipment more frequently than once in any thirty (30) day period. In the event either party notifies the other that it desires a special test of any measuring equipment, the parties shall co-operate to secure a prompt verification of the accuracy of such equipment. The expense of any such special test, if called for by Shipper, shall be borne by Shipper if the measuring equipment tested is found to be in error by not more than two per cent (2%). If, upon test, any measuring equipment is found to be in error by not more than two per cent (2%), previous recordings of such equipment shall be considered accurate in computing receipts of gas, but such equipment shall be adjusted at once to record as near to absolute accuracy as possible. If the test conducted shows a percentage of inaccuracy greater than two percent (2%), the financial adjustment, if any, shall be calculated in accordance with the Act and Regulations, as may be amended from time to time and in accordance with any successor statutes and regulations.
5. Preservation of Metering Records: Union and Shipper shall each preserve for a period of at least six (6) years all test data, and other relevant records.

## **VII. BILLING**

1. Monthly Billing Date: Union shall render bills on or before the 10th day of each month for all services furnished during the preceding month. Such charges may be based on estimated quantities, if actual quantities are unavailable in time to prepare the billing. Union shall provide, in a succeeding month's billing, an adjustment based on any difference between actual quantities and estimated quantities. If presentation of a bill to Shipper is delayed after the 10th day of the month, then the time of payment shall be extended accordingly, unless Shipper is responsible for such delay.
2. Right of Examination: Both Union and Shipper shall have the right to examine at any reasonable time 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 the Contract.

## **VIII. PAYMENTS**

1. Monthly Payments: Shipper shall pay the invoiced amount directly into Union's bank account as directed on the invoice on or before the twentieth (20<sup>th</sup>) day of each month. If the payment date is not a business day, then payment must be received in Union's account on the first business day preceding the twentieth (20<sup>th</sup>) day of the month.
2. Remedies for Non-payment: Should Shipper fail to pay all of the amount of any bill as herein provided when such amount is due, Shipper shall pay to Union interest on the unpaid portion of the bill accruing at a rate per annum equal to the minimum commercial lending rate of Union's principal banker in effect from time to time from the due date until the date of payment. If such failure to pay continues for thirty (30) days after payment is due, Union, in addition to any other remedy it may have under the Contract may suspend service(s) until such amount is paid, provided however, that if Shipper, in good faith shall dispute the amount of any such bill or part thereof and shall pay to Union such amounts as it concedes to be correct and at any time thereafter within twenty (20) days of a demand made by Union shall furnish good and sufficient surety bond satisfactory to Union, guaranteeing payment to Union of the amount ultimately found due upon such bill after a final determination which may be reached either by agreement, arbitration decision or judgement of the courts, as may be the case, then Union shall not be entitled to suspend service(s) because of such non-payment unless and until default be made in the conditions of such bond or in payment for any further service(s) to Shipper hereunder.
3. Billing Adjustments: If it shall be found that at any time or times Shipper has been overcharged or undercharged in any form whatsoever under the provisions of the Contract and Shipper shall have actually paid the bills containing such overcharge or undercharge, Union shall refund the amount of any such overcharge and interest shall accrue from and including the first day of such overcharge as paid to the date of refund and shall be calculated but not compounded at a rate per annum determined each day during the calculation period to be equal to the minimum commercial lending rate of Union's principal banker, and the Shipper shall pay the amount of any such undercharge, but without interest. In the event Union renders a bill to Shipper based upon measurement estimates, the required adjustment to reflect actual measurement shall be made on the bill next following the determination of such actual measurement, without any charge of interest. In the event an error is discovered in the amount billed in any statement rendered by Union, such error shall be adjusted by Union. Such overcharge, undercharge or error shall be adjusted by Union on the bill next following its determination (where the term "bill" next following shall mean a bill rendered at least fourteen (14) days after the day of its determination), provided that claim therefore shall have been made within six (6) years from the date of the incorrect billing. In the event any refund is issued with Shipper's bill, the aforesaid date of refund shall be deemed to be the date of the issue of invoice.

## **IX. ARBITRATION**

If and when any dispute, difference or question shall arise between the parties hereto touching the Contract or anything herein contained, or the construction hereof, or the rights, duties or liabilities of the parties in relation to any matter hereunder, the matter in dispute shall be submitted and referred to arbitration within ten (10) days after written request of either party. Upon such request each party shall appoint an arbitrator, and the two so appointed shall appoint a third. A majority decision of the arbitrators shall be final and binding upon both parties. In all other respects the provisions of the Arbitration Act of the Province of Ontario, or any act passed in amendment thereof or substitution thereof, shall apply to each such submission. Operations under this Contract shall continue, without prejudice, during any such arbitration and the costs attributable to such arbitration shall be shared equally by the parties hereto.

X. FORCE MAJEURE

N/A

XI. DEFAULT AND TERMINATION

N/A

XII. MODIFICATION

N/A

XIII. NONWAIVER AND FUTURE DEFAULT

N/A

XIV. LAWS, REGULATIONS AND ORDERS

The Contract and the respective rights and obligations of the parties hereto are subject to all present and future valid laws, orders, rules and regulations of any competent legislative body, or duly constituted authority now or hereafter having jurisdiction and the 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 the Contract.

RATE M13  
GENERAL TERMS & CONDITIONS

I. DEFINITIONS

Except where the context expressly requires or states another meaning, the following terms, when used in these General Terms & Conditions and in any contract into which these General Terms & Conditions are incorporated, shall be construed to have the following meanings:

**"Aid to Construction"** shall include any and all costs, expenses, amounts, damages, obligations, or other liabilities (whether of a capital or operating nature, and whether incurred before or after the date of the Contract) actually paid by Union (including amounts paid to affiliates for services rendered in accordance with the Affiliate Relationships Code as established by the OEB) in connection with or in respect of satisfying the conditions precedent set out in Article XXI herein (including without limitation the cost of construction, installation and connection of any required meter station as described in Article IX, Section 6, the obtaining of all governmental, regulatory and other third party approvals, and the obtaining of rights of way) whether resulting from Union's negligence or not, except for any costs that have arisen from the gross negligence, fraud, or wilful misconduct of Union;

**"Average Local Producer Heat" ("ALPH")** shall mean the heat content value as set by Union, and shall be determined by volumetrically averaging the gross heat content of all produced gas delivered to the Union system by Ontario Local Producers. The ALPH shall be expressed in GJ/10<sup>3</sup>m<sup>3</sup> and may be adjusted from time to time by Union;

**"Business Day"** shall mean any day, other than Saturday, Sunday or any days on which national banks in the Province of Ontario are authorized to close;

**"Contract"** shall refer to the Contract to which these General Terms & Conditions shall apply, and into which they are incorporated;

**"Contract Year"** shall mean a period of three hundred and sixty-five (365) consecutive days; provided however, that any such period which contains a date of February 29 shall consist of three hundred and sixty-six (366) consecutive days, commencing on November 1 of each year; except for the first Contract Year which shall commence on the Commencement Date and end on the first October 31 that follows such date;

**"cricondenthm hydrocarbon dewpoint"** shall mean the highest hydrocarbon dewpoint temperature on the phase envelope;

**"cubic metre"** shall mean the volume of gas which occupies one cubic metre when such gas is at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;

**"Dawn Quantity"** shall mean the total daily quantity of gas in GJ delivered at Dawn (Facilities), which is equal to the total energy of all gas supplied daily to Union at the Receipt Point(s). The Dawn Quantity shall be calculated utilizing the following factor equation: Dawn Quantity = Produced Volume x ALPH;

**"Day"** shall mean a period of twenty-four (24) consecutive hours beginning at 10:00 a.m. Eastern Clock Time. The reference date for any Day shall be the calendar date upon which the twenty-four (24) hour period shall commence;

**"Delivery Point"** shall mean the point where Union shall deliver the Dawn Quantity and/or Market Quantity to Shipper and as further defined in Schedule 1 of the Contract;

**"Distribution Demand"** shall mean the varying demand for the supply of gas, as determined by Union, on Union's pipeline and distribution system for users of gas who are supplied or delivered gas by Union's pipeline and distribution system;

**"Eastern Clock Time"** shall mean the local clock time in the Eastern Time Zone on any Day;

**"firm"** shall mean service not subject to curtailment or interruption except under Articles XI, XII and XVIII herein;

**"Firm Daily Variability Demand"** shall mean the established quantity set forth in Schedule 2 of the Contract, which is the permitted difference between the Dawn Quantity and the Market Quantity;

"gas" shall mean gas as defined in the Ontario Energy Board Act, 1998, S.O. 1998, c.15, Sch. B, as amended, supplemented or re-enacted from time to time;

"**gross heating value**" shall mean the total heat expressed in megajoules per cubic metre (MJ/m<sup>3</sup>) produced by the complete combustion at constant pressure of one (1) cubic metre of gas with air, with the gas free of water vapour and the temperature of the gas, air and products of combustion at standard temperature and all water formed by the combustion reaction condensed to the liquid state;

"**hydrocarbon dewpoint**" shall mean temperature at a specific pressure where hydrocarbon vapour condensation begins;

"**Interruptible HUB Service Contract**" shall mean a contract between Shipper and Union under which Union provides interruptible HUB service;

"**Interconnecting Pipeline**" shall mean a pipeline that directly connects to the Union pipeline and distribution system;

"**joule**" (J) shall mean 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;

"**m<sup>3</sup>**" shall mean cubic metre of gas and "**10<sup>3</sup>m<sup>3</sup>**" shall mean 1,000 cubic metres of gas;

"**MAOP**" shall mean the maximum allowable operating pressure of Union's pipeline and distribution system and as further defined in Schedule 1 of the Contract;

"**Market Quantity**" shall mean the daily quantity in GJ nominated for Name Change Service that Day by Shipper at Dawn (Facilities);

"**Maximum Daily Quantity**" shall mean the maximum quantity of gas Shipper may deliver to Union at a Receipt Point on any Day, as further defined in Schedule 1;

"**Month**" shall mean the period beginning at 10:00 a.m. Eastern Clock Time on the first day of a calendar month and ending at 10:00 a.m. Eastern Clock Time on the first day of the following calendar month;

"**Name Change Service**" shall mean an interruptible administrative service whereby Union acknowledges for Shipper a change in title of a gas quantity from Shipper to a third party at the Delivery Point;

"**OEB**" means the Ontario Energy Board;

"**pascal**" "**(Pa)**" shall mean the pressure produced when a force of one (1) newton is applied to an area of one (1) square metre. The term "**kilopascal**" "**(kPa)**" shall mean 1,000 pascals;

"**Produced Volume**" shall mean the aggregate of all actual volumes of gas in 10<sup>3</sup>m<sup>3</sup>, delivered by Shipper to Union at all Receipt Points on any Day;

"**Producer Balancing Account**" shall mean the gas balance held by Union for Shipper, or owed by Shipper to Union, at the Delivery Point. Where the Producer Balancing Account is zero or a positive number, the account is in a credit position, and where the Producer Balancing Account is less than zero, the account is in a debit position;

"**Producer Balancing Service**" shall mean a Service whereby Union either calculates a credit or debit to the Producer Balancing Account by subtracting the Market Quantity from the Dawn Quantity. Where such amount is greater than zero, Union will credit the Producer Balancing Account, or where such amount is less than zero, Union will debit the Producer Balancing Account. This Service shall be performed on a retroactive basis on the terms and conditions contained in Schedule 2 of the Contract, as may be revised from time to time by Union;

"**Receipt Point**" shall mean the point(s) where Union shall receive gas from Shipper;

"**Sales Agreement**" shall mean the Ontario Gas Purchase Agreement(s) entered into between Shipper and Union;

"Shipper" shall have the meaning as defined in the Contract, and shall also include Shipper's agent(s);

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"specific gravity" shall mean density of the gas divided by density of air, with both at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;

Exhibit H1

Tab 2

Appendix 8

"System Capacity" shall mean the volumetric capacity that exists from time to time within Union's pipeline and distribution system which determines Union's ability to accept volumes of gas into Union's pipeline and distribution system hereunder. System Capacity shall be determined by Union and such determination, in addition to the physical characteristics of Union's pipeline and distribution system Distribution Demand, shall also include consideration of Union's local Distribution Demand, Union's total system Distribution Demand, availability of Union's gas storage capacity, and other gas being purchased and/or delivered into Union's pipeline and distribution system;

"Taxes" shall mean any tax (other than tax on income or tax on property), duty, royalty, levy, license, fee or charge not included in the charges and rates as per the applicable rate schedule (including but not limited to charges under any form of cap and trade, carbon tax, or similar system) and that is levied, assessed or made by any governmental authority on the gas itself, or the act, right, or privilege of producing, severing, gathering, storing, transporting, handling, selling or delivering gas under the Contract;

"Wobbe Number" shall mean gross heating value of the gas divided by the square root of its specific gravity.

## II. GAS QUALITY

1. Natural Gas: The minimum gross heating value of the gas delivered to/by Union hereunder, shall be thirty-six (36) megajoules per cubic metre. The maximum gross heating value of the gas delivered to/by Union hereunder shall be forty point two (40.2) megajoules per cubic metre. The gas to be delivered hereunder to Union may be a commingled supply from Shipper's gas sources of supply. The gas to be delivered by Union may be a commingled supply from Union's sources of gas supply; provided, however, that helium, natural gasoline, butane, propane and other hydrocarbons, except methane, may be removed prior to delivery to Shipper. Further, Union may subject, or permit the subjection of, the gas to compression, dehydration, cooling, cleaning and other processes.
2. Freedom from objectionable matter: The gas to be delivered to Union at the Receipt Point(s) hereunder,
  - a. shall be commercially free from bacteria, sand, dust, gums, crude oils, lubricating oils, liquids, chemicals or compounds used in the production, treatment, compression or dehydration of the gas or any other objectionable substance in sufficient quantity so as to render the gas toxic, unmerchantable or cause injury to, or interference with, the proper operation of the lines, regulators, meters or other appliances through which it flows,
  - b. shall not contain more than seven (7) milligrams of hydrogen sulphide per cubic metre of gas, nor more than one hundred (100) milligrams of total sulphur per cubic metre of gas,
  - c. shall not contain more than five (5) milligrams of mercaptan sulphur per cubic metre of gas,
  - d. shall not contain more than two point zero (2.0) molar percent by volume of carbon dioxide in the gas,
  - e. shall not contain more than zero point four (0.4) molar percent by volume of oxygen in the gas,
  - f. shall not contain more than zero point five (0.5) molar percent by volume of carbon monoxide in the gas,
  - g. shall not contain more than four point zero (4.0) molar percent by volume of hydrogen in the gas,
  - h. shall not contain more than sixty-five (65) milligrams of water vapour per cubic metre of gas,
  - i. shall not have a cricondenthm hydrocarbon dewpoint exceeding minus eight (-8) degrees Celsius,
  - j. shall have Wobbe Number from forty seven point fifty (47.50) megajoules per cubic metre of gas to fifty one point forty six (51.46) megajoules per cubic metre of gas, maximum of one point five (1.5) mole percent by volume of butane plus (C4+) in the gas, and maximum of four point zero (4.0) mole percent by volume of total inerts in the gas in order to be interchangeable with other Interconnecting Pipeline gas,

- k. shall not exceed forty-three degrees Celsius (43°C), and,
  - l. shall not be odourized by Shipper.
3. Non-conforming Gas:
- a. In the event that the quality of the gas does not conform or if Union, acting reasonably, suspects the quality of the gas may not conform to the specifications herein, then Shipper shall, if so directed by Union acting reasonably, forthwith carry out, at Shipper's cost, whatever field testing of the gas quality as may be required to ensure that the quality requirements set out herein are met, and to provide Union with a certified copy of such tests. If Shipper does not carry out such tests forthwith, Union may conduct such test and Shipper shall reimburse Union for all costs incurred by Union for such testing.
  - b. If Shipper's gas fails at any time to conform to the requirements of this Article II, Union, in addition to its other remedies, may refuse to accept delivery of gas at the Receipt Points hereunder until such deficiency has been remedied by Shipper. Each Party agrees to notify the other verbally, followed by written notification, of any such deficiency of quality.
4. Quality of Gas Received: The quality of the gas to be received by Union at the Receipt Point(s) hereunder is to be of a merchantable quality and in accordance with the quality standards as set out by Union in this Article II, but, Union will use reasonable efforts to accept gas of a quality that may deviate from the quality standards set out therein.
5. Quality of Gas at Dawn: The quality of the gas to be delivered to Union at Dawn (Facilities) or the gas to be delivered by Union to Shipper at Dawn (Facilities) hereunder is to be of a merchantable quality and in accordance with the quality standards and measurement standards as set out by Union in this Article II, except that total sulphur limit shall be not more than four hundred and sixty (460) milligrams per cubic metre of gas. In addition to any other right or remedy of a party, each party shall be entitled to refuse to accept delivery of any gas which does not conform to any of the specifications set out in this Article II.

### III. MEASUREMENTS

- 1. Service Unit: The unit of the gas delivered to Union shall be a quantity of 10<sup>3</sup>m<sup>3</sup>. The unit of gas delivered by Union shall be a megajoule, a gigajoule, a cubic metre (m<sup>3</sup>) or one thousand cubic metres (10<sup>3</sup>m<sup>3</sup>) at Union's discretion.
- 2. Determination of Volume and Energy:
  - a. The volume and energy amounts determined under the Contract shall be determined in accordance with the Electricity and Gas Inspection Act (Canada), RSC 1985, c E-4- (the "Act") and the Electricity and Gas Inspection Regulations, SOR 86/131 (the "Regulations"), and any documents issued under the authority of the Act and Regulations and any amendments thereto.
  - 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, all as amended from time to time.
  - c. The volume and/or energy of the gas delivered to/by Union hereunder shall be determined by the measurement equipment designated in Article VII herein.

### IV. RECEIPT POINT AND DELIVERY POINT

The point(s) of receipt and point of delivery for all gas to be covered hereunder shall be on the outlet side of the measuring stations located at or near the point or points of connection specified in Schedule 1 of the Contract, where possession of the gas changes from one party to the other.



**V. POSSESSION OF AND RESPONSIBILITY FOR GAS**

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1. Union accepts no responsibility for any gas prior to such gas being delivered to Union at the Receipt Point or after its delivery by Union at the Delivery Point. As between the parties hereto, Union shall be deemed to be in control and possession of and responsible for all such gas from the time that such gas enters Union's system until such gas is delivered to Shipper. Exhibit H1  
Tab 2  
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2. Shipper agrees that Union is not a common carrier and is not an insurer of Shipper's gas, and that Union shall not be liable to Shipper or any third party for loss of gas in Union's possession, except to the extent such loss is caused entirely by Union's negligence or wilful misconduct.

**VI. FACILITIES ON SHIPPER'S PROPERTY**

1. Union shall provide, at the Receipt Point(s), according to the terms hereunder, the meter station required to receive and measure the Produced Volume of gas received by Union from Shipper. Shipper agrees, if requested by Union, to provide Union with sufficient detailed information regarding Shipper's current and expected operations in order to aid Union in Union's design of the meter station.
2. Pursuant to Article VI. Section 1 herein, Union shall purchase, install and maintain, at the Receipt Point(s):
- a. a meter and any associated recording gauges as are necessary; and,
  - b. a suitable gas odourizing injection facility where Union deems such facility to be necessary.
3. All equipment installed by Union at the Receipt Point(s) shall remain the property of Union at all times, notwithstanding the fact that it may be affixed to Shipper's property. Union shall be entitled to remove said equipment at any time within a period of sixty (60) days from any termination or expiry of the Contract. Shipper shall take all necessary steps to ensure Union may enter onto the Receipt Point(s) to remove such equipment for a period of sixty (60) days after termination or expiry of the Contract or the Sales Agreement.
4. Upon Union's request Shipper shall, at Shipper's own cost and expense:
- a. obtain a registered lease or freehold ownership at the Receipt Point(s) sufficient to provide Union with free uninterrupted access to, from, under and above the Receipt Point(s), for a term (and extended terms) identical to the Contract, plus sixty (60) days, and shall provide Union with a bona fide copy of such lease agreement prior to Union commencing the construction of the meter station;
  - b. furnish, install, set, and maintain suitable pressure and volume control equipment and such additional equipment as required on Shipper's delivery system, to protect against the overpressuring of Union's facilities, and to limit the daily flow of gas to the corresponding Maximum Daily Quantity applicable to the Receipt Point(s);
  - c. supply, install and maintain a gravel or cut stone covering on each Receipt Point and shall maintain such Receipt Point(s) in a safe and workmanlike manner; and,
  - d. install and maintain a fence satisfactory to Union around the perimeter of each Receipt Point which will adequately secure and protect Union's equipment therein.
5. Shipper shall within thirty (30) days of the delivery of an invoice by Union, reimburse Union for any actual costs reasonably incurred by Union for any repair, replacement, relocation, or upgrading of any meter station requested by Shipper, or as required by law, or by duly constituted regulatory body, or through good engineering practice. Union shall be responsible for any costs incurred by Union to correct an error made by Union.

**VII. MEASURING EQUIPMENT**

1. Metering by Union: Union will install and operate meters and related equipment as required and in accordance with the Act and Regulations referenced in Article III herein.

2. Metering by Others: In the event that all or any gas received or delivered hereunder is measured by a meter owned and operated by an upstream or downstream transporter (the "Transporter") whose facilities may or may not interconnect with Union's, then Union and Shipper agree to accept that metering for the purpose of determining the volume and energy of gas received or delivered on behalf of the Shipper. The standard of measurement and tests for the gas delivered to/by Union pursuant to this Article VII, Section 2 shall be in accordance with the general terms and conditions as incorporated in that Transporter's gas tariff as approved by Transporter's regulatory body.
3. Check Measuring Equipment: Shipper may install, maintain and operate, at the Receipt Point, at its own expense, such check measuring equipment as desired, provided that such equipment shall be so installed as not to interfere with the operation of Union's measuring equipment at or near the Receipt Point, and shall be installed, maintained and operated in conformity with the same standards and specifications applicable to Union's metering facilities.
4. Calibration and Test of Measuring Equipment: The accuracy of Union's measuring equipment shall be verified by Union at reasonable intervals, and if requested, in the presence of representatives of Shipper, but Union shall not be required to verify the accuracy of such equipment more frequently than once in any thirty (30) day period. In the event either party notifies the other that it desires a special test of any measuring equipment, the parties shall co-operate to secure a prompt verification of the accuracy of such equipment. The expense of any such special test, if called for by Shipper, shall be borne by Shipper if the measuring equipment tested is found to be in error by not more than two per cent (2%). If, upon test, any measuring equipment is found to be in error by not more than two per cent (2%), previous recordings of such equipment shall be considered accurate in computing receipts of gas, but such equipment shall be adjusted at once to record as near to absolute accuracy as possible. If the test conducted shows a percentage of inaccuracy greater than two per cent (2%), the financial adjustment, if any, shall be calculated in accordance with the Act and Regulations, as may be amended from time to time and in accordance with any successor statutes and regulations.
5. Preservation of Metering Records: Union and Shipper shall each preserve for a period of at least six (6) years all test data, and other relevant records.

## VIII. BILLING

1. Monthly Billing Date: Union shall render bills on or before the tenth (10<sup>th</sup>) day of each month for all Services furnished during the preceding Month. Such charges may be based on estimated quantities, if actual quantities are unavailable in time to prepare the billing. Union shall provide, in a succeeding Month's billing, an adjustment based on any difference between actual quantities and estimated quantities, without any interest charge. If presentation of a bill to Shipper is delayed after the tenth (10<sup>th</sup>) day of the month, then the time of payment shall be extended accordingly, unless Shipper is responsible for such delay.
2. Right of Examination: Both Union and Shipper shall have the right to examine at any reasonable time 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 the Contract.
3. Amendment of Statements: For the purpose of completing a final determination of the actual quantities of gas handled in any of the Services to Shipper, the parties shall have the right to amend their statement for a period equal to the time during which the companies, that transport the gas contemplated herein for Union and Shipper, retain the right to amend their statements, which period shall not exceed three (3) years from the date of termination of the Contract.

## IX. PAYMENTS

1. Monthly Payments: Shipper shall pay the invoiced amount directly into Union's bank account as directed on the invoice on or before the twentieth (20<sup>th</sup>) day of each month. If the payment date is not a Business Day, then payment must be received in Union's account on the first Business Day preceding the twentieth (20<sup>th</sup>) day of the month.
2. Remedies for Non-payment: Should Shipper fail to pay all of the amount of any bill as herein provided when such amount is due,
- Shipper shall pay to Union interest on the unpaid portion of the bill accruing at a rate per annum equal to the minimum commercial lending rate of Union's principal banker in effect from time to time from the due date until the date of payment; and,

- b. If such failure to pay continues for thirty (30) days after payment is due, Union, in addition to any other remedy it may have under the Contract, may suspend Services until such amount is paid. Notwithstanding such suspension, all demand charges shall continue to accrue hereunder as if such suspension were not in place.

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If Shipper in good faith disputes the amount of any such bill or part thereof Shipper shall pay to Union such amounts as it concedes to be correct. At any time thereafter, within twenty (20) days of a demand made by Union, Shipper shall furnish financial assurances satisfactory to Union, guaranteeing payment to Union of the amount ultimately found due upon such bill after a final determination. Such a final determination may be reached either by agreement, arbitration decision or judgement of the courts, as may be the case. Union shall not be entitled to suspend Services because of such non-payment unless and until default occurs in the conditions of such financial assurances or default occurs in payment of any other amount due to Union hereunder.

Notwithstanding the foregoing, Shipper is not relieved from the obligation to continue its deliveries of gas to Union under the terms of any agreement, where Shipper has contracted to deliver specified quantities of gas to Union.

3. Billing Adjustments: If it shall be found that at any time or times Shipper has been overcharged or undercharged in any form whatsoever under the provisions of the Contract and Shipper shall have actually paid the bills containing such overcharge or undercharge, Union shall refund the amount of any such overcharge and interest shall accrue from and including the first day of such overcharge as paid to the date of refund and shall be calculated but not compounded at a rate per annum determined each day during the calculation period to be equal to the minimum commercial lending rate of Union's principal banker, and the Shipper shall pay the amount of any such undercharge, but without interest. In the event Union renders a bill to Shipper based upon measurement estimates, the required adjustment to reflect actual measurement shall be made on the bill next following the determination of such actual measurement, without any charge of interest. In the event an error is discovered in the amount billed in any statement rendered by Union, such error shall be adjusted by Union. Such overcharge, undercharge or error shall be adjusted by Union on the bill next following its determination (where the term "bill next following" shall mean a bill rendered at least fourteen (14) days after the day of its determination), provided that claim therefore shall have been made within three (3) years from the date of the incorrect billing. In the event any refund is issued with Shipper's bill, the aforesaid date of refund shall be deemed to be the date of the issue of bill.
4. Taxes: In addition to the charges and rates as per the applicable rate schedules and price schedules, Shipper shall pay all Taxes which are imposed currently or subsequent to the execution of the Contract by any legal authority having jurisdiction and any amount in lieu of such Taxes paid or payable by Union.
5. Set Off: If either party shall, at any time, be in arrears under any of its payment obligations to the other party under the Contract, then the party not in arrears shall be entitled to reduce the amount payable by it to the other party in arrears under the Contract, or any other contract, by an amount equal to the amount of such arrears or other indebtedness to the other party. In addition to the foregoing remedy, Union may, upon forty-eight (48) hours verbal notice, to be followed by written notice, take possession of any or all of Shipper's gas under the Contract, which shall be deemed to have been assigned to Union, to reduce such arrears or other indebtedness to Union.
6. Station and Connection Costs: In the event that a meter station must be constructed and/or installed in order to give effect to this Contract, Shipper agrees to pay Union for a portion, as determined by Union, of Union's actual cost, as hereinafter defined, for constructing and installing such station. Shipper also agrees to pay the actual costs to connect such station to Union's pipeline and distribution system. Union shall advise Shipper as to the need for a meter station and shall provide Shipper with an estimate of the Aid to Construction. Such Aid to Construction shall include the costs of all pipe, fittings and materials, third party labour costs and Union's direct labour, labour saving devices, vehicles and mobile equipment, but shall exclude the purchase costs of gas pressure control equipment and gas meters installed by Union.

#### X. ARBITRATION

If and when any dispute, difference or question shall arise between the parties hereto touching the Contract or anything herein contained, or the construction hereof, or the rights, duties or liabilities of the parties in relation to any matter hereunder, the matter in dispute shall be submitted and referred to arbitration within ten (10) days after written request of either party. Upon such request each party shall appoint an arbitrator, and the two so appointed shall appoint a third. A majority decision of the arbitrators shall be final and binding upon both parties. In all other respects the provisions of the

Arbitration Act, 1991, or any act passed in amendment thereof or substitution therefore, shall apply to each such submission. Operations under the Contract shall continue, without prejudice, during any such arbitration and the costs attributable to such arbitration shall be shared equally by the parties hereto.

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Exhibit H1

Tab 2

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**XI. FORCE MAJEURE**

1. The term "**force majeure**" as used herein shall mean acts of God, strikes, lockouts or any other industrial disturbance, acts of the public enemy, sabotage, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of governments and people, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, freezing of wells or lines of pipe, inability to obtain materials, supplies, permits or labour, any laws, orders, rules, regulations, acts or restraints of any governmental body or authority (civil or military), any act or omission that is excused by any event or occurrence of the character herein defined as constituting force majeure, any act or omission by parties not controlled by the party having the difficulty and any other similar cases not within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome.
2. In the event that either the Shipper or Union is rendered unable, in whole or in part, by force majeure, to perform or comply with any obligation or condition of the Contract, such party shall give notice and full particulars of such force majeure in writing delivered by hand, fax or other direct written electronic means to the other party as soon as possible after the occurrence of the cause relied on and subject to the provision of this Article.
3. Neither party shall be entitled to the benefit of the provisions of force majeure hereunder if any or all of the following circumstances prevail: the failure resulting in a condition of force majeure was caused by the negligence of the party claiming suspension; the failure was caused by the party claiming suspension where such party failed to remedy the condition by making all reasonable efforts (short of litigation, if such remedy would require litigation); the party claiming suspension failed to resume the performance of such condition obligations with reasonable dispatch; the failure was caused by lack of funds; the party claiming suspension did not, as soon as possible after determining, or within a period within which it should acting reasonably have determined, that the occurrence was in the nature of force majeure and would affect its ability to observe or perform any of its conditions or obligations under the Contract, give to the other party the notice required hereunder.
4. The party claiming suspension shall likewise give notice as soon as possible after the force majeure condition is remedied, to the extent that the same has been remedied, and that such party has resumed or is then in a position to resume the performance of the obligations and conditions of the Contract.
5. An event of force majeure on Union's system will excuse the failure to deliver gas by Union or the failure to accept gas by Union hereunder, and both parties shall be excused from performance of their obligations hereunder, except for payment obligations, to the extent of and for the duration of the force majeure.
6. Upstream or Downstream Force Majeure: An event of force majeure upstream or downstream of Union's system shall not relieve Shipper of any payment obligations.
7. Delay of Services: Despite Article XI herein, if Union is prevented, by reason of an event of force majeure on Union's system from delivering gas on the Day or Days upon which Union has accepted gas from Shipper, Union shall thereafter make all reasonable efforts to deliver such quantities as soon as practicable and on such Day or Days as are agreed to by Shipper and Union. If Union accepts such gas on this basis, Shipper shall not receive any demand charge relief as contemplated under Article XI herein.
8. Firm Daily Variability Demand Charge Relief: Despite Article XI herein, if on any Day Union fails to accept gas from Shipper by reason of an event of force majeure on Union's system and fails to deliver the quantity of gas nominated hereunder by Shipper up to the Firm Daily Variability Demand for that Contract, then for that Day the Monthly charge shall be reduced by an amount equal to the applicable Firm Daily Variability Demand Rate, as defined in this paragraph, multiplied by the difference between the quantity of gas actually delivered by Union during such Day and the quantity of gas which Shipper in good faith nominated on such Day. The term "**Firm Daily Variability Demand Rate**" shall mean the monthly Firm Daily Variability Demand charge as provided in Schedule 2 of the Contract, divided by the number of days in the month for which such rate is being calculated.

**XII. DEFAULT AND TERMINATION**

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Exhibit H1

Tab 2

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In case of the breach or non-observance or non-performance on the part of either party hereto of any covenant, proviso, condition, restriction or stipulation contained in the Contract (but not including herein failure to take or make delivery in whole or in part of the gas delivered to/by Union hereunder occasioned by any of the reasons provided for in Article XI herein) which has not been waived by the other party, then and in every such case and as often as the same may happen, the non-defaulting party may give written notice to the defaulting party requiring it to remedy such default and in the event of the defaulting party failing to remedy the same within a period of thirty (30) days from receipt of such notice, the non-defaulting party may at its sole option declare the Contract to be terminated and thereupon the Contract shall be terminated and be null and void for all purposes other than and except as to any liability of the parties under the same incurred before and subsisting as of termination. The right hereby conferred upon each party 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.

In the event that this Contract is terminated pursuant to this Article XII, the parties hereto agree that they shall continue to be bound only by the terms and conditions set forth in the Contract but only for the purpose of determining the actual quantities in Shipper's Producer Balancing Account with such determination being subject to Article X. Such extended period of time shall not exceed one (1) year from the date of termination of this Contract.

**XIII. AMENDMENT**

Subject to Article XV herein and the ability of Union to amend the applicable rate schedules and price schedules, with the approval of the OEB (if required), no amendment or modification of the Contract shall be effective unless the same shall be in writing and signed by each of the Shipper and Union.

**XIV. NON-WAIVER AND FUTURE DEFAULT**

No waiver of any provision of the Contract shall be effective unless the same shall be in writing and signed by the party entitled to the benefit of such provision and then such waiver shall be effective only in the specific instance and for the specified purpose for which it was given. No failure on the part of Shipper or Union to exercise, and no course of dealing with respect to, and no delay in exercising, any right, power or remedy under the Contract shall operate as a waiver thereof.

**XV. LAWS, REGULATIONS AND ORDERS**

The Contract and the respective rights and obligations of the parties hereto are subject to all present and future valid laws, orders, rules and regulations of any competent legislative body, or duly constituted authority now or hereafter having jurisdiction and the 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 the Contract.

**XVI. RESERVED FOR FUTURE USE**

N/A

**XVII. RENEWALS**

The Contract will continue in full force and effect beyond the Initial Term, automatically renewing for a period of one (1) year, and every one (1) year thereafter, subject to notice in writing by either party of termination at least three (3) months prior to the expiration thereof.

**XVIII. SERVICE CURTAILMENT**

1. Excepting instances of emergency, Shipper and Union agree to give at least twenty-four (24) hours verbal notice before a

planned curtailment of receipt or delivery, shut-down or start-up.

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2. Shipper shall complete and maintain a plan which depicts all of the Shipper's gas production facilities including all emergency shut off valves and emergency equipment and provide a copy to Union upon Union's request. Shipper shall provide to Union the names and telephone numbers of those persons whom Union may contact in the event of an emergency situation arising within the Shipper's facilities. Exhibit H1  
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3. In the event that Union is notified by a third party or if Union becomes aware of an emergency situation in which Shipper's gas production site, pipeline or associated equipment is involved, Union shall immediately notify Shipper or Shipper's representative of such emergency condition.
4. Union shall have the right, at all times, to reconstruct or modify Union's pipeline and distribution system and the pressure carried therein, notwithstanding that such reconstruction or modification may reduce the System Capacity available to receive Shipper's gas, or Shipper's ability to deliver gas to Union. Should Union expect any such reconstruction or modification to reduce the delivery or receipt of gas by either party, Union will, where able, provide Shipper with six (6) months' notice or as much notice as is reasonably practical in the circumstances. Union shall use reasonable efforts to assist the Shipper in meeting its Market Quantity in these circumstances.

#### **XIX. SHIPPER'S REPRESENTATIONS AND WARRANTIES**

1. Shipper's Warranty: Shipper warrants that it will, if required, maintain, or have maintained on its behalf, all external approvals including the governmental, regulatory, import/export permits and other approvals or authorizations that are required from any federal, state or provincial authorities for the gas quantities to be handled under the Contract. Shipper further warrants that it shall maintain in effect the Facilitating Agreements.
2. Financial Representations: Shipper represents and warrants that the financial assurances (including the Initial Financial Assurances and Security), if any, shall remain in place throughout the term hereof unless Shipper and Union agree otherwise. Shipper shall notify Union in the event of any change to the financial assurances (including the Initial Financial Assurances and Security), if any, throughout the term hereof. Should Union have reasonable grounds to believe that Shipper will not be able to perform or continue to perform any of its obligations under the Contract for any reason (a "**Material Event**"), then Shipper shall within fourteen (14) days of receipt of written notice by Union, obtain and provide to Union a letter of credit or other security in the form and amount reasonably required by Union (the "**Security**"). In the event that Shipper does not provide to Union such Security, Union may deem a default in accordance with the provisions of Article XII herein.

In the event that Shipper in good faith, reasonably believes that it should be entitled to reduce the amount of or value of the Security previously provided, it may request such a reduction from Union and to the extent that the Material Event has been mitigated or eliminated, Union shall return all or a portion of the Security to Shipper within fourteen (14) Business Days after receipt of the request.

3. Licence: Shipper represents and warrants to Union that Shipper possesses a licence to produce gas in the Province of Ontario.

#### **XX. MISCELLANEOUS PROVISIONS**

1. Assignment: Shipper may assign the Contract to a third party ("**Assignee**"), up to the Maximum Daily Quantity, (the "**Capacity Assigned**"). Such assignment shall require the prior written consent of Union and release of obligations by Union for the Capacity Assigned from the date of assignment. Such consent and release shall not be unreasonably withheld and shall be conditional upon the Assignee providing, amongst other things, financial assurances as per Article XXI herein. Any such assignment will be for the full rights, obligations and remaining term of the Contract as relates to the Capacity Assigned.
2. Title to Gas: Shipper represents and warrants to Union that Shipper shall have good and marketable title to, or legal authority to deliver to Union, all gas delivered to Union hereunder. Furthermore, Shipper hereby agrees to indemnify and save Union harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of claims of any or all third parties to such gas or on account of Taxes, or other charges thereon.

XXI. PRECONDITIONS TO SERVICES

1. The obligations of Union to provide Services hereunder are subject to the following conditions precedent, which are for the sole benefit of Union and which may be waived or extended in whole or in part in the manner provided in the 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 provide the Services; and,
  - b. Union shall have obtained all internal approvals that are necessary or appropriate to provide the Services; and,
  - c. Union shall have received from Shipper the requisite financial assurances reasonably necessary to ensure Shipper's ability to honour the provisions of the Contract (the "**Initial Financial Assurances**"). The Initial Financial Assurances, if required, will be as determined solely by Union; and,
  - d. Shipper and Union shall have entered into the Interruptible HUB Service Contract or equivalent (the "**Facilitating Agreement**") with Union; and,
  - e. Union shall, where applicable, have obtained all internal and external approvals including the governmental, regulatory and other approvals or authorizations required to construct any facilities necessary to provide the Services hereunder, which approvals and authorizations, if granted upon conditions, shall be conditions satisfactory to Union; and,
  - f. Union shall, where applicable, have completed and placed into service those facilities necessary to provide the Services hereunder; and,
  - g. Further to Article IX Section 6 herein, Shipper shall pay to Union a payment ("**First Prepayment**") towards the Aid to Construction at the time of the execution of this Agreement. Shipper shall pay a payment prior to installation of the meter station ("**Second Prepayment**"). The foregoing payments are specified in the attached Schedule 1 for the first meter station ("**Receipt Point #1**") to be installed under this contract. Payments for additional meter stations will be handled by written mutual agreement between the parties. Shipper shall pay Union the difference if the actual Aid to Construction is more than the Prepayments, within thirty (30) days of the delivery of an invoice from Union on which the actual costs for construction and installation of facilities are stated. Union shall pay Shipper the difference if the actual Aid to Construction is less than the Prepayments. In the event Shipper terminates this Agreement prior to Union incurring any costs related to the construction, installation or connection of the meter station, Shipper's Prepayments shall be returned to Seller, without interest, within fifteen (15) days notice to Union of such termination by Shipper. In the event Union has incurred costs, as set out herein, relative to the construction, installation or connection of the meter station prior to being notified by Shipper of Shipper's intention to terminate the Agreement, Union shall deduct such actual costs from Union's return of Shipper's Prepayments. "**Prepayments**" shall mean the sum of the First Prepayment and the Second Prepayment.
2. The obligations of Shipper hereunder are subject to the following conditions precedent, which are for the sole benefit of Shipper and which may be waived or extended in whole or in part in the manner provided in the Contract:
  - a. Shipper shall, as required, have entered into the necessary contracts with Union and/or others to facilitate the Services contemplated herein, including contracts for upstream and downstream transportation, and shall specifically have an executed and valid Facilitating Agreement; and,
  - b. Shipper shall have obtained, in form and substance satisfactory to Shipper, and all conditions shall have been satisfied under, all governmental, regulatory and other third party approvals, consents, orders and authorizations, that are required from federal, state, or provincial authorities for the gas quantities handled under the Contract; and,
  - c. Shipper shall have obtained all internal approvals that are necessary or appropriate for the Shipper to execute the Contract; and,

- d. Shipper shall have cancelled or renegotiated its Sales Agreement, on terms satisfactory to Union, as applicable.
3. Union and Shipper shall each use due diligence and reasonable efforts to satisfy and fulfil the conditions precedent specified in this Article XXI Section 1 a, c, d, e, f, g, and Section 2 a, b, and d. Each party shall notify the other forthwith in writing of the satisfaction or waiver of each condition precedent for such party's benefit. If a party concludes that it will not be able to satisfy a condition precedent that is for its benefit, such party may, upon written notice to the other party, terminate the Contract and upon the giving of such notice, the Contract shall be of no further force and effect and each of the parties shall be released from all further obligations thereunder.
4. If any of the conditions precedent in this Article XXI Section 1 c or Section 2 are not satisfied or waived by the party entitled to the benefit of that condition by the Conditions Date as such term is defined in the Contract, or if any of the Shipper payments required under the condition precedent in this Article XXI Section 1 g have not been paid as required in such section, then either party may, upon written notice to the other party, terminate the Contract and upon the giving of such notice, the Contract shall be of no further force and effect and each of the parties shall be released from all further obligations hereunder, provided that any rights or remedies that a party may have for breaches of the Contract prior to such termination and any liability a party may have incurred before such termination shall not thereby be released.

Filed: 2011-11-23  
EB-2011-0210  
Exhibit H1  
Tab 2  
Appendix 8



**GENERAL TERMS & CONDITIONS  
M16 TRANSPORTATION AGREEMENT**

**I. DEFINITIONS**

Except where the context expressly requires or states another meaning, the following terms, when used in these General Terms & Conditions and in any contract into which these General Terms & Conditions are incorporated, shall be construed to have the following meanings:

1. "Banking Day" shall mean a day on which the general offices of the Canadian Imperial Bank of Commerce, 99 King St. W., Chatham, Ontario are open for business;
2. "business day" shall mean a day on which the general offices of Union in Chatham, Ontario are open for business;
3. "Contract" shall refer to the Contract to which these General Terms & Conditions shall apply, and into which they are incorporated;
4. "contract year" shall mean a period of three hundred and sixty-five (365) consecutive days, beginning on the day agreed upon by Union and Shipper as set forth in the Contract, or on any anniversary of such date; provided, however, that any such period which contains a date of February 29 shall consist of three hundred and sixty-six (366) consecutive days;
5. "day" shall mean a period of twenty-four (24) consecutive hours beginning at 9:00 a.m. Central Standard time. The reference date for any day shall be the calendar date upon which the twenty-four (24) hour period shall commence;
6. "month" shall mean the period beginning at 9:00 a.m. Central Standard time on the first day of a calendar month and ending at 9:00 a.m. Central Standard time on the first day of the following calendar month;
7. "firm" shall mean service not subject to curtailment or interruption except under Articles XI and XII of this Schedule "B";
8. "interruptible service" shall mean service subject to curtailment or interruption, after notice, at any time;
9. "gas" shall mean gas as defined in the Ontario Energy Board Act, R.S.O. 1980, c. 332, as amended, supplemented or reenacted from time to time;
10. "cubic metre" shall mean the volume of gas which occupies one cubic metre when such gas is at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;
11. "m<sup>3</sup>" shall mean cubic metre of gas and "10<sup>3</sup>m<sup>3</sup>" shall mean 1,000 cubic metres of gas;
12. "pascal" (Pa) shall mean the pressure produced when a force of one (1) newton is applied to an area of one (1) square metre. The term "kilopascal" (kPa) shall mean 1,000 pascals;
13. "joule" (J) shall mean 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;
14. "gross heating value" shall mean the total heat expressed in megajoules per cubic metre (MJ/m<sup>3</sup>) produced by the complete combustion at constant pressure of one (1) cubic metre of gas with air, with the gas free of water vapour and the temperature of the gas, air and products of combustion at standard temperature and all water formed by the combustion reaction condensed to the liquid state;
15. "Shipper" shall have the meaning as defined in the Contract, and shall also include Shipper's agent(s);
16. "subsidiary" means a company in which more than fifty (50) per cent of the issued share capital (having full voting rights under all circumstances) is owned or controlled directly or indirectly by another company, by one or more subsidiaries of such other company, or by such other company and one or more of its subsidiaries;

17. "TCPL" means TransCanada PipeLines Limited;
18. "NOVA" means Gas Transmission Ltd.;
19. "Panhandle" means CMS Panhandle Eastern Pipeline Company;
20. "MichCon" means Michigan Consolidated Gas Company;
21. "SCPL" means St. Clair Pipelines (1996) Ltd.;
22. "OEB" means the Ontario Energy Board;
23. "NEB" means the National Energy Board (Canada);
24. "GLGT" means Great Lakes Gas Transmission Company;
25. "CMS" means CMS Gas Transmission and Storage Company;
26. "Consumers" means The Consumers' Gas Company, Limited;
27. "cricondentherm hydrocarbon dewpoint" shall mean the highest hydrocarbon dewpoint temperature on the phase envelope;
28. "hydrocarbon dewpoint" shall mean temperature at a specific pressure where hydrocarbon vapour condensation begins;
29. "specific gravity" shall mean density of the gas divided by density of air, with both at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute; and,
30. "Wobbe Number" shall mean gross heating value of the gas divided by the square root of its specific gravity.

## **II. GAS QUALITY**

1. Natural Gas: The minimum gross heating value of the gas delivered to/by Union hereunder, shall be thirty-six (36) megajoules per cubic metre. The maximum gross heating value of the gas delivered to/by Union hereunder shall be forty point two (40.2) megajoules per cubic metre. The gas to be delivered hereunder to Union may be a commingled supply from Shipper's gas sources of supply. The gas to be delivered by Union may be a commingled supply from Union's sources of gas supply; provided, however, that helium, natural gasoline, butane, propane and other hydrocarbons, except methane, may be removed prior to delivery to Shipper. Further, Union may subject, or permit the subjection of, the gas to compression, dehydration, cooling, cleaning and other processes.
2. Freedom from objectionable matter: The gas to be delivered to Union at the Receipt Point(s) hereunder,
  - a. shall be commercially free from bacteria, sand, dust, gums, crude oils, lubricating oils, liquids, chemicals or compounds used in the production, treatment, compression or dehydration of the gas or any other objectionable substance in sufficient quantity so as to render the gas toxic, unmerchantable or cause injury to, or interference with, the proper operation of the lines, regulators, meters or other appliances through which it flows,
  - b. shall not contain more than seven (7) milligrams of hydrogen sulphide per cubic metre of gas, nor more than one hundred (100) milligrams of total sulphur per cubic metre of gas,
  - c. shall not contain more than five (5) milligrams of mercaptan sulphur per cubic metre of gas,
  - d. shall not contain more than two point zero (2.0) molar percent by volume of carbon dioxide in the gas,
  - e. shall not contain more than zero point four (0.4) molar percent by volume of oxygen in the gas,

- f. shall not contain more than zero point five (0.5) molar percent by volume of carbon monoxide in the gas,
  - g. shall not contain more than four point zero (4.0) molar percent by volume of hydrogen in the gas,
  - h. shall not contain more than sixty-five (65) milligrams of water vapour per cubic metre of gas,
  - i. shall not have a cricondentherm hydrocarbon dewpoint exceeding minus eight (-8) degrees Celsius,
  - j. shall have Wobbe Number from forty seven point fifty (47.50) megajoules per cubic metre of gas to fifty one point forty six (51.46) megajoules per cubic metre of gas, maximum of one point five (1.5) mole percent by volume of butane plus (C4+) in the gas, and maximum of four point zero (4.0) mole percent by volume of total inerts in the gas in order to be interchangeable with other Interconnecting Pipeline gas,
  - k. shall not exceed forty-three degrees Celsius (43°C), and,
  - l. shall not be odourized by Shipper.
3. Non-conforming Gas:
- a. In the event that the quality of the gas does not conform or if Union, acting reasonably, suspects the quality of the gas may not conform to the specifications herein, then Shipper shall, if so directed by Union acting reasonably, forthwith carry out, at Shipper's cost, whatever field testing of the gas quality as may be required to ensure that the quality requirements set out herein are met, and to provide Union with a certified copy of such tests. If Shipper does not carry out such tests forthwith, Union may conduct such test and Shipper shall reimburse Union for all costs incurred by Union for such testing.
  - b. If Shipper's gas fails at any time to conform to the requirements of this Article II, Union, in addition to its other remedies, may refuse to accept delivery of gas at the Receipt Points hereunder until such deficiency has been remedied by Shipper. Each Party agrees to notify the other verbally, followed by written notification, of any such deficiency of quality.
  - c. With respect to Article II 2. h. herein, Union may accept the gas subject to Shipper's obligations under the Dehydration Contract, if applicable.
4. Quality of Gas Received: The quality of the gas to be received by Union at the Receipt Point(s) hereunder is to be of a merchantable quality and in accordance with the quality standards as set out by Union in this Article II.
5. Quality of Gas at Dawn: The quality of the gas to be delivered to Union at Dawn (Facilities) or the gas to be delivered by Union to Shipper at Dawn (Facilities) hereunder is to be of a merchantable quality and in accordance with the quality standards and measurement standards as set out by Union in this Article II, except that total sulphur limit shall be not more than four hundred and sixty (460) milligrams per cubic metre of gas. In addition to any other right or remedy of a party, each party shall be entitled to refuse to accept delivery of any gas which does not conform to any of the specifications set out in this Article II.
6. Odourization of Gas:
- a. Union may odourize or deliver odourized gas under the Contract,
  - b. Shipper shall if requested by Union monitor the mercaptan sulphur content of the gas delivered to Union under the Contract and shall provide at no cost to Union a continuous signal quantifying the mercaptan sulphur content in milligrams per cubic metre.

### **III. MEASUREMENTS**

- 1. Storage, Transportation, and/or Sales Unit: The unit of the gas delivered to Union shall be a megajoule or a gigajoule. The unit of gas transported or stored by Union shall be a megajoule or a gigajoule. The unit of gas delivered by Union shall be a megajoule, a gigajoule, a cubic metre (m<sup>3</sup>) or one thousand cubic metres (10<sup>3</sup>m<sup>3</sup>) at Union's discretion.
- 2. Determination of Volume and Energy:

- a. The volume and energy amounts determined under the Contract shall be determined in accordance with the Electricity and Gas Inspection Act (Canada), RSC 1985, c E-4- (the "**Act**") and the Electricity and Gas Inspection Regulations, SOR 86/131 (the "**Regulations**"), and any documents issued under the authority of the Act and Regulations and any amendments thereto.
- 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, all as amended from time to time.
- c. The volume and/or energy of the gas delivered to/by Union hereunder shall be determined by the measurement equipment designated in Article VII herein.
- d. Upon request by Union, Shipper shall obtain measurement of the total quantity of gas received by Union hereunder from the Interconnecting Pipeline. Such measurement shall be done in accordance with established practices between Union and the Interconnecting Pipeline.

#### **IV. POINT OF RECEIPT AND POINT OF DELIVERY**

1. Unless otherwise specified in the Contract, the point or points of receipt for all gas to be covered thereunder shall be on the outlet side of the measuring stations located at or near the point or points of connection specified in the Contract, where Union takes possession of the gas. Whenever the phrase "receipt point" appears herein, it shall mean Point of Receipt as defined in this Article IV.
2. Unless otherwise specified in the Contract, the point or points of delivery for all gas to be covered hereunder shall be on the outlet side of the measuring stations located at or near the point or points of connection as specified in the Contract, where Shipper takes possession of the gas. Whenever the phrase "delivery point" shall appear hereon, it shall mean Point of Delivery as defined in this Article IV.

#### **V. POSSESSION OF AND RESPONSIBILITY FOR GAS**

N/A

#### **VI. FACILITIES ON SHIPPER'S PROPERTY**

N/A

#### **VII. MEASURING EQUIPMENT**

1. Metering by Union: Union will install and operate meters and related equipment as required and in accordance with the Act and Regulations referenced in Article III herein.
2. Metering by Others: In the event that all or any gas delivered to/by Union hereunder is measured by a meter that is owned and operated by an Interconnecting Pipeline, then Union and Shipper agree to accept that metering for the purpose of determining the volume and energy of gas delivered to/by Union on behalf of the Shipper. The standard of measurement and tests for the gas delivered to/by Union hereunder shall be in accordance with the general terms and conditions as incorporated in that Interconnecting Pipeline company's gas tariff as approved by its regulatory body.
3. Check Measuring Equipment: Shipper may install, maintain and operate, at the Custody Transfer Point, at its own expense, such check measuring equipment as desired, provided that such equipment shall be so installed as not to interfere with the operation of Union's measuring equipment at or near the Custody Transfer Point, and shall be installed, maintained and operated in conformity with the same standards and specifications applicable to Union's metering facilities.

4. Rights of Parties: The measuring equipment installed by either party, together with any building erected by it for such equipment, shall be and remain its property. However, Union and Shipper shall have the right 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 used in measuring or checking the measurement of deliveries of gas to/by Union under the Contract. Either party will give the other party reasonable notice of its intention to carry out the acts herein specified. The records from such measuring equipment shall remain the property of their owner, but upon request each will submit to the other its records and charts, together with calculations therefrom, for inspection and verification, subject to return within ten (10) days after receipt thereof.
5. Calibration and Test of Measuring Equipment: The accuracy of Union's measuring equipment shall be verified by Union at reasonable intervals, and if requested, in the presence of representatives of Shipper, but Union shall not be required to verify the accuracy of such equipment more frequently than once in any thirty (30) day period. In the event either party notifies the other that it desires a special test of any measuring equipment, the parties shall co-operate to secure a prompt verification of the accuracy of such equipment. The expense of any such special test, if called for by Shipper, shall be borne by Shipper if the measuring equipment tested is found to be in error by not more than two per cent (2%). If, upon test, any measuring equipment is found to be in error by not more than two per cent (2%), previous recordings of such equipment shall be considered accurate in computing receipts and deliveries of gas, but such equipment shall be adjusted at once to record as near to absolute accuracy as possible. If the test conducted shows a percentage of inaccuracy greater than two percent (2%), the financial adjustment, if any, shall be calculated in accordance with the Act and Regulations, as may be amended from time to time and in accordance with any successor statutes and regulations.
6. Preservation of Metering Records: Union and Shipper shall each preserve for a period of at least six (6) years all test data, and other relevant records.
7. Error in Metering or Meter Failure: In the event of an error in metering or a meter failure (such error or failure being determined through check measurement by Union or any other available method), then Shipper shall enforce its rights as Shipper with the Interconnecting Pipeline(s) to remedy such error or failure including enforcing any inspection and/or verification rights and procedures.

## **VIII. BILLING**

1. Monthly Billing Date: Union shall render bills on or before the 10th day of each month for all services furnished during the preceding month. Such charges may be based on estimated quantities, if actual quantities are unavailable in time to prepare the billing. Union shall provide, in a succeeding month's billing, an adjustment based on any difference between actual quantities and estimated quantities. If presentation of a bill to Shipper is delayed after the 10th day of the month, then the time of payment shall be extended accordingly, unless Shipper is responsible for such delay.
2. Right of Examination: Both Union and Shipper shall have the right to examine at any reasonable time 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 the Contract.

## **IX. PAYMENTS**

1. Monthly Payments: Shipper shall pay the invoiced amount directly into Union's bank account as directed on the invoice on or before the twentieth (20<sup>th</sup>) day of each month. If the payment date is not a business day, then payment must be received in Union's account on the first business day preceding the twentieth (20<sup>th</sup>) day of the month.
2. Remedies for Non-payment: Should Shipper fail to pay all of the amount of any bill as herein provided when such amount is due, Shipper shall pay to Union interest on the unpaid portion of the bill accruing at a rate per annum equal to the minimum commercial lending rate of Union's principal banker in effect from time to time from the due date until the date of payment. If such failure to pay continues for thirty (30) days after payment is due, Union, in addition to any other remedy it may have under the Contract may suspend service(s) until such amount is paid, provided however, that if Shipper, in good faith shall dispute the amount of any such bill or part thereof and shall pay to Union such amounts as it concedes to be correct and at any time thereafter within twenty (20) days of a demand made by Union shall furnish good and sufficient surety bond satisfactory to Union, guaranteeing payment to Union of the amount ultimately found due upon such bill after a final determination which may be reached either by agreement, arbitration decision or

judgement of the courts, as may be the case, then Union shall not be entitled to suspend service(s) because of such non-payment unless and until default be made in the conditions of such bond or in payment for any further service(s) to Shipper hereunder.

Notwithstanding the foregoing paragraph, this does not relieve Shipper from the obligation to continue its deliveries of gas under the terms of any agreement, where Shipper has contracted to deliver specified quantities of gas to Union.

3. Billing Adjustments: If it shall be found that at any time or times Shipper has been overcharged or undercharged in any form whatsoever under the provisions of the Contract and Shipper shall have actually paid the bills containing such overcharge or undercharge, Union shall refund the amount of any such overcharge and interest shall accrue from and including the first day of such overcharge as paid to the date of refund and shall be calculated but not compounded at a rate per annum determined each day during the calculation period to be equal to the minimum commercial lending rate of Union's principal banker, and the Shipper shall pay the amount of any such undercharge, but without interest. In the event Union renders a bill to Shipper based upon measurement estimates, the required adjustment to reflect actual measurement shall be made on the bill next following the determination of such actual measurement, without any charge of interest. In the event an error is discovered in the amount billed in any statement rendered by Union, such error shall be adjusted by Union. Such overcharge, undercharge or error shall be adjusted by Union on the bill next following its determination (where the term "bill" next following shall mean a bill rendered at least fourteen (14) days after the day of its determination), provided that claim therefore shall have been made within six (6) years from the date of the incorrect billing. In the event any refund is issued with Shipper's bill, the aforesaid date of refund shall be deemed to be the date of the issue of invoice.

#### X. ARBITRATION

If and when any dispute, difference or question shall arise between the parties hereto touching the Contract or anything herein contained, or the construction hereof, or the rights, duties or liabilities of the parties in relation to any matter hereunder, the matter in dispute shall be submitted and referred to arbitration within ten (10) days after written request of either party. Upon such request each party shall appoint an arbitrator, and the two so appointed shall appoint a third. A majority decision of the arbitrators shall be final and binding upon both parties. In all other respects the provisions of the Arbitration Act of the Province of Ontario, or any act passed in amendment thereof or substitution therefore, shall apply to each such submission. Operations under this Contract shall continue, without prejudice, during any such arbitration and the costs attributable to such arbitration shall be shared equally by the parties hereto.

#### XI. FORCE MAJEURE

N/A

#### XII. DEFAULT AND TERMINATION

N/A

#### XIII. MODIFICATION

N/A

#### XIV. NONWAIVER AND FUTURE DEFAULT

N/A

#### XV. LAWS, REGULATIONS AND ORDERS

The Contract and the respective rights and obligations of the parties hereto are subject to all present and future valid laws, orders, rules and regulations of any competent legislative body, or duly constituted authority now or hereafter having jurisdiction

and the 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 the Contract.

**GENERAL TERMS & CONDITIONS  
M16 TRANSPORTATION AGREEMENT**

**I. DEFINITIONS**

Except where the context expressly requires or states another meaning, the following terms, when used in these General Terms & Conditions and in any contract into which these General Terms & Conditions are incorporated, shall be construed to have the following meanings:

1. "Banking Day" shall mean a day on which the general offices of the Canadian Imperial Bank of Commerce, 99 King St. W., Chatham, Ontario are open for business;
2. "business day" shall mean a day on which the general offices of Union in Chatham, Ontario are open for business;
3. "Contract" shall refer to the Contract to which these General Terms & Conditions shall apply, and into which they are incorporated;
4. "contract year" shall mean a period of three hundred and sixty-five (365) consecutive days, beginning on the day agreed upon by Union and Shipper as set forth in the Contract, or on any anniversary of such date; provided, however, that any such period which contains a date of February 29 shall consist of three hundred and sixty-six (366) consecutive days;
5. "day" shall mean a period of twenty-four (24) consecutive hours beginning at 9:00 a.m. Central Standard time. The reference date for any day shall be the calendar date upon which the twenty-four (24) hour period shall commence;
6. "month" shall mean the period beginning at 9:00 a.m. Central Standard time on the first day of a calendar month and ending at 9:00 a.m. Central Standard time on the first day of the following calendar month;
7. "firm" shall mean service not subject to curtailment or interruption except under Article VI of the Contract and Article XII of Union's C1 Rate Schedule;
8. "interruptible service" shall mean service subject to curtailment or interruption, after notice, at any time;
9. "gas" shall mean gas as defined in the Ontario Energy Board Act, R.S.O. 1980, c. 332, as amended, supplemented or reenacted from time to time;
10. "cubic metre" shall mean the volume of gas which occupies one cubic metre when such gas is at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;
11. "m<sup>3</sup>" shall mean cubic metre of gas and "10<sup>3</sup>m<sup>3</sup>" shall mean 1,000 cubic metres of gas;
12. "pascal" (Pa) shall mean the pressure produced when a force of one (1) newton is applied to an area of one (1) square metre. The term "kilopascal" (kPa) shall mean 1,000 pascals;
13. "joule" (J) shall mean 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;
14. "gross heating value" shall mean the total heat expressed in megajoules per cubic metre (MJ/m<sup>3</sup>) produced by the complete combustion at constant pressure of one (1) cubic metre of gas with air, with the gas free of water vapour and the temperature of the gas, air and products of combustion at standard temperature and all water formed by the combustion reaction condensed to the liquid state;
15. "Shipper" shall have the meaning as defined in the Contract, and shall also include Shipper's agent(s);
16. "subsidiary" means a company in which more than fifty (50) per cent of the issued share capital (having full voting



rights under all circumstances) is owned or controlled directly or indirectly by another company, by one or more subsidiaries of such other company, or by such other company and one or more of its subsidiaries;

17. "TCPL" means TransCanada PipeLines Limited;
18. "NOVA" means Gas Transmission Ltd.;
19. "Panhandle" means CMS Panhandle Eastern Pipeline Company;
20. "MichCon" means Michigan Consolidated Gas Company;
21. "SCPL" means St. Clair Pipelines (1996) Ltd.;
22. "OEB" means the Ontario Energy Board;
23. "NEB" means the National Energy Board (Canada);
24. "GLGT" means Great Lakes Gas Transmission Company;
25. "CMS" means CMS Gas Transmission and Storage Company;
26. "Consumers" means The Consumers' Gas Company, Limited;
27. "cricondenthem hydrocarbon dewpoint" shall mean the highest hydrocarbon dewpoint temperature on the phase envelope;
28. "hydrocarbon dewpoint" shall mean temperature at a specific pressure where hydrocarbon vapour condensation begins;
29. "specific gravity" shall mean density of the gas divided by density of air, with both at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute; and,
30. "Wobbe Number" shall mean gross heating value of the gas divided by the square root of its specific gravity.

## **II. GAS QUALITY**

1. Natural Gas: The minimum gross heating value of the gas delivered to/by Union hereunder, shall be thirty-six (36) megajoules per cubic metre. The maximum gross heating value of the gas delivered to/by Union hereunder shall be forty point two (40.2) megajoules per cubic metre. The gas to be delivered hereunder to Union may be a commingled supply from Shipper's gas sources of supply. The gas to be delivered by Union may be a commingled supply from Union's sources of gas supply; provided, however, that helium, natural gasoline, butane, propane and other hydrocarbons, except methane, may be removed prior to delivery to Shipper. Further, Union may subject, or permit the subjection of, the gas to compression, dehydration, cooling, cleaning and other processes.
2. Freedom from objectionable matter: The gas to be delivered to Union at the Receipt Point(s) hereunder,
  - a. shall be commercially free from bacteria, sand, dust, gums, crude oils, lubricating oils, liquids, chemicals or compounds used in the production, treatment, compression or dehydration of the gas or any other objectionable substance in sufficient quantity so as to render the gas toxic, unmerchantable or cause injury to, or interference with, the proper operation of the lines, regulators, meters or other appliances through which it flows,
  - b. shall not contain more than seven (7) milligrams of hydrogen sulphide per cubic metre of gas, nor more than one hundred (100) milligrams of total sulphur per cubic metre of gas,
  - c. shall not contain more than five (5) milligrams of mercaptan sulphur per cubic metre of gas,
  - d. shall not contain more than two point zero (2.0) molar percent by volume of carbon dioxide in the gas,

- e. shall not contain more than zero point four (0.4) molar percent by volume of oxygen in the gas,
  - f. shall not contain more than zero point five (0.5) molar percent by volume of carbon monoxide in the gas,
  - g. shall not contain more than four point zero (4.0) molar percent by volume of hydrogen in the gas,
  - h. shall not contain more than sixty-five (65) milligrams of water vapour per cubic metre of gas,
  - i. shall not have a cricondenthem hydrocarbon dewpoint exceeding minus eight (-8) degrees Celsius,
  - j. shall have Wobbe Number from forty seven point fifty (47.50) megajoules per cubic metre of gas to fifty one point forty six (51.46) megajoules per cubic metre of gas, maximum of one point five (1.5) mole percent by volume of butane plus (C4+) in the gas, and maximum of four point zero (4.0) mole percent by volume of total inerts in the gas in order to be interchangeable with other Interconnecting Pipeline gas,
  - k. shall not exceed forty-three degrees Celsius (43°C), and,
  - l. shall not be odourized by Shipper.
3. Non-conforming Gas:
- a. In the event that the quality of the gas does not conform or if Union, acting reasonably, suspects the quality of the gas may not conform to the specifications herein, then Shipper shall, if so directed by Union acting reasonably, forthwith carry out, at Shipper's cost, whatever field testing of the gas quality as may be required to ensure that the quality requirements set out herein are met, and to provide Union with a certified copy of such tests. If Shipper does not carry out such tests forthwith, Union may conduct such test and Shipper shall reimburse Union for all costs incurred by Union for such testing.
  - b. If Shipper's gas fails at any time to conform to the requirements of this Article II, Union, in addition to its other remedies, may refuse to accept delivery of gas at the Receipt Points hereunder until such deficiency has been remedied by Shipper. Each Party agrees to notify the other verbally, followed by written notification, of any such deficiency of quality.
  - c. With respect to Article II 2. h. herein, Union may accept the gas subject to Shipper's obligations under the Dehydration Contract, if applicable.
4. Quality of Gas Received: The quality of the gas to be received by Union at the Receipt Point(s) hereunder is to be of a merchantable quality and in accordance with the quality standards as set out by Union in this Article II.
5. Quality of Gas at Dawn: The quality of the gas to be delivered to Union at Dawn (Facilities) or the gas to be delivered by Union to Shipper at Dawn (Facilities) hereunder is to be of a merchantable quality and in accordance with the quality standards and measurement standards as set out by Union in this Article II, except that total sulphur limit shall be not more than four hundred and sixty (460) milligrams per cubic metre of gas. In addition to any other right or remedy of a party, each party shall be entitled to refuse to accept delivery of any gas which does not conform to any of the specifications set out in this Article II.
6. Odourization of Gas:
- a. Union may odourize or deliver odourized gas under the Contract,
  - b. Shipper shall if requested by Union monitor the mercaptan sulphur content of the gas delivered to Union under the Contract and shall provide at no cost to Union a continuous signal quantifying the mercaptan sulphur content in milligrams per cubic metre.

### **III. MEASUREMENTS**

1. Storage, Transportation, and/or Sales Unit: The unit of the gas delivered to Union shall be a megajoule or a gigajoule. The unit of gas transported or stored by Union shall be a megajoule or a gigajoule. The unit of gas delivered by Union shall be a megajoule, a gigajoule, a cubic metre (m<sup>3</sup>) or one thousand cubic metres (10<sup>3</sup>m<sup>3</sup>) at Union's discretion.

2. Determination of Volume and Energy:

- a. The volume and energy amounts determined under the Contract shall be determined in accordance with the Electricity and Gas Inspection Act (Canada), RSC 1985, c E-4- (the "**Act**") and the Electricity and Gas Inspection Regulations, SOR 86/131 (the "**Regulations**"), and any documents issued under the authority of the Act and Regulations and any amendments thereto.
- 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, all as amended from time to time.
- c. The volume and/or energy of the gas delivered to/by Union hereunder shall be determined by the measurement equipment designated in Article V herein.
- d. Upon request by Union, Shipper shall obtain measurement of the total quantity of gas received by Union hereunder from the Interconnecting Pipeline. Such measurement shall be done in accordance with established practices between Union and the Interconnecting Pipeline.

**IV. POINT OF RECEIPT AND POINT OF DELIVERY**

1. Unless otherwise specified in the Contract, the point or points of receipt for all gas to be covered thereunder shall be on the outlet side of the measuring stations located at or near the point or points of connection specified in the Contract, where Union takes possession of the gas. Whenever the phrase "receipt point" appears herein, it shall mean Point of Receipt as defined in this Article IV.
2. Unless otherwise specified in the Contract, the point or points of delivery for all gas to be covered hereunder shall be on the outlet side of the measuring stations located at or near the point or points of connection as specified in the Contract, where Shipper takes possession of the gas. Whenever the phrase "delivery point" shall appear hereon, it shall mean Point of Delivery as defined in this Article IV.

**V. MEASURING EQUIPMENT**

1. Metering by Union: Union will install and operate meters and related equipment as required and in accordance with the Act and Regulations referenced in Article III herein.
2. Metering by Others: In the event that all or any gas delivered to/by Union hereunder is measured by a meter that is owned and operated by an Interconnecting Pipeline, then Union and Shipper agree to accept that metering for the purpose of determining the volume and energy of gas delivered to/by Union on behalf of the Shipper. The standard of measurement and tests for the gas delivered to/by Union hereunder shall be in accordance with the general terms and conditions as incorporated in that Interconnecting Pipeline company's gas tariff as approved by its regulatory body.
3. Check Measuring Equipment: Shipper may install, maintain and operate, at the Custody Transfer Point, at its own expense, such check measuring equipment as desired, provided that such equipment shall be so installed as not to interfere with the operation of Union's measuring equipment at or near the Custody Transfer Point, and shall be installed, maintained and operated in conformity with the same standards and specifications applicable to Union's metering facilities.
4. Rights of Parties: The measuring equipment installed by either party, together with any building erected by it for such equipment, shall be and remain its property. However, Union and Shipper shall have the right 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 used in measuring or checking the measurement of deliveries of gas to/by Union under the Contract. Either party will give the other party reasonable notice of its intention to carry out the acts herein specified. The records from such measuring equipment shall remain the property of their owner, but upon request each will submit to the other its records and charts, together with calculations therefrom, for inspection and verification, subject to return within ten (10) days after receipt thereof.

5. Calibration and Test of Measuring Equipment: The accuracy of Union's measuring equipment shall be verified by Union at reasonable intervals, and if requested, in the presence of representatives of Shipper, but Union shall not be required to verify the accuracy of such equipment more frequently than once in any thirty (30) day period. In the event either party notifies the other that it desires a special test of any measuring equipment, the parties shall co-operate to secure a prompt verification of the accuracy of such equipment. The expense of any such special test, if called for by Shipper, shall be borne by Shipper if the measuring equipment tested is found to be in error by not more than two per cent (2%). If, upon test, any measuring equipment is found to be in error by not more than two per cent (2%), previous recordings of such equipment shall be considered accurate in computing receipts and deliveries of gas, but such equipment shall be adjusted at once to record as near to absolute accuracy as possible. If the test conducted shows a percentage of inaccuracy greater than two per cent (2%), the financial adjustment, if any, shall be calculated in accordance with the Act and Regulations, as may be amended from time to time and in accordance with any successor statutes and regulations.
6. Preservation of Metering Records: Union and Shipper shall each preserve for a period of at least six (6) years all test data, and other relevant records.
7. Error in Metering or Meter Failure: In the event of an error in metering or a meter failure (such error or failure being determined through check measurement by Union or any other available method), then Shipper shall enforce its rights as Shipper with the Interconnecting Pipeline(s) to remedy such error or failure including enforcing any inspection and/or verification rights and procedures.

## **VI. BILLING**

1. Monthly Billing Date: Union shall render bills on or before the 10th day of each month for all services furnished during the preceding month. Such charges may be based on estimated quantities, if actual quantities are unavailable in time to prepare the billing. Union shall provide, in a succeeding month's billing, an adjustment based on any difference between actual quantities and estimated quantities. If presentation of a bill to Shipper is delayed after the 10th day of the month, then the time of payment shall be extended accordingly, unless Shipper is responsible for such delay.
2. Right of Examination: Both Union and Shipper shall have the right to examine at any reasonable time 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 the Contract.

## **VII. PAYMENTS**

1. Monthly Payments: Shipper shall pay the invoiced amount directly into Union's bank account as directed on the invoice on or before the twentieth (20<sup>th</sup>) day of each month. If the payment date is not a business day, then payment must be received in Union's account on the first business day preceding the twentieth (20<sup>th</sup>) day of the month.
2. Remedies for Non-payment: Should Shipper fail to pay all of the amount of any bill as herein provided when such amount is due, Shipper shall pay to Union interest on the unpaid portion of the bill accruing at a rate per annum equal to the minimum commercial lending rate of Union's principal banker in effect from time to time from the due date until the date of payment. If such failure to pay continues for thirty (30) days after payment is due, Union, in addition to any other remedy it may have under the Contract may suspend service(s) until such amount is paid, provided however, that if Shipper, in good faith shall dispute the amount of any such bill or part thereof and shall pay to Union such amounts as it concedes to be correct and at any time thereafter within twenty (20) days of a demand made by Union shall furnish good and sufficient surety bond satisfactory to Union, guaranteeing payment to Union of the amount ultimately found due upon such bill after a final determination which may be reached either by agreement, arbitration decision or judgement of the courts, as may be the case, then Union shall not be entitled to suspend service(s) because of such non-payment unless and until default be made in the conditions of such bond or in payment for any further service(s) to Shipper hereunder.

Notwithstanding the foregoing paragraph, this does not relieve Shipper from the obligation to continue its deliveries of gas under the terms of any agreement, where Shipper has contracted to deliver specified quantities of gas to Union.

3. Billing Adjustments: If it shall be found that at any time or times Shipper has been overcharged or undercharged in any

form whatsoever under the provisions of the Contract and Shipper shall have actually paid the bills containing such overcharge or undercharge, Union shall refund the amount of any such overcharge and interest shall accrue from and including the first day of such overcharge as paid to the date of refund and shall be calculated but not compounded at a rate per annum determined each day during the calculation period to be equal to the minimum commercial lending rate of Union's principal banker, and the Shipper shall pay the amount of any such undercharge, but without interest. In the event Union renders a bill to Shipper based upon measurement estimates, the required adjustment to reflect actual measurement shall be made on the bill next following the determination of such actual measurement, without any charge of interest. In the event an error is discovered in the amount billed in any statement rendered by Union, such error shall be adjusted by Union. Such overcharge, undercharge or error shall be adjusted by Union on the bill next following its determination (where the term "bill" next following shall mean a bill rendered at least fourteen (14) days after the day of its determination), provided that claim therefore shall have been made within six (6) years from the date of the incorrect billing. In the event any refund is issued with Shipper's bill, the aforesaid date of refund shall be deemed to be the date of the issue of invoice.

#### **VIII. ARBITRATION**

If and when any dispute, difference or question shall arise between the parties hereto touching the Contract or anything herein contained, or the construction hereof, or the rights, duties or liabilities of the parties in relation to any matter hereunder, the matter in dispute shall be submitted and referred to arbitration within ten (10) days after written request of either party. Upon such request each party shall appoint an arbitrator, and the two so appointed shall appoint a third. A majority decision of the arbitrators shall be final and binding upon both parties. In all other respects the provisions of the Arbitration Act of the Province of Ontario, or any act passed in amendment thereof or substitution therefore, shall apply to each such submission. Operations under this Contract shall continue, without prejudice, during any such arbitration and the costs attributable to such arbitration shall be shared equally by the parties hereto.

#### **IX. LAWS, REGULATIONS AND ORDERS**

The Contract and the respective rights and obligations of the parties hereto are subject to all present and future valid laws, orders, rules and regulations of any competent legislative body, or duly constituted authority now or hereafter having jurisdiction and the 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 the Contract.

**RATE M16  
GENERAL TERMS & CONDITIONS**

**I. DEFINITIONS**

Except where the context expressly requires or states another meaning, the following terms, when used in these General Terms & Conditions and in any contract into which these General Terms & Conditions are incorporated, shall be construed to have the following meanings:

**"Aid to Construction"** shall include any and all costs, expenses, amounts, damages, obligations, or other liabilities (whether of a capital or operating nature, and whether incurred before or after the date of the Contract) actually paid by Union (including amounts paid to affiliates for services rendered in accordance with the Affiliate Relationships Code as established by the OEB) in connection with or in respect of satisfying the conditions precedent set out in Article XXI herein (including without limitation the construction and placing into service of the Union Expansion Facilities, the obtaining of all governmental, regulatory and other third party approvals, and the obtaining of rights of way) whether resulting from Union's negligence or not, except for any costs that have arisen from the gross negligence, fraud, or wilful misconduct of Union;

**"Authorized Overrun"** shall mean the amount by which Shipper's Authorized Quantity exceeds the firm and interruptible contract demands;

**"Authorized Quantity"** shall have the meaning given thereto in Schedule "B 2010" of the C1 Rate Schedule;

**"Business Day"** shall mean any day, other than Saturday, Sunday or any days on which national banks in the Province of Ontario are authorized to close;

**"Contract"** shall refer to the Contract to which these General Terms & Conditions shall apply, and into which they are incorporated;

**"Contract Year"** shall mean a period of three hundred and sixty-five (365) consecutive days, beginning on the Commencement Date or on any anniversary of such date; provided, however, that any such period which contains a date of February 29 shall consist of three hundred and sixty-six (366) consecutive days;

**"cricondentherm hydrocarbon dewpoint"** shall mean the highest hydrocarbon dewpoint temperature on the phase envelope;

**"cubic metre"** shall mean the volume of gas which occupies one cubic metre when such gas is at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;

**"Custody Transfer Point"** That point on the piping system at the Pool Station which is at the Shipper side of the insulating flange on the Union Expansion Facilities, and which point shall serve as the point of custody transfer;

**"Day"** shall mean a period of twenty-four (24) consecutive hours beginning at 10:00 a.m. Eastern Clock Time. The reference date for any Day shall be the calendar date upon which the twenty-four (24) hour period shall commence;

**"Dehydration Contract"** shall mean the contract for Dehydration Service between Union and the Shipper as detailed in Schedule 1 of the Contract;

**"Delivery Point"** shall mean the point(s) where Union shall deliver gas to Shipper as defined in Schedule 1 of the Contract;

**"Eastern Clock Time"** shall mean the local clock time in the Eastern Time Zone on any Day;

**"firm"** shall mean service not subject to curtailment or interruption except under Articles XI, XII and XVIII herein;

**"gas"** shall mean gas as defined in the Ontario Energy Board Act, 1998, S.O. 1998, c. 15, Sch. B, as amended, supplemented or re-enacted from time to time;

**"gross heating value"** shall mean the total heat expressed in megajoules per cubic metre (MJ/m<sup>3</sup>) produced by the complete combustion at constant pressure of one (1) cubic metre of gas with air, with the gas free of water vapour and the temperature of the gas, air and products of combustion at standard temperature and all water formed by the combustion reaction condensed to the liquid state;

**"hydrocarbon dewpoint"** shall mean temperature at a specific pressure where hydrocarbon vapour condensation begins;

**"Interconnecting Pipeline"** shall mean a pipeline that directly connects to the Union pipeline system;

**"interruptible"** shall mean service subject to curtailment or interruption, after notice, at any time;

**"joule"** (J) shall mean 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;

**"m<sup>3</sup>"** shall mean cubic metre of gas and **"10<sup>3</sup>m<sup>3</sup>"** shall mean 1,000 cubic metres of gas;

**"Month"** shall mean the period beginning at 10:00 a.m. Eastern Clock Time on the first day of a calendar month and ending at 10:00 a.m. Eastern Clock Time on the first day of the following calendar month;

**"OEB"** means the Ontario Energy Board;

**"pascal"** **"(Pa)"** shall mean the pressure produced when a force of one (1) newton is applied to an area of one (1) square metre. The term **"kilopascal"** **"(kPa)"** shall mean 1,000 pascals;

**"Pool Quantity"** shall mean the actual daily quantity of gas delivered to or received from Shipper at the Custody Transfer Point;

**"Pool Station"** shall mean the physical location of Union's measurement and control facilities to the pool; the pool name as detailed in Schedule 1 of the Contract;

**"Receipt Point"** shall mean any one of the points where Union shall receive gas from Shipper as detailed in Schedule 1 of the Contract;

**"Shipper"** shall have the meaning as defined in the Contract, and shall also include Shipper's agent(s);

**"Shipper Quantity"** shall, on any Day, be equal to the greater of: (i) the Authorized Quantity for that Day; and (ii) the nomination duly made by Shipper in good faith prior to the nomination deadline for the first nomination window applicable for that Day; provided that in no event shall the Shipper Quantity exceed the firm contract demand;

**"specific gravity"** shall mean density of the gas divided by density of air, with both at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;

**"Taxes"** shall mean any tax (other than tax on income or tax on property), duty, royalty, levy, license, fee or charge not included in the charges and rates as per the applicable rate schedule (including but not limited to charges under any form of cap and trade, carbon tax, or similar system) and that is levied, assessed or made by any governmental authority on the gas itself, or the act, right, or privilege of producing, severing, gathering, storing, transporting, handling, selling or delivering gas under the Contract;

**"TCPL"** means TransCanada PipeLines Limited;

**"Union Expansion Facilities"** shall mean any facilities necessary for Union to provide the Services, including without limiting the generality of the foregoing:

- a. a meter and any associated recording gauges as are necessary;
- b. pressure and/or flow control devices, over pressure protection and telemetry equipment as are necessary;

- c. a suitable gas odourizing injection facility if Union deems such a facility to be necessary
- d. piping, fittings, material, filtration facilities, cathodic protection and insulating flanges;
- e. gas chromatograph, moisture analyzer, piping, fittings, material, filtration facilities, cathodic protection and insulating flanges;

"Wobbe Number" shall mean gross heating value of the gas divided by the square root of its specific gravity.

## II. GAS QUALITY

1. Natural Gas: The minimum gross heating value of the gas delivered to/by Union hereunder, shall be thirty-six (36) megajoules per cubic metre. The maximum gross heating value of the gas delivered to/by Union hereunder shall be forty point two (40.2) megajoules per cubic metre. The gas to be delivered hereunder to Union may be a commingled supply from Shipper's gas sources of supply. The gas to be delivered by Union may be a commingled supply from Union's sources of gas supply; provided, however, that helium, natural gasoline, butane, propane and other hydrocarbons, except methane, may be removed prior to delivery to Shipper. Further, Union may subject, or permit the subjection of, the gas to compression, dehydration, cooling, cleaning and other processes.
2. Freedom from objectionable matter: The gas to be delivered to Union at the Receipt Point(s) hereunder,
  - a. shall be commercially free from bacteria, sand, dust, gums, crude oils, lubricating oils, liquids, chemicals or compounds used in the production, treatment, compression or dehydration of the gas or any other objectionable substance in sufficient quantity so as to render the gas toxic, unmerchantable or cause injury to, or interference with, the proper operation of the lines, regulators, meters or other appliances through which it flows,
  - b. shall not contain more than seven (7) milligrams of hydrogen sulphide per cubic metre of gas, nor more than one hundred (100) milligrams of total sulphur per cubic metre of gas,
  - c. shall not contain more than five (5) milligrams of mercaptan sulphur per cubic metre of gas,
  - d. shall not contain more than two point zero (2.0) molar percent by volume of carbon dioxide in the gas,
  - e. shall not contain more than zero point four (0.4) molar percent by volume of oxygen in the gas,
  - f. shall not contain more than zero point five (0.5) molar percent by volume of carbon monoxide in the gas,
  - g. shall not contain more than four point zero (4.0) molar percent by volume of hydrogen in the gas,
  - h. shall not contain more than sixty-five (65) milligrams of water vapour per cubic metre of gas,
  - i. shall not have a cricondenthm hydrocarbon dewpoint exceeding minus eight (-8) degrees Celsius,
  - j. shall have Wobbe Number from forty seven point fifty (47.50) megajoules per cubic metre of gas to fifty one point forty six (51.46) megajoules per cubic metre of gas, maximum of one point five (1.5) mole percent by volume of butane plus (C4+) in the gas, and maximum of four point zero (4.0) mole percent by volume of total inerts in the gas in order to be interchangeable with other Interconnecting Pipeline gas,
  - k. shall not exceed forty-three degrees Celsius (43°C), and,
  - l. shall not be odourized by Shipper.
3. Non-conforming Gas:
  - a. In the event that the quality of the gas does not conform or if Union, acting reasonably, suspects the quality of the gas may not conform to the specifications herein, then Shipper shall, if so directed by Union acting reasonably, forthwith carry out, at Shipper's cost, whatever field testing of the gas quality as may be required



to ensure that the quality requirements set out herein are met, and to provide Union with a certified copy of such tests. If Shipper does not carry out such tests forthwith, Union may conduct such test and Shipper shall reimburse Union for all costs incurred by Union for such testing.

- b. If Shipper's gas fails at any time to conform to the requirements of this Article II, Union, in addition to its other remedies, may refuse to accept delivery of gas at the Receipt Points hereunder until such deficiency has been remedied by Shipper. Each Party agrees to notify the other verbally, followed by written notification, of any such deficiency of quality.
  - c. With respect to Article II 2. h. herein, Union may accept the gas subject to Shipper's obligations under the Dehydration Contract, if applicable.
4. Quality of Gas Received: The quality of the gas to be received by Union at the Receipt Point(s) hereunder is to be of a merchantable quality and in accordance with the quality standards as set out by Union in this Article II.
5. Quality of Gas at Dawn: The quality of the gas to be delivered to Union at Dawn (Facilities) or the gas to be delivered by Union to Shipper at Dawn (Facilities) hereunder is to be of a merchantable quality and in accordance with the quality standards and measurement standards as set out by Union in this Article II, except that total sulphur limit shall be not more than four hundred and sixty (460) milligrams per cubic metre of gas. In addition to any other right or remedy of a party, each party shall be entitled to refuse to accept delivery of any gas which does not conform to any of the specifications set out in this Article II.
6. Odourization of Gas:
- a. Union may odourize or deliver odourized gas under the Contract,
  - b. Shipper shall if requested by Union monitor the mercaptan sulphur content of the gas delivered to Union under the Contract and shall provide at no cost to Union a continuous signal quantifying the mercaptan sulphur content in milligrams per cubic metre.

### III. MEASUREMENTS

1. Storage, Transportation, and/or Sales Unit: The unit of the gas delivered to Union shall be a megajoule or a gigajoule. The unit of gas transported or stored by Union shall be a megajoule or a gigajoule. The unit of gas delivered by Union shall be a megajoule, a gigajoule, a cubic metre (m<sup>3</sup>) or one thousand cubic metres (10<sup>3</sup>m<sup>3</sup>) at Union's discretion.
2. Determination of Volume and Energy:
- a. The volume and energy amounts determined under the Contract shall be determined in accordance with the Electricity and Gas Inspection Act (Canada), RSC 1985, c E-4- (the "**Act**") and the Electricity and Gas Inspection Regulations, SOR 86/131 (the "**Regulations**"), and any documents issued under the authority of the Act and Regulations and any amendments thereto.
  - 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, all as amended from time to time.
  - c. The volume and/or energy of the gas delivered to/by Union hereunder shall be determined by the measurement equipment designated in Article VII herein.
  - d. Upon request by Union, Shipper shall obtain measurement of the total quantity of gas received by Union hereunder from the Interconnecting Pipeline. Such measurement shall be done in accordance with established practices between Union and the Interconnecting Pipeline.

**IV. RECEIPT POINT AND DELIVERY POINT**

The point or points of receipt and point or points of delivery for all gas to be covered hereunder shall be on the outlet side of the measuring stations located at or near the point or points of connection specified in Schedule 1 of the Contract, where possession of the gas changes from one party to the other.

**V. POSSESSION OF AND RESPONSIBILITY FOR GAS**

1. Union accepts no responsibility for any gas prior to such gas being delivered to Union at the Receipt Point or after its delivery by Union at the Delivery Point. As between the parties hereto, Union shall be deemed to be in control and possession of and responsible for all such gas from the time that such gas enters Union's system until such gas is delivered to Shipper.
2. Shipper agrees that Union is not a common carrier and is not an insurer of Shipper's gas, and that Union shall not be liable to Shipper or any third party for loss of gas in Union's possession, except to the extent such loss is caused entirely by Union's negligence or wilful misconduct.

**VI. FACILITIES ON SHIPPER'S PROPERTY**

1. All of the Union Expansion Facilities shall remain the property of Union. Union shall be entitled to remove said equipment at any time within a period of sixty (60) days from any termination or expiry of the Contract. Shipper shall take all necessary steps to ensure Union may enter the Pool Station to remove such equipment for a period of sixty (60) days after termination or expiry of the Contract.
2. Shipper shall, at Shipper's own cost and expense:
  - a. obtain the Pool Station Land Rights; and
  - b. furnish, install, set, and maintain suitable pressure and quantity control equipment and such additional equipment as required on Shipper's delivery system, to protect against the over pressuring of Union's facilities as set out in Article VI of the Contract and Schedule 1 of the Contract, protect Union from receiving gas not meeting the quality specification as set out in Article II herein, and to limit the daily flow of gas to the corresponding parameters as set out in the Article II of the Contract.
3. Shipper shall within thirty (30) days of the delivery of an invoice by Union, reimburse Union for any actual costs reasonably incurred by Union for any repair, replacement, relocation, or upgrading of any meter station or any Union Expansion Facilities requested by Shipper, or as required by law or by duly constituted regulatory body, or through good engineering practice. Union shall be responsible for any costs incurred by Union to correct an error made by Union.
4. Operation and Maintenance: Subject to this Article VI Section 3, each party shall be fully responsible for the continued operation, maintenance, repair and replacement of its respective facilities. Both parties agree to maintain cathodic protection on their respective facilities.
5. Inspection: Each party shall inspect its facilities as required by industry standards or by the appropriate regulatory body.
6. Each party shall decide, in its sole discretion, whether its facilities need to be repaired or replaced. In the event that repair or replacement is needed, the party undertaking such work will, to the extent possible, give the other party sixty (60) days' notice and will ensure that the work be done in a manner so as to minimize the amount of time the pipeline has restricted flows.

**VII. MEASURING EQUIPMENT**

1. Metering by Union: Union will install and operate meters and related equipment as required and in accordance with the Act and Regulations referenced in Article III herein.

2. Metering by Others: In the event that all or any gas delivered to/by Union hereunder is measured by a meter that is owned and operated by an Interconnecting Pipeline, then Union and Shipper agree to accept that metering for the purpose of determining the volume and energy of gas delivered to/by Union on behalf of the Shipper. The standard of measurement and tests for the gas delivered to/by Union hereunder shall be in accordance with the general terms and conditions as incorporated in that Interconnecting Pipeline company's gas tariff as approved by its regulatory body.
3. Check Measuring Equipment: Shipper may install, maintain and operate, at the Custody Transfer Point, at its own expense, such check measuring equipment as desired, provided that such equipment shall be so installed as not to interfere with the operation of Union's measuring equipment at or near the Custody Transfer Point, and shall be installed, maintained and operated in conformity with the same standards and specifications applicable to Union's metering facilities.
4. Rights of Parties: The measuring equipment installed by either party, together with any building erected by it for such equipment, shall be and remain its property. However, Union and Shipper shall have the right 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 used in measuring or checking the measurement of deliveries of gas to/by Union under the Contract. Either party will give the other party reasonable notice of its intention to carry out the acts herein specified. The records from such measuring equipment shall remain the property of their owner, but upon request each will submit to the other its records and charts, together with calculations therefrom, for inspection and verification, subject to return within ten (10) days after receipt thereof.
5. Calibration and Test of Measuring Equipment: The accuracy of Union's measuring equipment shall be verified by Union at reasonable intervals, and if requested, in the presence of representatives of Shipper, but Union shall not be required to verify the accuracy of such equipment more frequently than once in any thirty (30) day period. In the event either party notifies the other that it desires a special test of any measuring equipment, the parties shall co-operate to secure a prompt verification of the accuracy of such equipment. The expense of any such special test, if called for by Shipper, shall be borne by Shipper if the measuring equipment tested is found to be in error by not more than two per cent (2%). If, upon test, any measuring equipment is found to be in error by not more than two per cent (2%), previous recordings of such equipment shall be considered accurate in computing receipts and deliveries of gas, but such equipment shall be adjusted at once to record as near to absolute accuracy as possible. If the test conducted shows a percentage of inaccuracy greater than two percent (2%), the financial adjustment, if any, shall be calculated in accordance with the Act and Regulations, as may be amended from time to time and in accordance with any successor statutes and regulations.
6. Preservation of Metering Records: Union and Shipper shall each preserve for a period of at least six (6) years all test data, and other relevant records.
7. Error in Metering or Meter Failure: In the event of an error in metering or a meter failure, (such error or failure being determined through check measurement by Union or any other available method), then Shipper shall enforce its rights as Shipper with the Interconnecting Pipeline(s) to remedy such error or failure including enforcing any inspection and/or verification rights and procedures.

## **VIII. BILLING**

1. Monthly Billing Date: Union shall render bills on or before the tenth (10<sup>th</sup>) day of each month for all Services furnished during the preceding Month. Such charges may be based on estimated quantities, if actual quantities are unavailable in time to prepare the billing. Union shall provide, in a succeeding Month's billing, an adjustment based on any difference between actual quantities and estimated quantities, without any interest charge. If presentation of a bill to Shipper is delayed after the tenth (10<sup>th</sup>) day of the month, then the time of payment shall be extended accordingly, unless Shipper is responsible for such delay.
2. Right of Examination: Both Union and Shipper shall have the right to examine at any reasonable time 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 the Contract.
3. Amendment of Statements: For the purpose of completing a final determination of the actual quantities of gas handled under the Contract, Union shall have the right to amend its statements for a period equal to the time during which the

Interconnecting Pipeline retains the right to amend their statements, which period shall not exceed three (3) years from the date of termination of the Contract.

**IX. PAYMENTS**

1. Monthly Payments: Shipper shall pay the invoiced amount directly into Union's bank account as directed on the invoice on or before the twentieth (20<sup>th</sup>) day of each month. If the payment date is not a Business Day, then payment must be received in Union's account on the first Business Day preceding the twentieth (20<sup>th</sup>) day of the month.
2. Remedies for Non-payment: Should Shipper fail to pay all of the amount of any bill as herein provided when such amount is due,
  - a. Shipper shall pay to Union interest on the unpaid portion of the bill accruing at a rate per annum equal to the minimum commercial lending rate of Union's principal banker in effect from time to time from the due date until the date of payment; and,
  - b. If such failure to pay continues for thirty (30) days after payment is due, Union, in addition to any other remedy it may have under the Contract, may suspend Services until such amount is paid. Notwithstanding such suspension, all demand charges shall continue to accrue hereunder as if such suspension were not in place.

If Shipper in good faith disputes the amount of any such bill or part thereof Shipper shall pay to Union such amounts as it concedes to be correct. At any time thereafter, within twenty (20) days of a demand made by Union, Shipper shall furnish financial assurances satisfactory to Union, guaranteeing payment to Union of the amount ultimately found due upon such bill after a final determination. Such a final determination may be reached either by agreement, arbitration decision or judgement of the courts, as may be the case. Union shall not be entitled to suspend Services because of such non-payment unless and until default occurs in the conditions of such financial assurances or default occurs in payment of any other amount due to Union hereunder.

Notwithstanding the foregoing, Shipper is not relieved from the obligation to continue its deliveries of gas to Union under the terms of any agreement, where Shipper has contracted to deliver specified quantities of gas to Union.

3. Billing Adjustments: If it shall be found that at any time or times Shipper has been overcharged or undercharged in any form whatsoever under the provisions of the Contract and Shipper shall have actually paid the bills containing such overcharge or undercharge, Union shall refund the amount of any such overcharge and interest shall accrue from and including the first day of such overcharge as paid to the date of refund and shall be calculated but not compounded at a rate per annum determined each day during the calculation period to be equal to the minimum commercial lending rate of Union's principal banker, and the Shipper shall pay the amount of any such undercharge, but without interest. In the event Union renders a bill to Shipper based upon measurement estimates, the required adjustment to reflect actual measurement shall be made on the bill next following the determination of such actual measurement, without any charge of interest. In the event an error is discovered in the amount billed in any statement rendered by Union, such error shall be adjusted by Union. Such overcharge, undercharge or error shall be adjusted by Union on the bill next following its determination (where the term "**bill next following**" shall mean a bill rendered at least fourteen (14) days after the day of its determination), provided that claim therefore shall have been made within three (3) years from the date of the incorrect billing. In the event any refund is issued with Shipper's bill, the aforesaid date of refund shall be deemed to be the date of the issue of bill.
4. Taxes: In addition to the charges and rates as per the applicable rate schedules and price schedules, Shipper shall pay all Taxes which are imposed currently or subsequent to the execution of the Contract by any legal authority having jurisdiction and any amount in lieu of such Taxes paid or payable by Union.
5. Set Off: If Shipper shall, at any time, be in arrears under any of its payment obligations to Union under the Contract, then Union shall be entitled to reduce the amount payable by Union to Shipper under the Contract or any other contract by an amount equal to the amount of such arrears or other indebtedness to Union. In addition to the foregoing remedy, Union may, upon forty-eight (48) hours verbal notice, to be followed by written notice, take possession of any or all of Shipper's gas under the Contract, which shall be deemed to have been assigned to Union, to reduce such arrears or other indebtedness to Union.

6. Aid to Construction: Shipper agrees to reimburse Union for the Aid to Construction.

In the event Union has incurred costs, as set out herein, relative to the construction, installation or connection of the gas metering station prior to being notified by Shipper of Shipper's intention to terminate the Contract, Shipper shall promptly remit to Union such actual costs on presentation to Shipper of an invoice for same from Union.

All applicable Taxes will be applied to all amounts to be paid under this Section. Shipper warrants and represents that no payment to be made by Shipper under the Contract is subject to any withholding tax.

## X. ARBITRATION

If and when any dispute, difference or question shall arise between the parties hereto touching the Contract or anything herein contained, or the construction hereof, or the rights, duties or liabilities of the parties in relation to any matter hereunder, the matter in dispute shall be submitted and referred to arbitration within ten (10) days after written request of either party. Upon such request each party shall appoint an arbitrator, and the two so appointed shall appoint a third. A majority decision of the arbitrators shall be final and binding upon both parties. In all other respects the provisions of the Arbitration Act, 1991, or any act passed in amendment thereof or substitution therefore, shall apply to each such submission. Operations under the Contract shall continue, without prejudice, during any such arbitration and the costs attributable to such arbitration shall be shared equally by the parties hereto.

## XI. FORCE MAJEURE

1. The term "**force majeure**" as used herein shall mean acts of God, strikes, lockouts or any other industrial disturbance, acts of the public enemy, sabotage, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of governments and people, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, freezing of wells or lines of pipe, inability to obtain materials, supplies, permits or labour, any laws, orders, rules, regulations, acts or restraints of any governmental body or authority (civil or military), any act or omission that is excused by any event or occurrence of the character herein defined as constituting force majeure, any act or omission by parties not controlled by the party having the difficulty and any other similar cases not within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome.
2. In the event that either the Shipper or Union is rendered unable, in whole or in part, by force majeure, to perform or comply with any obligation or condition of the Contract, such party shall give notice and full particulars of such force majeure in writing delivered by hand, fax or other direct written electronic means to the other party as soon as possible after the occurrence of the cause relied on and subject to the provision of this Article.
3. Neither party shall be entitled to the benefit of the provisions of force majeure hereunder if any or all of the following circumstances prevail: the failure resulting in a condition of force majeure was caused by the negligence of the party claiming suspension; the failure was caused by the party claiming suspension where such party failed to remedy the condition by making all reasonable efforts (short of litigation, if such remedy would require litigation); the party claiming suspension failed to resume the performance of such condition obligations with reasonable dispatch; the failure was caused by lack of funds; the party claiming suspension did not, as soon as possible after determining, or within a period within which it should acting reasonably have determined, that the occurrence was in the nature of force majeure and would affect its ability to observe or perform any of its conditions or obligations under the Contract, give to the other party the notice required hereunder.
4. The party claiming suspension shall likewise give notice as soon as possible after the force majeure condition is remedied, to the extent that the same has been remedied, and that such party has resumed or is then in a position to resume the performance of the obligations and conditions of the Contract.
5. An event of force majeure on Union's system will excuse the failure to deliver gas by Union or the failure to accept gas by Union hereunder, and both parties shall be excused from performance of their obligations hereunder, except for payment obligations, to the extent of and for the duration of the force majeure.
6. Upstream or Downstream Force Majeure: An event of force majeure upstream or downstream of Union's system shall not relieve Shipper of any payment obligations.

7. Delay of Firm Transportation Services: Despite Article XI herein, if Union is prevented, by reason of an event of force majeure on Union's system from delivering gas on the Day or Days upon which Union has accepted gas from Shipper, Union shall thereafter make all reasonable efforts to deliver such quantities as soon as practicable and on such Day or Days as are agreed to by Shipper and Union. If Union accepts such gas on this basis, Shipper shall not receive any demand charge relief as contemplated under Article XI herein.
8. Demand Charge Relief for Firm Transportation Services: Despite Article XI herein, if on any Day Union fails to accept gas from Shipper by reason of an event of force majeure on Union's system and fails to deliver the quantity of gas nominated hereunder by Shipper up to the firm contract demand for the Contract, then for that Day the Monthly demand charge shall be reduced by an amount equal to the applicable Daily Demand Rate, as defined in this paragraph, multiplied by the difference between the quantity of gas actually delivered by Union during such Day and the quantity of gas which Shipper in good faith nominated on such Day. The term "**Daily Demand Rate**" shall mean the Monthly demand charge or equivalent pursuant to the C1 Rate Schedule divided by the number of days in the month for which such rate is being calculated.
9. In addition to the definition of force majeure in Article XI, Section 1 herein, for the purposes of the Contract, it shall also include the unforeseen reduction in natural gas usage and/or capacity of the local transmission system as described in Schedule 1 of the Contract, regardless of the duration of such unforeseen reduction, or any other cause, whether of the kind herein enumerated or otherwise, not within the reasonable control of the party claiming relief hereunder and which, by the exercise of due diligence, such party is unable to prevent or overcome.

## **XII. DEFAULT AND TERMINATION**

In case of the breach or non-observance or non-performance on the part of either party hereto of any covenant, proviso, condition, restriction or stipulation contained in the Contract (but not including herein failure to take or make delivery in whole or in part of the gas delivered to/by Union hereunder occasioned by any of the reasons provided for in Article XI herein) which has not been waived by the other party, then and in every such case and as often as the same may happen, the non-defaulting party may give written notice to the defaulting party requiring it to remedy such default and in the event of the defaulting party failing to remedy the same within a period of thirty (30) days from receipt of such notice, the non-defaulting party may at its sole option declare the Contract to be terminated and thereupon the Contract shall be terminated and be null and void for all purposes other than and except as to any liability of the parties under the same incurred before and subsisting as of termination. The right hereby conferred upon each party 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.

## **XIII. AMENDMENT**

Subject to Article XV herein and the ability of Union to amend the applicable rate schedules and price schedules, with the approval of the OEB (if required), no amendment or modification of the Contract shall be effective unless the same shall be in writing and signed by each of the Shipper and Union.

## **XIV. NON-WAIVER AND FUTURE DEFAULT**

No waiver of any provision of the Contract shall be effective unless the same shall be in writing and signed by the party entitled to the benefit of such provision and then such waiver shall be effective only in the specific instance and for the specified purpose for which it was given. No failure on the part of Shipper or Union to exercise, and no course of dealing with respect to, and no delay in exercising, any right, power or remedy under the Contract shall operate as a waiver thereof.

## **XV. LAWS, REGULATIONS AND ORDERS**

The Contract and the respective rights and obligations of the parties hereto are subject to all present and future valid laws, orders, rules and regulations of any competent legislative body, or duly constituted authority now or hereafter having jurisdiction and the 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 the Contract.

**XVI. RESERVED FOR FUTURE USE**

N/A

**XVII. RENEWALS**

The Contract will continue in full force and effect beyond the Initial Term, automatically renewing for a period of one (1) year, and every one (1) year thereafter. Shipper or Union may reduce the contract demands or terminate the Contract, with notice in writing to the other party, at least two (2) years prior to the expiration thereof.

**XVIII. SERVICE CURTAILMENT**

1. Capacity Sharing: Where requests for interruptible service hereunder exceed the capacity available for such Service, Union will authorize nominations from shippers and allocate capacity as per Union's procedures and policies and shippers shall be so advised. Any interruptible service provided herein are subordinate to any and all firm service supplied by Union, and subordinate to Union's own operational or system requirements.
2. Capacity Procedures: Union reserves the right to change its procedures and policies for sharing interruptible capacity and will provide Shipper with two (2) months' notice of any such change.
3. Maintenance: Union's facilities from time to time may require maintenance or construction. In the event that such event occurs and in Union's sole opinion, acting reasonably, may impact its ability to meet Shipper's requirements, Union shall provide at least ten (10) days' notice to the Shipper, except in the case of emergencies. In the event the maintenance impacts Union's ability to meet Shipper's requirements, Union shall not be liable for any damages and shall not be deemed to be in breach of the Contract. To the extent that Union's ability to receive or deliver gas is impaired, Demand Charge Relief shall be calculated and credited to Shipper's invoice in accordance with Article XI, Section 8 herein. Union shall use reasonable efforts to determine a mutually acceptable period during which such maintenance or construction will occur and also to limit the extent and duration of any impairments. Union will endeavour to schedule and complete the maintenance and construction, that can be scheduled and completed, and which would normally be expected to impact on Union's ability to meet its obligations of any Contract Year, during the period from April 1 through to October 31.
4. Shipper's Facilities: Shipper shall complete and maintain a plan which depicts all of Shipper's production storage facilities including all emergency shut off valves and emergency equipment and provide a copy to Union upon Union's request. Shipper shall provide to Union the names and telephone numbers of those persons whom Union may contact in the event of an emergency situation arising within the Shipper's facilities.

**XIX. SHIPPER'S REPRESENTATIONS AND WARRANTIES**

1. Shipper's Warranty: Shipper warrants that it will, if required, maintain, or have maintained on its behalf, all external approvals including the governmental, regulatory, import/export permits and other approvals or authorizations that are required from any federal, state or provincial authorities for the gas quantities to be handled under the Contract. Shipper further warrants that it shall maintain in effect the Facilitating Agreements.
2. Financial Representations: Shipper represents and warrants that the financial assurances (including the Initial Financial Assurances and Security), if any, shall remain in place throughout the term hereof unless Shipper and Union agree otherwise. Shipper shall notify Union in the event of any change to the financial assurances (including the Initial Financial Assurances and Security), if any, throughout the term hereof. Should Union have reasonable grounds to believe that Shipper will not be able to perform or continue to perform any of its obligations under the Contract for any reason (a "**Material Event**"), then Shipper shall within fourteen (14) days of receipt of written notice by Union, obtain and provide to Union a letter of credit or other security in the form and amount reasonably required by Union (the "**Security**"). In the event that Shipper does not provide to Union such Security, Union may deem a default in accordance with the provisions of Article XII herein.

In the event that Shipper in good faith, reasonably believes that it should be entitled to reduce the amount of or value of the Security previously provided, it may request such a reduction from Union and to the extent that the Material Event has been mitigated or eliminated, Union shall return all or a portion of the Security to Shipper within fourteen (14) Business Days after receipt of the request.

3. Regulatory Approval: Shipper represents and warrants to Union that Shipper possesses all licenses and permits needed to inject gas into, store gas in, and remove gas from the pool.

**XX. MISCELLANEOUS PROVISIONS**

1. Assignment: Shipper may not assign the Contract without the written consent of Union and, if required, the approval of the OEB. Should Union consent to the assignment, and if OEB approval is needed, Union will apply for OEB approval with all costs of the application to be paid by Shipper.
2. Title to Gas: Shipper represents and warrants to Union that Shipper shall have good and marketable title to, or legal authority to deliver to Union, all gas delivered to Union hereunder. Furthermore, Shipper hereby agrees to indemnify and save Union harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of claims of any or all third parties to such gas or on account of Taxes, or other charges thereon.

**XXI. PRECONDITIONS TO TRANSPORTATION SERVICES**

1. The obligations of Union to provide Services hereunder are subject to the following conditions precedent, which are for the sole benefit of Union and which may be waived or extended in whole or in part in the manner provided in the 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 provide the Services; and,
  - b. Union shall have obtained all internal approvals that are necessary or appropriate to provide the Services; and,
  - c. Union shall have received from Shipper the requisite financial assurances reasonably necessary to ensure Shipper's ability to honour the provisions of the Contract (the "**Initial Financial Assurances**"). The Initial Financial Assurances, if required, will be as determined solely by Union; and,
  - d. Shipper and Union shall have entered into the Interruptible HUB Service Contract or equivalent (the "**Facilitating Agreement**") with Union; and,
  - e. Shipper shall have paid any amounts owing pursuant to Schedule 1 Aid to Construction; and,
  - f. With regard to the Union Expansion Facilities:
    - i. 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 required to construct the Union Expansion Facilities;
    - ii. Union shall have obtained all internal approvals that are necessary or appropriate to construct the Union Expansion Facilities;
    - iii. Union shall have completed and placed into service the Union Expansion Facilities; and,
  - g. Shipper shall, at Shipper's own cost and expense, have obtained a registered lease or freehold ownership in Union's favour for the Union Expansion Facilities located at the Pool Station satisfactory to Union and sufficient to provide Union with free uninterrupted access to, from, under and above the Pool Station for a term (and extended terms) identical to the Contract, plus sixty (60) days (such land rights being referred to as



the "Pool Station Land Rights"), and shall provide Union with a bona fide copy of such agreements prior to Union commencing the construction of the Union Expansion Facilities.

2. The obligations of Shipper hereunder are subject to the following conditions precedent, which are for the sole benefit of Shipper and which may be waived or extended in whole or in part in the manner provided in the Contract:
  - a. Shipper shall, as required, have entered into the necessary contracts with Union and/or others to facilitate the Services contemplated herein, including contracts for upstream and downstream transportation, and shall specifically have an executed and valid Facilitating Agreement; and shall, as required, have entered into the necessary contracts to purchase the gas quantities handled under the Contract; and,
  - b. Shipper shall have obtained, in form and substance satisfactory to Shipper, and all conditions shall have been satisfied under, all governmental, regulatory and other third party approvals, consents, orders and authorizations, that are required from federal, state, or provincial authorities for the gas quantities handled under the Contract; and,
  - c. Shipper shall have obtained all internal approvals that are necessary or appropriate for the Shipper to execute the Contract.
3. Union and Shipper shall each use due diligence and reasonable efforts to satisfy and fulfil the conditions precedent specified in this Article XXI Section 1 a, c, d, e, f i., f iii., and g and Section 2 a and b. Each party shall notify the other forthwith in writing of the satisfaction or waiver of each condition precedent for such party's benefit. If a party concludes that it will not be able to satisfy a condition precedent that is for its benefit, such party may, upon written notice to the other party, terminate the Contract and upon the giving of such notice, the Contract shall be of no further force and effect and each of the parties shall be released from all further obligations thereunder.
4. If any of the conditions precedent in this Article XXI Section 1 c or Section 2 are not satisfied or waived by the party entitled to the benefit of that condition by the Conditions Date as such term is defined in the Contract, then either party may, upon written notice to the other party, terminate the Contract and upon the giving of such notice, the Contract shall be of no further force and effect and each of the parties shall be released from all further obligations hereunder, provided that any rights or remedies that a party may have for breaches of the Contract prior to such termination and any liability a party may have incurred before such termination shall not thereby be released.

**RATE C1  
GENERAL TERMS & CONDITIONS**

**I. DEFINITIONS**

Except where the context expressly requires or states another meaning, the following terms, when used in these General Terms & Conditions and in any contract into which these General Terms & Conditions are incorporated, shall be construed to have the following meanings:

1. "Contract" shall refer to the Contract to which these General Terms & Conditions shall apply, and into which they are incorporated;
2. "cubic metre" shall mean the volume of gas which occupies one cubic metre when such gas is at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;
3. "day" shall mean a period of twenty-four (24) consecutive hours beginning at 9:00 a.m. Central Standard time. The reference date for any day shall be the calendar date upon which the twenty-four (24) hour period shall commence;
4. "delivery" shall mean any gas that is delivered by Union into Shipper's possession, or to the possession of Shipper's agent;
5. "firm" shall mean service not subject to curtailment or interruption except under Articles XI and XII of this Schedule "A";
6. "gas" shall mean gas as defined in the Ontario Energy Board Act, 1998, S.O. 1998, c.15, Sch. B, as amended, supplemented or re-enacted from time to time;
7. "gross heating value" shall mean the total heat expressed in megajoules per cubic metre (MJ/m<sup>3</sup>) produced by the complete combustion at constant pressure of one (1) cubic metre of gas with air, with the gas free of water vapour and the temperature of the gas, air and products of combustion at standard temperature and all water formed by the combustion reaction condensed to the liquid state;
8. "interruptible service" shall mean service subject to curtailment or interruption, after notice, at any time;
9. "Interconnecting Pipeline" shall mean a pipeline that directly connects to the Union pipeline system;
10. "joule" (J) shall mean 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;
11. "limited interruptible service" shall mean gas service subject to interruption or curtailment on a limited number of days as specified in the Contract;
12. "m<sup>3</sup>" shall mean cubic metre of gas and "10<sup>3</sup>m<sup>3</sup>" shall mean 1,000 cubic metres of gas;
13. "month" shall mean the period beginning at 9:00 a.m. Central Standard time on the first day of a calendar month and ending at 9:00 a.m. Central Standard time on the first day of the following calendar month;
14. "OEB" means the Ontario Energy Board;
15. "pascal" (Pa) shall mean the pressure produced when a force of one (1) newton is applied to an area of one (1) square metre. The term "kilopascal" (kPa) shall mean 1,000 pascals;
16. "receipt" shall mean any gas that is delivered into Union's possession, or the possession of Union's agent;
17. "Shipper" shall have the meaning as defined in the Contract and shall also include Shipper's agent(s);
18. "TCPL" means TransCanada PipeLines Limited;

19. "cricondenth therm hydrocarbon dewpoint" shall mean the highest hydrocarbon dewpoint temperature on the phase envelope;
20. "hydrocarbon dewpoint" shall mean temperature at a specific pressure where hydrocarbon vapour condensation begins;
21. "specific gravity" shall mean density of the gas divided by density of air, with both at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;
22. "Wobbe Number" shall mean gross heating value of the gas divided by the square root of its specific gravity.

## **II. GAS QUALITY**

1. Natural Gas: The minimum gross heating value of the gas delivered to/by Union hereunder, shall be thirty-six (36) megajoules per cubic metre. The maximum gross heating value of the gas delivered to/by Union hereunder shall be forty point two (40.2) megajoules per cubic metre. The gas to be delivered hereunder to Union may be a commingled supply from Shipper's gas sources of supply. The gas to be delivered by Union may be a commingled supply from Union's sources of gas supply; provided, however, that helium, natural gasoline, butane, propane and other hydrocarbons, except methane, may be removed prior to delivery to Shipper. Further, Union may subject, or permit the subjection of, the gas to compression, dehydration, cooling, cleaning and other processes.
2. Freedom from objectionable matter: The gas to be delivered to/by Union hereunder,
  - a. shall be commercially free from bacteria, sand, dust, gums, crude oils, lubricating oils, liquids, chemicals or compounds used in the production, treatment, compression or dehydration of the gas or any other objectionable substance in sufficient quantity so as to render the gas toxic, unmerchantable or cause injury to, or interference with, the proper operation of the lines, regulators, meters or other appliances through which it flows,
  - b. shall not contain more than seven (7) milligrams of hydrogen sulphide per cubic metre of gas, nor more than four hundred and sixty (460) milligrams of total sulphur per cubic metre of gas,
  - c. shall not contain more than five (5) milligrams of mercaptan sulphur per cubic metre of gas,
  - d. shall not contain more than two point zero (2.0) molar percent by volume of carbon dioxide in the gas,
  - e. shall not contain more than zero point four (0.4) molar percent by volume of oxygen in the gas,
  - f. shall not contain more than zero point five (0.5) molar percent by volume of carbon monoxide in the gas,
  - g. shall not contain more than four point zero (4.0) molar percent by volume of hydrogen in the gas,
  - h. shall not contain more than sixty-five (65) milligrams of water vapour per cubic metre of gas,
  - i. shall not have a cricondenth therm hydrocarbon dewpoint exceeding minus eight (-8) degrees Celsius,
  - j. shall have Wobbe Number from forty seven point fifty (47.50) megajoules per cubic metre of gas to fifty one point forty six (51.46) megajoules per cubic metre of gas, maximum of one point five (1.5) mole percent by volume of butane plus (C4+) in the gas, and maximum of four point zero (4.0) mole percent by volume of total inerts in the gas in order to be interchangeable with other Interconnecting Pipeline gas.
3. Non-conforming Gas: In addition to any other right or remedy of a party, each party shall be entitled to refuse to accept delivery of any gas which does not conform to any of the specifications set out in this Article II.
4. Quality of Gas Received: The quality of the gas to be received by Union hereunder is to be of a merchantable quality and in accordance with the quality standards as set out by Union in this Article II, but, Union will also accept gas of a

quality as set out in any other Interconnecting Pipeline's general terms and conditions, provided that all Interconnecting Pipelines accept such quality of gas. In addition to any other right or remedy of a party, each party shall be entitled to refuse to accept delivery of any gas which does not conform to any of the specifications set out in Union's C1 Rate Schedule.

### **III. MEASUREMENTS**

1. Storage, Transportation, and/or Sales Unit: The unit of the gas delivered to Union shall be a megajoule or a gigajoule. The unit of gas transported or stored by Union shall be a megajoule or a gigajoule. The unit of gas delivered by Union shall be a megajoule, a gigajoule, a cubic metre (m<sup>3</sup>) or one thousand cubic metres (10<sup>3</sup>m<sup>3</sup>) at Union's discretion.
2. Determination of Volume and Energy:
  - a. The volume and energy amounts determined under the Contract shall be determined in accordance with the Electricity and Gas Inspection Act (Canada), RSC 1985, c E-4- (the "**Act**") and the Electricity and Gas Inspection Regulations, SOR 86/131 (the "**Regulations**"), and any documents issued under the authority of the Act and Regulations and any amendments thereto.
  - 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, all as amended from time to time.
  - c. The volume and/or energy of the gas delivered to/by Union hereunder shall be determined by the measurement equipment designated in Article VII herein.
  - d. Upon request by Union, Shipper shall obtain measurement of the total quantity of gas received by Union hereunder from the Interconnecting Pipeline. Such measurement shall be done in accordance with established practices between Union and the Interconnecting Pipeline.

### **IV. RECEIPT POINT AND DELIVERY POINT**

1. Unless otherwise specified in the Contract, the point or points of receipt for all gas to be covered hereunder shall be on the outlet side of the measuring stations located at or near the point or points of connection specified in the Contract, where Union takes possession of the gas.
2. Unless otherwise specified in the Contract, the point or points of delivery for all gas to be covered hereunder shall be on the outlet side of the measuring stations located at or near the point or points of connection as specified in the Contract where Shipper takes possession of the gas.

### **V. POSSESSION OF AND RESPONSIBILITY FOR GAS**

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### **VI. FACILITIES ON SHIPPER'S PROPERTY**

Except under those conditions where Union is delivering to TCPL for TCPL or Shipper at Union's Parkway Point of Delivery, or to an Interconnecting Pipeline, or where otherwise specified in the Contract, the following will apply:

1. Construction and Maintenance: Union, at its own expense may construct, maintain and operate on Shipper's property at the delivery point a measuring station properly equipped with a meter or meters and any other necessary measuring equipment for properly measuring the gas redelivered under the Contract. Shipper will grant to Union a lease and/or rights-of-way over property of Shipper as required by Union to install such facilities and to connect same to Union's pipeline.

2. Entry: Union, its servants, agents and each of them may at any reasonable time on notice (except in cases of emergency) to Shipper or his duly authorized representative enter Shipper's property for the purpose of constructing, maintaining, removing, operating and/or repairing station equipment.
3. Property: The said station and equipment will be and remain the property of Union notwithstanding it is constructed on and attached to the realty of Shipper, and Union may at its own expense remove it upon termination of the Contract and will do so if so requested by Shipper.

## **VII. MEASURING EQUIPMENT**

1. Metering by Union: Union will install and operate meters and related equipment as required and in accordance with the Act and Regulations referenced in Article III herein.
2. Metering by Others: In the event that all or any gas delivered to/by Union hereunder is measured by a meter that is owned and operated by an Interconnecting Pipeline, then Union and Shipper agree to accept that metering for the purpose of determining the volume and energy of gas delivered to/by Union on behalf of the Shipper. The standard of measurement and tests for the gas delivered to/by Union hereunder shall be in accordance with the general terms and conditions as incorporated in that Interconnecting Pipeline company's gas tariff as approved by their regulatory body.
3. Check Measuring Equipment: Shipper may install, maintain and operate, at the redelivery point, at its own expense, such check measuring equipment as desired, provided that such equipment shall be so installed as not to interfere with the operation of Union's measuring equipment at or near the delivery point, and shall be installed, maintained and operated in conformity with the same standards and specifications applicable to Union's metering facilities.
4. Rights of Parties: The measuring equipment installed by either party, together with any building erected by it for such equipment, shall be and remain its property. However, Union and Shipper shall have the right 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 used in measuring or checking the measurement of deliveries of gas to/by Union under the Contract. Either party will give the other party reasonable notice of its intention to carry out the acts herein specified. The records from such measuring equipment shall remain the property of their owner, but upon request each will submit to the other its records and charts, together with calculations therefrom, for inspection and verification, subject to return within ten (10) days after receipt thereof.
5. Calibration and Test of Measuring Equipment: The accuracy of Union's measuring equipment shall be verified by Union at reasonable intervals, and if requested, in the presence of representatives of Shipper, but Union shall not be required to verify the accuracy of such equipment more frequently than once in any thirty (30) day period. In the event either party notifies the other that it desires a special test of any measuring equipment, the parties shall co-operate to secure a prompt verification of the accuracy of such equipment. The expense of any such special test, if called for by Shipper, shall be borne by Shipper if the measuring equipment tested is found to be in error by not more than two per cent (2%). If, upon test, any measuring equipment is found to be in error by not more than two per cent (2%), previous recordings of such equipment shall be considered accurate in computing receipts and deliveries of gas, but such equipment shall be adjusted at once to record as near to absolute accuracy as possible. If the test conducted shows a percentage of inaccuracy greater than two percent (2%), the financial adjustment, if any, shall be calculated in accordance with the Act and Regulations, as may be amended from time to time and in accordance with any successor statutes and regulations.
6. Preservation of Metering Records: Union and Shipper shall each preserve for a period of at least six (6) years all test data, and other relevant records.
7. Error in Metering or Meter Failure: In the event of an error in metering or a meter failure, (such error or failure being determined through check measurement by Union or any other available method), then Shipper shall enforce its rights as Shipper with the Interconnecting Pipeline(s) to remedy such error or failure including enforcing any inspection and/or verification rights and procedures.

## **VIII. BILLING**

1. Monthly Billing Date: Union shall render bills on or before the 10th day of each month for all services furnished during the preceding month. Such charges may be based on estimated quantities, if actual quantities are unavailable in time to prepare the billing. Union shall provide, in a succeeding month's billing, an adjustment based on any difference between actual quantities and estimated quantities, without any interest charge. If presentation of a bill to Shipper is delayed after the 10th day of the month, then the time of payment shall be extended accordingly, unless Shipper is responsible for such delay.
2. Right of Examination: Both Union and Shipper shall have the right to examine at any reasonable time 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 the Contract.

## **IX. PAYMENTS**

1. Monthly Payments: Shipper shall pay the invoiced amount directly into Union's bank account as directed on the invoice on or before the twentieth (20<sup>th</sup>) day of each month. If the payment date is not a business day, then payment must be received in Union's account on the first business day preceding the twentieth (20<sup>th</sup>) day of the month.
2. Remedies for Non-payment: Should Shipper fail to pay all of the amount of any bill as herein provided when such amount is due,
  - a. Shipper shall pay to Union interest on the unpaid portion of the bill accruing at a rate per annum equal to the minimum commercial lending rate of Union's principal banker in effect from time to time from the due date until the date of payment.
  - b. If such failure to pay continues for thirty (30) days after payment is due, Union, in addition to any other remedy it may have under the Contract, may suspend service(s) until such amount is paid. Notwithstanding such suspension, all demand charges shall continue to accrue hereunder as if such suspension were not in place.

If Shipper in good faith disputes the amount of any such bill or part thereof Shipper shall pay to Union such amounts as it concedes to be correct. At any time thereafter, within twenty (20) days of a demand made by Union, Shipper shall furnish financial assurances satisfactory to Union, guaranteeing payment to Union of the amount ultimately found due upon such bill after a final determination. Such a final determination may be reached either by agreement, arbitration decision or judgement of the courts, as may be the case. Union shall not be entitled to suspend service(s) because of such non-payment unless and until default occurs in the conditions of such financial assurances or default occurs in payment of any other amount due to Union hereunder.

Notwithstanding the foregoing paragraph(s), Shipper is not relieved from the obligation to continue its deliveries of gas to Union under the terms of any agreement, where Shipper has contracted to deliver specified quantities of gas to Union.

3. Billing Adjustments: If it shall be found that at any time or times Shipper has been overcharged or undercharged in any form whatsoever under the provisions of the Contract and Shipper shall have actually paid the bills containing such overcharge or undercharge, Union shall refund the amount of any such overcharge and interest shall accrue from and including the first day of such overcharge as paid to the date of refund and shall be calculated but not compounded at a rate per annum determined each day during the calculation period to be equal to the minimum commercial lending rate of Union's principal banker, and the Shipper shall pay the amount of any such undercharge, but without interest. In the event Union renders a bill to Shipper based upon measurement estimates, the required adjustment to reflect actual measurement shall be made on the bill next following the determination of such actual measurement, without any charge of interest. In the event an error is discovered in the amount billed in any statement rendered by Union, such error shall be adjusted by Union. Such overcharge, undercharge or error shall be adjusted by Union on the bill next following its determination (where the term "bill" next following shall mean a bill rendered at least fourteen (14) days after the day of its determination), provided that claim therefore shall have been made within six (6) years from the date of the incorrect billing. In the event any refund is issued with Shipper's gas bill, the aforesaid date of refund shall be deemed to be the date of the issue of bill.

## X. ARBITRATION

If and when any dispute, difference or question shall arise between the parties hereto touching the Contract or anything herein contained, or the construction hereof, or the rights, duties or liabilities of the parties in relation to any matter hereunder, the matter in dispute shall be submitted and referred to arbitration within ten (10) days after written request of either party. Upon such request each party shall appoint an arbitrator, and the two so appointed shall appoint a third. A majority decision of the arbitrators shall be final and binding upon both parties. In all other respects the provisions of the Arbitration Act of the Province of Ontario, or any act passed in amendment thereof or substitution therefore, shall apply to each such submission. Operations under the Contract shall continue, without prejudice, during any such arbitration and the costs attributable to such arbitration shall be shared equally by the parties hereto.

## XI. FORCE MAJEURE

1. The term "**force majeure**" as used herein shall mean acts of God, strikes, lockouts or any other industrial disturbance, acts of the public enemy, sabotage, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of governments and people, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, freezing of wells or lines of pipe, inability to obtain materials, supplies, permits or labour, any laws, orders, rules, regulations, acts or restraints of any governmental body or authority (civil or military), any act or omission that is excused by any event or occurrence of the character herein defined as constituting force majeure, any act or omission by parties not controlled by the party having the difficulty and any other similar cases not within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome.
2. In the event that either the Shipper or Union is rendered unable, in whole or in part, by force majeure, to perform or comply with any obligation or condition of the Contract, such party shall give notice and full particulars of such force majeure in writing delivered by hand, fax or other direct written electronic means to the other party as soon as possible after the occurrence of the cause relied on and subject to the provision of this Article.
3. Neither party shall be entitled to the benefit of the provisions of force majeure hereunder if any or all of the following circumstances prevail: the failure resulting in a condition of force majeure was caused by the negligence of the party claiming suspension; the failure was caused by the party claiming suspension where such party failed to remedy the condition by making all reasonable efforts (short of litigation, if such remedy would require litigation); the party claiming suspension failed to resume the performance of such condition obligations with reasonable dispatch; the failure was caused by lack of funds; the party claiming suspension did not, as soon as possible after determining, or within a period within which it should acting reasonably have determined, that the occurrence was in the nature of force majeure and would affect its ability to observe or perform any of its conditions or obligations under the Contract, give to the other party the notice required hereunder.
4. The party claiming suspension shall likewise give notice as soon as possible after the force majeure condition is remedied, to the extent that the same has been remedied, and that such party has resumed or is then in a position to resume the performance of the obligations and conditions of the Contract.
5. An event of force majeure on Union's system will excuse the failure to deliver gas by Union or the failure to accept gas by Union hereunder, and both parties shall be excused from performance of their obligations hereunder, except for payment obligations, to the extent of and for the duration of the force majeure.
6. Upstream or Downstream Force Majeure: An event of force majeure upstream or downstream of Union's system shall not relieve Shipper of any payment obligations.
7. Delay of Firm Transportation Services: Despite Article XI herein, if Union is prevented, by reason of an event of force majeure on Union's system from delivering gas on the Day or Days upon which Union has accepted gas from Shipper, Union shall thereafter make all reasonable efforts to deliver such quantities as soon as practicable and on such Day or Days as are agreed to by Shipper and Union. If Union accepts such gas on this basis, Shipper shall not receive any demand charge relief as contemplated under Article XI herein.

8. Demand Charge Relief for Firm Transportation Services: Despite Article XI herein, if on any Day Union fails to accept gas from Shipper by reason of an event of force majeure on Union's system and fails to deliver the quantity of gas nominated hereunder by Shipper up to the firm Contract Demand for that Contract, then for that Day the Monthly demand charge shall be reduced by an amount equal to the applicable Daily Demand Rate, as defined in this paragraph, multiplied by the difference between the quantity of gas actually delivered by Union during such Day and the quantity of gas which Shipper in good faith nominated on such Day. The term "**Daily Demand Rate**" shall mean the Monthly demand charge or equivalent pursuant to the C1 Rate Schedule divided by the number of days in the month for which such rate is being calculated.
9. If, due to the occurrence of an event of force majeure as outlined above, the capacity for gas deliveries by Union is impaired, it will be necessary for Union to curtail Shipper's gas receipts to Union hereunder, via proration based on utilization of such facilities for the Day. This proration shall be determined by multiplying the capability of such facilities as available downstream of the impairment on the Day, by a fraction where the numerator is Shipper's nominated firm quantity and the denominator is the total of all such nominated firm quantities for nominated services and planned consumption for in-franchise customers on the Day. For the purposes of this Article XI, firm services shall mean all firm services provided by Union to in-franchise customers and ex-franchise shippers.

## **XII. DEFAULT AND TERMINATION**

In case of the breach or non-observance or non-performance on the part of either party hereto of any covenant, proviso, condition, restriction or stipulation contained in the Contract (but not including herein failure to take or make delivery in whole or in part of the gas delivered to/by Union hereunder occasioned by any of the reasons provided for in Article XI hereof) which has not been waived by the other party, then and in every such case and as often as the same may happen, the Non-defaulting party may give written notice to the Defaulting party requiring it to remedy such default and in the event of the Defaulting party failing to remedy the same within a period of thirty (30) days from receipt of such notice, the Non-defaulting party may at its sole option declare the Contract to be terminated and thereupon the Contract shall be terminated and be null and void for all purposes other than and except as to any liability of the parties under the same incurred before and subsisting as of termination. The right hereby conferred upon each party 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.

## **XIII. MODIFICATION**

Subject to Union's C1 Rate Schedule, Schedule A, Article XV and the ability of Union to amend the C1 Rate Schedule with the approval of the OEB, no amendment or modification of the Contract shall be effective unless the same shall be in writing and signed by each of the Shipper and Union.

## **XIV. NON-WAIVER AND FUTURE DEFAULT**

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## **XV. LAWS, REGULATIONS AND ORDERS**

The Contract and the respective rights and obligations of the parties hereto are subject to all present and future valid laws, orders, rules and regulations of any competent legislative body, or duly constituted authority now or hereafter having jurisdiction and the 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 the Contract.



RATE C1  
GENERAL TERMS & CONDITIONS

I. **DEFINITIONS**

Except where the context expressly requires or states another meaning, the following terms, when used in these General Terms & Conditions and in any contract into which these General Terms & Conditions are incorporated, shall be construed to have the following meanings:

**"Authorized Overrun"** shall mean the amount by which Shipper's Authorized Quantity exceeds the Contract Demand;

**"Available Capacity"** shall mean at any time, Union's remaining available capacity to provide Transportation Services;

**"Business Day"** shall mean any day, other than Saturday, Sunday or any days on which national banks in the Province of Ontario are authorized to close;

**"Contract"** shall refer to the Contract to which these General Terms & Conditions shall apply, and into which they are incorporated;

**"Contract Year"** shall mean a period of three hundred and sixty-five (365) consecutive days; provided however, that any such period which contains a date of February 29 shall consist of three hundred and sixty-six (366) consecutive days, commencing on November 1 of each year; except for the first Contract Year which shall commence on the Commencement Date and end on the first October 31 that follows such date;

**"cricondenthem hydrocarbon dewpoint"** shall mean the highest hydrocarbon dewpoint temperature on the phase envelope;

**"cubic metre"** shall mean the volume of gas which occupies one cubic metre when such gas is at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;

**"Day"** shall mean a period of twenty-four (24) consecutive hours beginning at 10:00 a.m. Eastern Clock Time. The reference date for any Day shall be the calendar date upon which the twenty-four (24) hour period shall commence;

**"delivery"** shall mean any gas that is delivered by Union into Shipper's possession, or to the possession of Shipper's agent;

**"Eastern Clock Time"** shall mean the local clock time in the Eastern Time Zone on any Day;

**"Expansion Facilities"** shall mean any new facilities to be constructed by Union in order to provide Transportation Services;

**"firm"** shall mean service not subject to curtailment or interruption except under Articles XI, XII and XVIII herein;

**"gas"** shall mean gas as defined in the Ontario Energy Board Act, 1998, S.O. 1998, c.15, Sch. B, as amended, supplemented or re-enacted from time to time;

**"gross heating value"** shall mean the total heat expressed in megajoules per cubic metre (MJ/m<sup>3</sup>) produced by the complete combustion at constant pressure of one (1) cubic metre of gas with air, with the gas free of water vapour and the temperature of the gas, air and products of combustion at standard temperature and all water formed by the combustion reaction condensed to the liquid state;

**"hydrocarbon dewpoint"** shall mean temperature at a specific pressure where hydrocarbon vapour condensation begins;

**"Interruptible HUB Service Contract"** shall mean a contract between Shipper and Union under which Union provides interruptible HUB service;

"interruptible service" or "Interruptible" shall mean service subject to curtailment or interruption, after notice, at any time;

"Interconnecting Pipeline" shall mean a pipeline that directly connects to the Union pipeline system;

"joule" (J) shall mean 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;

"Limited Firm" shall mean gas service subject to interruption or curtailment on a limited number of Days as specified in the Contract;

"Loaned Quantities" shall mean those quantities of gas loaned to Shipper under the Facilitating Agreement;

"m<sup>3</sup>" shall mean cubic metre of gas and "10<sup>3</sup>m<sup>3</sup>" shall mean 1,000 cubic metres of gas;

"Month" shall mean the period beginning at 10:00 a.m. Eastern Clock Time on the first day of a calendar month and ending at 10:00 a.m. Eastern Clock Time on the first day of the following calendar month;

"NAESB" shall mean North American Energy Standards Board;

"OEB" means the Ontario Energy Board;

"Open Season" or "open season" shall mean an open access auction or bidding process held by Union as a method of allocating capacity;

"pascal" "(Pa)" shall mean the pressure produced when a force of one (1) newton is applied to an area of one (1) square metre. The term "kilopascal" "(kPa)" shall mean 1,000 pascals;

"receipt" shall mean any gas that is delivered into Union's possession, or the possession of Union's agent;

"Shipper" shall have the meaning as defined in the Contract, and shall also include Shipper's agent(s);

"specific gravity" shall mean density of the gas divided by density of air, with both at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;

"Taxes" shall mean any tax (other than tax on income or tax on property), duty, royalty, levy, license, fee or charge not included in the charges and rates as per the applicable rate schedule (including but not limited to charges under any form of cap and trade, carbon tax, or similar system) and that is levied, assessed or made by any governmental authority on the gas itself, or the act, right, or privilege of producing, severing, gathering, storing, transporting, handling, selling or delivering gas under the Contract;

"TCPL" means TransCanada PipeLines Limited;

"Wobbe Number" shall mean gross heating value of the gas divided by the square root of its specific gravity.

## II. GAS QUALITY

1. Natural Gas: The minimum gross heating value of the gas delivered to/by Union hereunder, shall be thirty-six (36) megajoules per cubic metre. The maximum gross heating value of the gas delivered to/by Union hereunder shall be forty point two (40.2) megajoules per cubic metre. The gas to be delivered hereunder to Union may be a commingled supply from Shipper's gas sources of supply. The gas to be delivered by Union may be a commingled supply from Union's sources of gas supply; provided, however, that helium, natural gasoline, butane, propane and other hydrocarbons, except methane, may be removed prior to delivery to Shipper. Further, Union may subject, or permit the subjection of, the gas to compression, dehydration, cooling, cleaning and other processes.

2. Freedom from objectionable matter: The gas to be delivered to/by Union hereunder,
- shall be commercially free from bacteria, sand, dust, gums, crude oils, lubricating oils, liquids, chemicals or compounds used in the production, treatment, compression or dehydration of the gas or any other objectionable substance in sufficient quantity so as to render the gas toxic, unmerchantable or cause injury to, or interference with, the proper operation of the lines, regulators, meters or other appliances through which it flows,
  - shall not contain more than seven (7) milligrams of hydrogen sulphide per cubic metre of gas, nor more than four hundred and sixty (460) milligrams of total sulphur per cubic metre of gas,
  - shall not contain more than five (5) milligrams of mercaptan sulphur per cubic metre of gas,
  - shall not contain more than two point zero (2.0) molar percent by volume of carbon dioxide in the gas,
  - shall not contain more than zero point four (0.4) molar percent by volume of oxygen in the gas,
  - shall not contain more than zero point five (0.5) molar percent by volume of carbon monoxide in the gas,
  - shall not contain more than four point zero (4.0) molar percent by volume of hydrogen in the gas,
  - shall not contain more than sixty-five (65) milligrams of water vapour per cubic metre of gas,
  - shall not have a cricondenthem hydrocarbon dewpoint exceeding minus eight (-8) degrees Celsius,
  - shall have Wobbe Number from forty seven point fifty (47.50) megajoules per cubic metre of gas to fifty one point forty six (51.46) megajoules per cubic metre of gas, maximum of one point five (1.5) mole percent by volume of butane plus (C4+) in the gas, and maximum of four point zero (4.0) mole percent by volume of total inerts in the gas in order to be interchangeable with other Interconnecting Pipeline gas.
3. Non-conforming Gas: In addition to any other right or remedy of a party, each party shall be entitled to refuse to accept delivery of any gas which does not conform to any of the specifications set out in this Article II.
4. Quality of Gas Received: The quality of the gas to be received by Union hereunder is to be of a merchantable quality and in accordance with the quality standards as set out by Union in this Article II, but, Union will also accept gas of a quality as set out in any other Interconnecting Pipeline's general terms and conditions, provided that all Interconnecting Pipelines accept such quality of gas. In addition to any other right or remedy of a party, each party shall be entitled to refuse to accept delivery of any gas which does not conform to any of the specifications set out in Union's C1 Rate Schedule.

### III. MEASUREMENTS

1. Storage, Transportation, and/or Sales Unit: The unit of the gas delivered to Union shall be a megajoule or a gigajoule. The unit of gas transported or stored by Union shall be a megajoule or a gigajoule. The unit of gas delivered by Union shall be a megajoule, a gigajoule, a cubic metre (m<sup>3</sup>) or one thousand cubic metres (10<sup>3</sup>m<sup>3</sup>) at Union's discretion.
2. Determination of Volume and Energy:
- The volume and energy amounts determined under the Contract shall be determined in accordance with the Electricity and Gas Inspection Act (Canada), RSC 1985, c E-4- (the "**Act**") and the Electricity and Gas Inspection Regulations, SOR 86/131 (the "**Regulations**"), and any documents issued under the authority of the Act and Regulations and any amendments thereto.
  - 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, all as amended from time to time.

- c. The volume and/or energy of the gas delivered to/by Union hereunder shall be determined by the measurement equipment designated in Article VII herein.
- d. Upon request by Union, Shipper shall obtain measurement of the total quantity of gas received by Union hereunder from the Interconnecting Pipeline. Such measurement shall be done in accordance with established practices between Union and the Interconnecting Pipeline.

#### **IV. RECEIPT POINT AND DELIVERY POINT**

- 1. Unless otherwise specified in the Contract, the point or points of receipt and point or points of delivery for all gas to be covered hereunder shall be on the outlet side of the measuring stations located at or near the point or points of connection specified in the Contract, where possession of the gas changes from one party to the other, and as per Schedule "C 2010".

#### **V. POSSESSION OF AND RESPONSIBILITY FOR GAS**

- 1. Union accepts no responsibility for any gas prior to such gas being delivered to Union at the Receipt Point or after its delivery by Union at the Delivery Point. As between the parties hereto, Union shall be deemed to be in control and possession of and responsible for all such gas from the time that such gas enters Union's system until such gas is delivered to Shipper.
- 2. Shipper agrees that Union is not a common carrier and is not an insurer of Shipper's gas, and that Union shall not be liable to Shipper or any third party for loss of gas in Union's possession, except to the extent such loss is caused entirely by Union's negligence or wilful misconduct.

#### **VI. FACILITIES ON SHIPPER'S PROPERTY**

Except under those conditions where Union is delivering to TCPL for TCPL or Shipper at Parkway (TCPL), or to an Interconnecting Pipeline, or where otherwise specified in the Contract, the following will apply:

- 1. Construction and Maintenance: Union, at its own expense may construct, maintain and operate on Shipper's property at the delivery point a measuring station properly equipped with a meter or meters and any other necessary measuring equipment for properly measuring the gas redelivered under the Contract. Shipper will grant to Union a lease and/or rights-of-way over property of Shipper as required by Union to install such facilities and to connect same to Union's pipeline.
- 2. Entry: Union, its servants, agents and each of them may at any reasonable time on notice (except in cases of emergency) to Shipper or his duly authorized representative enter Shipper's property for the purpose of constructing, maintaining, removing, operating and/or repairing station equipment.
- 3. Property: The said station and equipment will be and remain the property of Union notwithstanding it is constructed on and attached to the realty of Shipper, and Union may at its own expense remove it upon termination of the Contract and will do so if so requested by Shipper.

#### **VII. MEASURING EQUIPMENT**

- 1. Metering by Union: Union will install and operate meters and related equipment as required and in accordance with the Act and Regulations referenced in Article III herein.
- 2. Metering by Others: In the event that all or any gas delivered to/by Union hereunder is measured by a meter that is owned and operated by an Interconnecting Pipeline, then Union and Shipper agree to accept that metering for the purpose of determining the volume and energy of gas delivered to/by Union on behalf of the Shipper. The standard of measurement and tests for the gas delivered to/by Union hereunder shall be in accordance with the general terms and conditions as incorporated in that Interconnecting Pipeline company's gas tariff as approved by its regulatory body.

3. Check Measuring Equipment: Shipper may install, maintain and operate, at the redelivery point, at its own expense, such check measuring equipment as desired, provided that such equipment shall be so installed as not to interfere with the operation of Union's measuring equipment at or near the delivery point, and shall be installed, maintained and operated in conformity with the same standards and specifications applicable to Union's metering facilities.
4. Rights of Parties: The measuring equipment installed by either party, together with any building erected by it for such equipment, shall be and remain its property. However, Union and Shipper shall have the right 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 used in measuring or checking the measurement of deliveries of gas to/by Union under the Contract. Either party will give the other party reasonable notice of its intention to carry out the acts herein specified. The records from such measuring equipment shall remain the property of their owner, but upon request each will submit to the other its records and charts, together with calculations therefrom, for inspection and verification, subject to return within ten (10) days after receipt thereof.
5. Calibration and Test of Measuring Equipment: The accuracy of Union's measuring equipment shall be verified by Union at reasonable intervals, and if requested, in the presence of representatives of Shipper, but Union shall not be required to verify the accuracy of such equipment more frequently than once in any thirty (30) day period. In the event either party notifies the other that it desires a special test of any measuring equipment, the parties shall co-operate to secure a prompt verification of the accuracy of such equipment. The expense of any such special test, if called for by Shipper, shall be borne by Shipper if the measuring equipment tested is found to be in error by not more than two per cent (2%). If, upon test, any measuring equipment is found to be in error by not more than two per cent (2%), previous recordings of such equipment shall be considered accurate in computing receipts and deliveries of gas, but such equipment shall be adjusted at once to record as near to absolute accuracy as possible. If the test conducted shows a percentage of inaccuracy greater than two percent (2%), the financial adjustment, if any, shall be calculated in accordance with the Act and Regulations, as may be amended from time to time and in accordance with any successor statutes and regulations.
6. Preservation of Metering Records: Union and Shipper shall each preserve for a period of at least six (6) years all test data, and other relevant records.
7. Error in Metering or Meter Failure: In the event of an error in metering or a meter failure, (such error or failure being determined through check measurement by Union or any other available method), then Shipper shall enforce its rights as Shipper with the Interconnecting Pipeline(s) to remedy such error or failure including enforcing any inspection and/or verification rights and procedures.

## VIII. BILLING

1. Monthly Billing Date: Union shall render bills on or before the tenth (10<sup>th</sup>) day of each month for all Transportation Services furnished during the preceding Month. Such charges may be based on estimated quantities, if actual quantities are unavailable in time to prepare the billing. Union shall provide, in a succeeding Month's billing, an adjustment based on any difference between actual quantities and estimated quantities, without any interest charge. If presentation of a bill to Shipper is delayed after the tenth (10<sup>th</sup>) day of the month, then the time of payment shall be extended accordingly, unless Shipper is responsible for such delay.
2. Right of Examination: Both Union and Shipper shall have the right to examine at any reasonable time 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 the Contract.
3. Amendment of Statements: For the purpose of completing a final determination of the actual quantities of gas handled in any of the Transportation Services to Shipper, the parties shall have the right to amend their statement for a period equal to the time during which the Interconnecting Pipeline retains the right to amend their statements, which period shall not exceed three (3) years from the date of termination of the Contract.

## IX. PAYMENTS

1. Monthly Payments: Shipper shall pay the invoiced amount directly into Union's bank account as directed on the invoice on or before the twentieth (20<sup>th</sup>) day of each month. If the payment date is not a Business Day, then payment must be received in Union's account on the first Business Day preceding the twentieth (20<sup>th</sup>) day of the month.
2. Remedies for Non-payment: Should Shipper fail to pay all of the amount of any bill as herein provided when such amount is due,
  - a. Shipper shall pay to Union interest on the unpaid portion of the bill accruing at a rate per annum equal to the minimum commercial lending rate of Union's principal banker in effect from time to time from the due date until the date of payment; and,
  - b. If such failure to pay continues for thirty (30) days after payment is due, Union, in addition to any other remedy it may have under the Contract, may suspend Services until such amount is paid. Notwithstanding such suspension, all demand charges shall continue to accrue hereunder as if such suspension were not in place.

If Shipper in good faith disputes the amount of any such bill or part thereof Shipper shall pay to Union such amounts as it concedes to be correct. At any time thereafter, within twenty (20) days of a demand made by Union, Shipper shall furnish financial assurances satisfactory to Union, guaranteeing payment to Union of the amount ultimately found due upon such bill after a final determination. Such a final determination may be reached either by agreement, arbitration decision or judgement of the courts, as may be the case. Union shall not be entitled to suspend Services because of such non-payment unless and until default occurs in the conditions of such financial assurances or default occurs in payment of any other amount due to Union hereunder.

Notwithstanding the foregoing, Shipper is not relieved from the obligation to continue its deliveries of gas to Union under the terms of any agreement, where Shipper has contracted to deliver specified quantities of gas to Union.

3. Billing Adjustments: If it shall be found that at any time or times Shipper has been overcharged or undercharged in any form whatsoever under the provisions of the Contract and Shipper shall have actually paid the bills containing such overcharge or undercharge, Union shall refund the amount of any such overcharge and interest shall accrue from and including the first day of such overcharge as paid to the date of refund and shall be calculated but not compounded at a rate per annum determined each day during the calculation period to be equal to the minimum commercial lending rate of Union's principal banker, and the Shipper shall pay the amount of any such undercharge, but without interest. In the event Union renders a bill to Shipper based upon measurement estimates, the required adjustment to reflect actual measurement shall be made on the bill next following the determination of such actual measurement, without any charge of interest. In the event an error is discovered in the amount billed in any statement rendered by Union, such error shall be adjusted by Union. Such overcharge, undercharge or error shall be adjusted by Union on the bill next following its determination (where the term "**bill next following**" shall mean a bill rendered at least fourteen (14) days after the day of its determination), provided that claim therefore shall have been made within three (3) years from the date of the incorrect billing. In the event any refund is issued with Shipper's bill, the aforesaid date of refund shall be deemed to be the date of the issue of bill.

4. Taxes:

In addition to the charges and rates as per the applicable rate schedules and price schedules, Shipper shall pay all Taxes which are imposed currently or subsequent to the execution of the Contract by any legal authority having jurisdiction and any amount in lieu of such Taxes paid or payable by Union.

5. Set Off:

If either party shall, at any time, be in arrears under any of its payment obligations to the other party under the Contract, then the party not in arrears shall be entitled to reduce the amount payable by it to the other party in arrears under the Contract, or any other contract, by an amount equal to the amount of such arrears or other indebtedness to the other party. In addition to the foregoing remedy, Union may, upon forty-eight (48) hours verbal notice, to be followed by written notice, take possession of any or all of Shipper's gas under the Contract or any enhancement to the Contract, which shall be deemed to have been assigned to Union, to reduce such arrears or other indebtedness to Union.

**X. ARBITRATION**

If and when any dispute, difference or question shall arise between the parties hereto touching the Contract or anything herein contained, or the construction hereof, or the rights, duties or liabilities of the parties in relation to any matter hereunder, the matter in dispute shall be submitted and referred to arbitration within ten (10) days after written request of either party. Upon such request each party shall appoint an arbitrator, and the two so appointed shall appoint a third. A majority decision of the arbitrators shall be final and binding upon both parties. In all other respects the provisions of the Arbitration Act, 1991, or any act passed in amendment thereof or substitution therefore, shall apply to each such submission. Operations under the Contract shall continue, without prejudice, during any such arbitration and the costs attributable to such arbitration shall be shared equally by the parties hereto.

**XI. FORCE MAJEURE**

1. The term "**force majeure**" as used herein shall mean acts of God, strikes, lockouts or any other industrial disturbance, acts of the public enemy, sabotage, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of governments and people, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, freezing of wells or lines of pipe, inability to obtain materials, supplies, permits or labour, any laws, orders, rules, regulations, acts or restraints of any governmental body or authority (civil or military), any act or omission that is excused by any event or occurrence of the character herein defined as constituting force majeure, any act or omission by parties not controlled by the party having the difficulty and any other similar cases not within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome.
2. In the event that either the Shipper or Union is rendered unable, in whole or in part, by force majeure, to perform or comply with any obligation or condition of the Contract, such party shall give notice and full particulars of such force majeure in writing delivered by hand, fax or other direct written electronic means to the other party as soon as possible after the occurrence of the cause relied on and subject to the provision of this Article.
3. Neither party shall be entitled to the benefit of the provisions of force majeure hereunder if any or all of the following circumstances prevail: the failure resulting in a condition of force majeure was caused by the negligence of the party claiming suspension; the failure was caused by the party claiming suspension where such party failed to remedy the condition by making all reasonable efforts (short of litigation, if such remedy would require litigation); the party claiming suspension failed to resume the performance of such condition obligations with reasonable dispatch; the failure was caused by lack of funds; the party claiming suspension did not, as soon as possible after determining, or within a period within which it should acting reasonably have determined, that the occurrence was in the nature of force majeure and would affect its ability to observe or perform any of its conditions or obligations under the Contract, give to the other party the notice required hereunder.
4. The party claiming suspension shall likewise give notice as soon as possible after the force majeure condition is remedied, to the extent that the same has been remedied, and that such party has resumed or is then in a position to resume the performance of the obligations and conditions of the Contract.
5. An event of force majeure on Union's system will excuse the failure to deliver gas by Union or the failure to accept gas by Union hereunder, and both parties shall be excused from performance of their obligations hereunder, except for payment obligations, to the extent of and for the duration of the force majeure.
6. Upstream or Downstream Force Majeure: An event of force majeure upstream or downstream of Union's system shall not relieve Shipper of any payment obligations.
7. Delay of Firm Transportation Services: Despite Article XI herein, if Union is prevented, by reason of an event of force majeure on Union's system from delivering gas on the Day or Days upon which Union has accepted gas from Shipper, Union shall thereafter make all reasonable efforts to deliver such quantities as soon as practicable and on such Day or Days as are agreed to by Shipper and Union. If Union accepts such gas on this basis, Shipper shall not receive any demand charge relief as contemplated under Article XI herein.

8. Demand Charge Relief for Firm Transportation Services: Despite Article XI herein, if on any Day Union fails to accept gas from Shipper by reason of an event of force majeure on Union's system and fails to deliver the quantity of gas nominated hereunder by Shipper up to the firm Contract Demand for that Contract, then for that Day the Monthly demand charge shall be reduced by an amount equal to the applicable Daily Demand Rate, as defined in this paragraph, multiplied by the difference between the quantity of gas actually delivered by Union during such Day and the quantity of gas which Shipper in good faith nominated on such Day. The term "**Daily Demand Rate**" shall mean the Monthly demand charge or equivalent pursuant to the C1 Rate Schedule divided by the number of days in the month for which such rate is being calculated.
9. If, due to the occurrence of an event of force majeure as outlined above, the capacity for gas deliveries by Union is impaired, it will be necessary for Union to curtail Shipper's gas receipts to Union hereunder, via proration based on utilization of such facilities for the Day. This proration shall be determined by multiplying the capability of such facilities as available downstream of the impairment on the Day, by a fraction where the numerator is Shipper's nominated firm quantity and the denominator is the total of all such nominated firm quantities for nominated services and planned consumption for in-franchise customers on the Day. For the purposes of this Article XI, firm services shall mean all firm services provided by Union to in-franchise customers and ex-franchise shippers.

## **XII. DEFAULT AND TERMINATION**

In case of the breach or non-observance or non-performance on the part of either party hereto of any covenant, proviso, condition, restriction or stipulation contained in the Contract (but not including herein failure to take or make delivery in whole or in part of the gas delivered to/by Union hereunder occasioned by any of the reasons provided for in Article XI herein) which has not been waived by the other party, then and in every such case and as often as the same may happen, the non-defaulting party may give written notice to the defaulting party requiring it to remedy such default and in the event of the defaulting party failing to remedy the same within a period of thirty (30) days from receipt of such notice, the non-defaulting party may at its sole option declare the Contract to be terminated and thereupon the Contract shall be terminated and be null and void for all purposes other than and except as to any liability of the parties under the same incurred before and subsisting as of termination. The right hereby conferred upon each party 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.

## **XIII. AMENDMENT**

Subject to Article XV herein and the ability of Union to amend the applicable rate schedules and price schedules, with the approval of the OEB (if required), no amendment or modification of the Contract shall be effective unless the same shall be in writing and signed by each of the Shipper and Union.

## **XIV. NON-WAIVER AND FUTURE DEFAULT**

No waiver of any provision of the Contract shall be effective unless the same shall be in writing and signed by the party entitled to the benefit of such provision and then such waiver shall be effective only in the specific instance and for the specified purpose for which it was given. No failure on the part of Shipper or Union to exercise, and no course of dealing with respect to, and no delay in exercising, any right, power or remedy under the Contract shall operate as a waiver thereof.

## **XV. LAWS, REGULATIONS AND ORDERS**

The Contract and the respective rights and obligations of the parties hereto are subject to all present and future valid laws, orders, rules and regulations of any competent legislative body, or duly constituted authority now or hereafter having jurisdiction and the 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 the Contract.



**XVI. ALLOCATION OF CAPACITY**

1. A potential shipper may request transportation service on Union's system at any time. Any request for C1 transportation service must include: potential shipper's legal name, Receipt Point(s), Delivery Point(s), Commencement Date, Initial Term, Contract Demand, proposed payment, and type of transportation service requested.
2. If requests for firm transportation services cannot be met through existing capacity such that the only way to satisfy the requests for transportation service would require the construction of Expansion Facilities which create new capacity, Union shall allocate any such new capacity by open season, subject to the terms of the open season, and these General Terms and Conditions.
3. If requests for long-term transportation service can be met through existing facilities upon which long-term capacity is becoming available, Union shall allocate such long-term capacity by open season, subject to the terms of the open season, and these General Terms and Conditions. **"Long-term"**, for the purposes of this Article XVI, means, in the case of a transportation service, a service that has a term of one year or greater.
4. Capacity requests received during an open season shall be awarded starting with those bids with the highest economic value. If the economic values of two or more independent bids are equal, then service shall be allocated on a pro-rata basis. The economic value shall be based on the net present value which shall be calculated based on the proposed per-unit rate and the proposed term of the contract and without regard to the proposed Contract Demand ("NPV").
5. Union may at any time allocate capacity to respond to any C1 transportation service request through an open season. If a potential shipper requests C1 transportation service that can be provided through Available Capacity that was previously offered by Union in an open season but was not awarded, then:
  - a. Any such request must conform to the requirements of Section 1 of this Article XVI;
  - b. Union shall allocate capacity to serve such request pursuant to this Section 5, and subject to these General Terms and Conditions and Union's standard form C1 transportation contract;
  - c. Union may reject a request for C1 transportation service for any of the following reasons:
    - i) if there is insufficient Available Capacity to fully meet the request, but if that is the only reason for rejecting the request for service, Union must offer to supply the Available Capacity to the potential shipper;
    - ii) if the proposed monthly payment is less than Union's Monthly demand charge plus fuel requirements for the applicable service;
    - iii) if prior to Union accepting the request for transportation service Union receives a request for transportation service from one or more other potential shippers and there is, as a result, insufficient Available Capacity to service all the requests for service, in which case Union shall follow the procedure in Section 5 d hereof;
    - iv) if Union does not provide the type of transportation service requested; or
    - v) if all of the conditions precedent specified in Article XXI Sections 1 and 2 herein have not been satisfied or waived.
  - d. Union will advise the potential shipper in writing whether Union accepts or rejects the request for service, subject to Article XVI 5(c) within 5 calendar days of receiving a request for C1 transportation service. If Union rejects a request for service, Union shall inform the potential shipper of the reasons why its request is being rejected; and
  - e. If Union has insufficient Available Capacity to service all pending requests for transportation service Union may:
    - i) Reject all the pending requests for transportation service and conduct an open season; or
    - ii) Union shall inform all the potential shippers who have submitted a pending request for transportation service that it does not have sufficient capacity to service all pending requests for service, and Union shall

provide all such potential shippers with an equal opportunity to submit a revised request for service. Union shall then allocate the Available Capacity to the request for transportation service with the highest economic value to Union. If the economic values of two or more requests are equal, then service shall be allocated on a pro-rata basis. The economic value of any request shall be based on the NPV.

## **XVII. RENEWALS**

Contracts with an Initial Term of five (5) years or greater, with Receipt Points and Delivery Points of Parkway or Kirkwall or Dawn (Facilities), will continue in full force and effect beyond the Initial Term, automatically renewing for a period of one (1) year, and every one (1) year thereafter. Shipper may reduce the Contract Demand or terminate the Contract with notice in writing by Shipper at least two (2) years prior to the expiration thereof.

For all other contracts, the Contract will continue in full force and effect until the end of the Initial Term, but shall not renew.

## **XVIII. SERVICE CURTAILMENT**

1. Union shall have the right to curtail or not to schedule part or all of Transportation Services, in whole or in part, on all or a portion of its pipeline system at any time for reasons of Force Majeure or when, in Union sole discretion, acting reasonably, capacity or operating conditions so require or it is desirable or necessary to make modifications, repairs or operating changes to its pipeline system. Union shall provide Shipper such notice of such curtailment as is reasonable under the circumstances. If due to any cause whatsoever Union is unable to receive or deliver the quantities of Gas which Shipper has requested, then Union shall order curtailment by all Shippers affected and to the extent necessary to remove the effect of the disability. Union has a priority of service policy to determine the order of service curtailment. In order to place services on the priority of service list, Union considers the following business principles: appropriate level of access to core services, customer commitment, encouraging appropriate contracting, materiality, price and term, and promoting and enabling in-franchise consumption.

The Priority ranking for all services utilizing Union Gas' storage, transmission and distribution system as applied to both in-franchise and ex-franchise services are as follows; with number 1 having the highest priority and the last interrupted.

1. Firm In-franchise Transportation and Distribution services and firm Ex-franchise services (Note 1)
2. In-franchise Interruptible Distribution services
3. C1/M12 IT Transport and IT Exchanges with Take or Pay rates
4. Balancing (Hub Activity)  $\leq 100$  GJ/d; Balancing (Direct Purchase)  $\leq 500$  GJ/d; In-franchise distribution authorized overrun (Note 3)
5. C1/M12 IT Transport and IT Exchanges at premium rates
6. C1/M12 Overrun  $\leq 20\%$  of CD (Note 4)
7. Balancing (Direct Purchase)  $> 500$  GJ/d
8. Balancing (Hub Activity)  $> 100$  GJ/d; C1/M12 IT Transport and IT Exchanges
9. C1/M12 Overrun  $> 20\%$  of CD
10. C1/M12 IT Transport and IT Exchanges at a discount
11. Late Nominations

Notes:

1. Nominated services must be nominated on the NAESB Timely Nomination Cycle otherwise they are considered to be late nomination and are therefore interruptible.
  2. Higher value or more reliable IT is contemplated in the service and contract, when purchase at market competitive prices.
  3. Captures the majority of customers that use Direct Purchase balancing transactions.
  4. Captures the majority of customers that use overrun.
2. Union reserves the right to change its procedures for sharing interruptible capacity and will provide Shipper with two (2) months prior notice of any such change.
  3. Maintenance: Union's facilities from time to time may require maintenance or construction. If such maintenance or construction is required, and in Union's sole opinion, acting reasonably, such maintenance or construction may impact

Union's ability to meet Shipper's requirements, Union shall provide at least ten (10) days notice to Shipper, except in the case of an emergency. In the event the maintenance impacts on Union's ability to meet Shipper's requirements, Union shall not be liable for any damages and shall not be deemed in breach of the Contract. To the extent that Union's ability to accept and/or deliver Shipper's gas is impaired, the Monthly demand charge shall be reduced in accordance with Article XI Section 8 and available capacity allocated in accordance with Article XI Section 9 herein.

Union shall use reasonable efforts to determine a mutually acceptable period during which such maintenance or construction will occur and also to limit the extent and duration of any impairments. Union will endeavour to schedule and complete the maintenance and construction, which would normally be expected to impact on Union's ability to meet Shipper's requirements, during the period from April 1 through to November 1.

#### **XIX. SHIPPER'S REPRESENTATIONS AND WARRANTIES**

1. Shipper's Warranty: Shipper warrants that it will, if required, maintain, or have maintained on its behalf, all external approvals including the governmental, regulatory, import/export permits and other approvals or authorizations that are required from any federal, state or provincial authorities for the gas quantities to be handled under the Contract. Shipper further warrants that it shall maintain in effect the Facilitating Agreements.
2. Financial Representations: Shipper represents and warrants that the financial assurances (including the Initial Financial Assurances and Security) (if any) shall remain in place throughout the term hereof, unless Shipper and Union agree otherwise. Shipper shall notify Union in the event of any change to the financial assurances throughout the term hereof. Should Union have reasonable grounds to believe that Shipper will not be able to perform or continue to perform any of its obligations under the Contract as a result of one of the following events ("**Material Event**"):
  - a. Shipper is in default, which default has not been remedied, of the Contract or is in default of any other material contract with Union or another party; or,
  - b. Shipper's corporate or debt rating falls below investment grade according to at least one nationally recognized rating agency; or,
  - c. Shipper ceases to be rated by a nationally recognized agency; or,
  - d. Shipper has exceeded credit available as determined by Union from time to time,

then Shipper shall within fourteen (14) days of receipt of written notice by Union, obtain and provide to Union a letter of credit or other security in the form and amount reasonably required by Union (the "**Security**"). The Security plus the Initial Financial Assurances shall not exceed twelve (12) months of Monthly demand charges (in accordance with Article IX herein) multiplied by Contract Demand. In the event that Shipper does not provide to Union such Security within such fourteen (14) day period, Union may deem a default under the Default and Termination provisions of Article XII herein.

In the event that Shipper in good faith, reasonably believes that it should be entitled to reduce the amount of or value of the Security previously provided, it may request such a reduction from Union and to the extent that the Material Event has been mitigated or eliminated, Union shall return all or a portion of the Security to Shipper within fourteen (14) Business Days after receipt of the request.

*The following paragraphs 3 and/or 4 are only applicable if indicated in Schedule 1 of the Contract.*

3. Point of Consumption Warranty: Shipper represents and warrants that, throughout the term of this Contract, all quantities of gas received by Union hereunder at the Receipt Point and/or all Loaned Quantities will be consumed in the U.S.A. Should any quantities of gas hereunder be directed to an end user in Canada, Shipper shall immediately notify Union that such quantities of gas will be consumed in Canada, as failure to do so will make Shipper liable to Union for any Taxes and related interest and penalties thereon, made as a result of such change.
4. Tax Registration re GST: Shipper warrants and represents that it is unregistered and a Non-Resident for purposes of the Excise Tax Act. Shipper agrees to notify Union within ten (10) working days if it becomes registered. "GST/HST" shall

mean the Government of Canada's Goods and Services Tax or Harmonized Sales Tax as legislated under The Excise Tax Act, as may be amended from time to time.

## **XX. MISCELLANEOUS PROVISIONS**

1. Permanent Assignment: Shipper may assign the Contract to a third party ("Assignee"), up to the Contract Demand, (the "Capacity Assigned"). Such assignment shall require the prior written consent of Union and release of obligations by Union for the Capacity Assigned from the date of assignment. Such consent and release shall not be unreasonably withheld and shall be conditional upon the Assignee providing, amongst other things, financial assurances as per Article XXI herein. Any such assignment will be for the full rights, obligations and remaining term of the Contract as relates to the Capacity Assigned.
2. Temporary Assignment: Shipper may, upon notice to Union, assign all or a part of its service entitlement under the Contract (the "Assigned Quantity") and the corresponding rights and obligations to an Assignee on a temporary basis for not less than one calendar month. Such assignment shall not be unreasonably withheld and shall be conditional upon the Assignee executing the Facilitating Agreement as per Article XXI herein. Notwithstanding such assignment, Shipper shall remain obligated to Union to perform and observe the covenants and obligations contained herein in regard to the Assigned Quantity to the extent that Assignee fails to do so.
3. Title to Gas: Shipper represents and warrants to Union that Shipper shall have good and marketable title to, or legal authority to deliver to Union, all gas delivered to Union hereunder. Furthermore, Shipper hereby agrees to indemnify and save Union harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of claims of any or all third parties to such gas or on account of Taxes, or other charges thereon.

## **XXI. PRECONDITIONS TO TRANSPORTATION SERVICES**

1. The obligations of Union to provide Transportation Services hereunder are subject to the following conditions precedent, which are for the sole benefit of Union and which may be waived or extended in whole or in part in the manner provided in the 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 provide the Transportation Services; and,
  - b. Union shall have obtained all internal approvals that are necessary or appropriate to provide the Transportation Services; and,
  - c. Union shall have received from Shipper the requisite financial assurances reasonably necessary to ensure Shipper's ability to honour the provisions of the Contract (the "**Initial Financial Assurances**"). The Initial Financial Assurances, if required, will be as determined solely by Union; and,
  - d. Shipper and Union shall have entered into the Interruptible HUB Service Contract or equivalent (the "**Facilitating Agreement**") with Union.
2. The obligations of Shipper hereunder are subject to the following conditions precedent, which are for the sole benefit of Shipper and which may be waived or extended in whole or in part in the manner provided in the Contract:
  - a. Shipper shall, as required, have entered into the necessary contracts with Union and/or others to facilitate the Transportation Services contemplated herein, including contracts for upstream and downstream transportation, and shall specifically have an executed and valid Facilitating Agreement; and shall, as required, have entered into the necessary contracts to purchase the gas quantities handled under the Contract; and,
  - b. Shipper shall have obtained, in form and substance satisfactory to Shipper, and all conditions shall have been satisfied under, all governmental, regulatory and other third party approvals, consents, orders and authorizations, that are required from federal, state, or provincial authorities for the gas quantities handled under the Contract; and,

- c. Shipper shall have obtained all internal approvals that are necessary or appropriate for the Shipper to execute the Contract.
- 3. Union and Shipper shall each use due diligence and reasonable efforts to satisfy and fulfil the conditions precedent specified in this Article XXI Section 1 a, c, and d and Section 2 a and b. Each party shall notify the other forthwith in writing of the satisfaction or waiver of each condition precedent for such party's benefit. If a party concludes that it will not be able to satisfy a condition precedent that is for its benefit, such party may, upon written notice to the other party, terminate the Contract and upon the giving of such notice, the Contract shall be of no further force and effect and each of the parties shall be released from all further obligations thereunder.
- 4. If any of the conditions precedent in this Article XXI Section 1 c or Section 2 are not satisfied or waived by the party entitled to the benefit of that condition by the Conditions Date as such term is defined in the Contract, then either party may, upon written notice to the other party, terminate the Contract and upon the giving of such notice, the Contract shall be of no further force and effect and each of the parties shall be released from all further obligations hereunder, provided that any rights or remedies that a party may have for breaches of the Contract prior to such termination and any liability a party may have incurred before such termination shall not thereby be released.

RATE M12  
GENERAL TERMS & CONDITIONS

## I. DEFINITIONS

Except where the context expressly requires or states another meaning, the following terms, when used in these General Terms & Conditions and in any contract into which these General Terms & Conditions are incorporated, shall be construed to have the following meanings:

1. "Contract" shall refer to the ~~contract~~Contract to which these General Terms & Conditions shall apply, and into which they are incorporated;
2. "cubic metre" shall mean the volume of gas which occupies one cubic metre when such gas is at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;
3. "day" shall mean a period of twenty-four (24) consecutive hours beginning at 9:00 a.m. Central Standard time. The reference date for any day shall be the calendar date upon which the twenty-four (24) hour period shall commence;
4. "delivery" shall mean any gas that is delivered by Union into Shipper's possession, or to the possession of Shipper's agent;
5. "firm" shall mean service not subject to curtailment or interruption except under Articles XI and XII of this Schedule "A";
6. "gas" shall mean gas as defined in the Ontario Energy Board Act, 1998, S.O. 1998, c.15, Sch. B, as amended, supplemented or re-enacted from time to time;
7. "gross heating value" shall mean the total heat expressed in megajoules per cubic metre (MJ/m<sup>3</sup>) produced by the complete combustion at constant pressure of one (1) cubic metre of gas with air, with the gas free of water vapour and the temperature of the gas, air and products of combustion at standard temperature and all water formed by the combustion reaction condensed to the liquid state;
8. "interruptible service" shall mean service subject to curtailment or interruption, after notice, at any time;
9. "Interconnecting Pipeline" shall mean a pipeline that directly connects to the Union pipeline system;
10. "joule" (J) shall mean 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;
11. "limited interruptible service" shall mean gas service subject to interruption or curtailment on a limited number of days as specified in the Contract;
12. "m<sup>3</sup>" shall mean cubic metre of gas and "10<sup>3</sup>m<sup>3</sup>" shall mean 1,000 cubic metres of gas;
13. "month" shall mean the period beginning at 9:00 a.m. Central Standard time on the first day of a calendar month and ending at 9:00 a.m. Central Standard time on the first day of the following calendar month;
14. "OEB" means the Ontario Energy Board;
15. "pascal" (Pa) shall mean the pressure produced when a force of one (1) newton is applied to an area of one (1) square metre. The term "kilopascal" (kPa) shall mean 1,000 pascals;
16. "receipt" shall mean any gas that is delivered into Union's possession, or the possession of Union's agent;
17. "Shipper~~ing~~" shall have the meaning as defined in the Contract and shall also include Shipper's agent(s);
18. "TCPL" means TransCanada PipeLines Limited;

19. "cricondenthm hydrocarbon dewpoint" shall mean the highest hydrocarbon dewpoint temperature on the phase envelope;
20. "hydrocarbon dewpoint" shall mean temperature at a specific pressure where hydrocarbon vapour condensation begins;
21. "specific gravity" shall mean density of the gas divided by density of air, with both at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;
22. "Wobbe Number" shall mean gross heating value of the gas divided by the square root of its specific gravity.

## II. GAS QUALITY

1. Natural Gas: The minimum gross heating value of the gas delivered to/by Union hereunder, shall be thirty-six (36) megajoules per cubic metre. The maximum gross heating value of the gas delivered to/by Union hereunder shall be forty point two (40.2) megajoules per cubic metre. The gas to be delivered hereunder to Union may be a commingled supply from Shipper's ~~natural~~ gas sources of supply. The gas to be delivered by Union may be a commingled supply from Union's sources of gas supply; provided, however, that helium, natural gasoline, butane, propane and other hydrocarbons, except methane, may be removed prior to delivery to Shipper. Further, Union may subject, or permit the subjection of, the gas to compression, dehydration, cooling, cleaning and other processes.
2. Freedom from objectionable matter: The gas to be delivered to/by Union hereunder,
  - a. shall be commercially free from ~~bacteria~~, sand, dust, gums, crude oils, lubricating oils, liquids, chemicals or compounds used in the production, treatment, compression or dehydration of the gas or any other objectionable substance in sufficient quantity so as to render the gas toxic, unmerchantable or cause injury to or interference with the proper operation of the lines, regulators, meters or other appliances through which it flows,
  - b. shall not contain more than seven (7) milligrams of hydrogen sulphide per cubic metre of gas nor more than four hundred and sixty (460) milligrams of total sulphur per cubic metre of gas ~~as determined by standard methods of testing~~,
  - c. shall not contain more than five (5) milligrams of mercaptan sulphur per cubic metre of gas,
  - d. shall not contain more than two point zero (2.0) molar percent by volume of carbon dioxide in the gas,
  - e. shall not contain more than zero point four (0.4) molar percent by volume of oxygen in the gas,
  - f. shall not contain more than zero point five (0.5) molar percent by volume of carbon monoxide in the gas,
  - ~~f. shall not contain more than zero point four (0.4) molar percent by volume of oxygen in the gas,~~
  - g. shall not contain more than four point zero (4.0) molar percent by volume of hydrogen in the gas,
  - h. shall not contain more than sixty-five (65) milligrams of water vapour per cubic metre of ~~the~~ gas,
  - i. shall not have a cricondenthm hydrocarbon dewpoint exceeding minus ~~ten (-10)~~ eight (-8) degrees Celsius ~~at five thousand five hundred (5500) kPa pressure~~,
  - j. shall have Wobbe Number from forty seven point fifty (47.50) megajoules per cubic metre of gas to fifty one point forty six (51.46) megajoules per cubic metre of gas, maximum of one point five (1.5) mole percent by volume of butane plus (C4+) in the gas, and maximum of four point zero (4.0) mole percent by volume of total inerts in the gas in order to be interchangeable with other Interconnecting Pipeline gas.

shall not contain less than one point zero (1.0) molar percent by volume of ethane in the gas,

k. ~~shall at all times be interchangeable with other pipeline gas such that the yellow tipping, flashback and lifting factors shall be within the range permitted for gas according to AGA Research Bulletin No. 36.~~

3. ~~3.~~ Non-conforming Gas: In addition to any other right or remedy of a party, each party shall be entitled to refuse to accept delivery of any gas which does not conform to any of the specifications set out in this Article II.

4. Quality of Gas Received: The quality of the gas to be received by Union hereunder is to be of a merchantable quality and in accordance with the quality standards as set out by Union in this Article II, but, Union will also accept gas of a quality as set out in any other Interconnecting Pipeline's general terms and conditions, provided that all Interconnecting Pipelines accept such quality of gas. In addition to any other right or remedy of a party, each party shall be entitled to refuse to accept delivery of any gas which does not conform to any of the specifications set out in ~~Section 2~~ Union's M12 Rate Schedule.

### III. MEASUREMENTS

1. Storage, Transportation, and/or Sales Unit: ~~("The Unit") The Unit~~unit of the gas delivered to Union shall be a megajoule or a gigajoule. The unit of gas transported or stored by Union shall be a megajoule or a gigajoule. The unit of gas delivered by Union shall be a megajoule, a gigajoule, a cubic metre (m<sup>3</sup>) or one thousand cubic metres (10<sup>3</sup>m<sup>3</sup>) at Union's discretion.

2. Determination of Volume and Energy:

a. The volume and energy amounts determined under the Contract shall be determined in accordance with the Electricity and Gas Inspection Act (Canada), ~~assented to 31 March, 1982~~RSC 1985, c E-4- (the "Act") and the Electricity and Gas Inspection Regulations, ~~P.C. 1986-116, 16 January, 1986,~~SOR 86/131 (the "Regulations"), and any documents issued under the authority of the Act and Regulations and any amendments thereto.

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, all as amended from time to time.

c. The volume and/or energy of the gas delivered to/by Union hereunder shall be determined by the measurement equipment designated in Article VII ~~Measuring Equipment, of this schedule~~herein.

d. Upon request by Union, Shipper shall obtain measurement of the total quantity of gas received by Union hereunder from the Interconnecting Pipeline. Such measurement shall be done in accordance with established practices between Union and the Interconnecting Pipeline.

### IV. RECEIPT POINT AND DELIVERY POINT

1. Unless otherwise specified in the Contract, the point or points of receipt for all gas to be covered hereunder shall be on the outlet side of the measuring stations located at or near the point or points of connection specified in the Contract, where Union takes possession of the gas.

2. Unless otherwise specified in the Contract, the point or points of delivery for all gas to be covered hereunder shall be on the outlet side of the measuring stations located at or near the point or points of connection as specified in the Contract where Shipper takes possession of the gas.

### V. POSSESSION OF AND RESPONSIBILITY FOR GAS



*Intentionally blank*

## **VI. FACILITIES ON SHIPPER'S PROPERTY**

Except under those conditions where Union is delivering to TCPL for TCPL or Shipper at Union's Parkway Point of Delivery, or to an Interconnecting Pipeline, or where otherwise specified in the Contract, the following will apply:

1. Construction and Maintenance: Union, at its own expense may construct, maintain and operate on Shipper's property at the delivery point a measuring station properly equipped with a meter or meters and any other necessary measuring equipment for properly measuring the gas redelivered under the Contract. Shipper will grant to Union a lease and/or rights-of-way over property of Shipper as required by Union to install such facilities and to connect same to Union's pipeline.
2. Entry: Union, its servants, agents and each of them may at any reasonable time on notice (except in cases of emergency) to Shipper or his duly authorized representative enter Shipper's property for the purpose of constructing, maintaining, removing, operating and/or repairing station equipment.
3. Property: The said station and equipment will be and remain the property of Union notwithstanding it is constructed on and attached to the realty of Shipper, and Union may at its own expense remove it upon termination of the Contract and will do so if so requested by Shipper.

## **VII. MEASURING EQUIPMENT**

1. Metering by Union: Union will install and operate meters and related equipment as required and in accordance with the Act and Regulations referenced in Article III ~~subparagraph 2-a. herein.~~
2. Metering by Others: In the event that all or any gas delivered to/by Union hereunder is measured by a meter that is owned and operated by an Interconnecting Pipeline, then Union and Shipper agree to accept that metering for the purpose of determining the volume and energy of gas delivered to/by Union on behalf of the Shipper. The standard of measurement and tests for the gas delivered to/by Union hereunder shall be in accordance with the general terms and conditions as incorporated in that Interconnecting Pipeline company's gas tariff as approved by their regulatory body.
3. Check Measuring Equipment: Shipper may install, maintain and operate, at the redelivery point, at its own expense, such check measuring equipment as desired, provided that such equipment shall be so installed as not to interfere with the operation of Union's measuring equipment at or near the delivery point, and shall be installed, maintained and operated in conformity with the same standards and specifications applicable to Union's metering facilities.
4. Rights of Parties: The measuring equipment installed by either party, together with any building erected by it for such equipment, shall be and remain its property. However, Union and Shipper shall have the right 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 used in measuring or checking the measurement of deliveries of gas to/by Union under the Contract. Either party will give the other party reasonable notice of its intention to carry out the acts herein specified. The records from such measuring equipment shall remain the property of their owner, but upon request each will submit to the other its records and charts, together with calculations therefrom, for inspection and verification, subject to return within ten (10) days after receipt thereof.
5. Calibration and Test of Measuring Equipment: The accuracy of Union's measuring equipment shall be verified by Union at reasonable intervals, and if requested, in the presence of representatives of Shipper, but Union shall not be required to verify the accuracy of such equipment more frequently than once in any thirty (30) day period. In the event either party ~~shall notify~~ notifies the other that it desires a special test of any measuring equipment, the parties shall co-operate to secure a prompt verification of the accuracy of such equipment. The expense of any such special test, if called for by Shipper, shall be borne by Shipper if the measuring equipment tested is found to be in error by not more than two per cent (2%). If, upon test, any measuring equipment is found to be in error by not more than two per cent (2%), previous recordings of such equipment shall be considered accurate in computing redeliveries of gas, but such equipment shall be adjusted at once to record as near to absolute accuracy as possible. If the test conducted shows a

percentage of inaccuracy greater than two percent (2%), the financial adjustment, if any, shall be calculated in accordance with the ~~Electricity and Gas Inspection Act (1982) and regulations thereunder~~ Act and Regulations, as may be amended from time to time and in accordance with any successor statutes and regulations.

6. Preservation of Metering Records: Union and Shipper shall each preserve for a period of at least six (6) years all test data, and other relevant records.
7. Error in Metering or Meter Failure: In the event of an error in metering or a meter failure, (such error or failure being determined through check measurement by Union or any other available method), then Shipper shall enforce its rights as Shipper with the Interconnecting Pipeline(s) to remedy such error or failure including enforcing any inspection and/or verification rights and procedures.

## VIII. BILLING

1. Monthly Billing Date: Union shall render bills on or before the 10th day of each month for all services furnished during the preceding month. Such charges may be based on estimated quantities, if actual quantities are unavailable in time to prepare the billing. Union shall provide, in a succeeding month's billing, an adjustment based on any difference between actual quantities and estimated quantities, without any interest charge. If presentation of a bill to Shipper is delayed after the 10th day of the month, then the time of payment shall be extended accordingly, unless Shipper is responsible for such delay.
2. Right of Examination: Both Union and Shipper shall have the right to examine at any reasonable time 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 the Contract.

## IX. PAYMENTS

1. Monthly ~~payments~~ Payments: Shipper shall pay the invoiced amount directly into Union's bank account as directed on the invoice on or before the twentieth (20<sup>th</sup>) day of each month. If the payment date is not a business day, then payment must be received in Union's account on the first business day preceding the twentieth (20<sup>th</sup>) day of the month.
2. Remedies for ~~non~~Non-payment: Should Shipper fail to pay all of the amount of any bill as herein provided when such amount is due,
  - a. Shipper shall pay to Union interest on the unpaid portion of the bill accruing at a rate per annum equal to the minimum commercial lending rate of Union's principal banker in effect from time to time from the due date until the date of payment.
  - b. If such failure to pay continues for thirty (30) days after payment is due, Union, in addition to any other remedy it may have under the Contract, may suspend service(s) until such amount is paid. Notwithstanding such suspension, all demand charges shall continue to accrue hereunder as if such suspension were not in place.

If Shipper in good faith disputes the amount of any such bill or part thereof Shipper shall pay to Union such amounts as it concedes to be correct. At any time thereafter, within twenty (20) days of a demand made by Union, Shipper shall furnish financial assurances satisfactory to Union, guaranteeing payment to Union of the amount ultimately found due upon such bill after a final determination. Such a final determination may be reached either by agreement, arbitration decision or judgement of the courts, as may be the case. Union shall not be entitled to suspend service(s) because of such non-payment unless and until default occurs in the conditions of such financial assurances or default occurs in payment of any other amount due to Union hereunder.

Notwithstanding the foregoing paragraph(s), Shipper is not relieved from the obligation to continue its deliveries of gas to Union under the terms of any agreement, where Shipper has contracted to deliver specified quantities of gas to Union.

3. Billing Adjustments: If it shall be found that at any time or times Shipper has been overcharged or undercharged in any form whatsoever under the provisions of the Contract and Shipper shall have actually paid the bills containing such overcharge or undercharge, Union shall refund the amount of any such overcharge and interest shall accrue from and including the first day of such overcharge as paid to the date of refund and shall be calculated but not compounded at a rate per annum determined each day during the calculation period to be equal to the minimum commercial lending rate of Union's principal banker, and the Shipper shall pay the amount of any such undercharge, but without interest. In the event Union renders a bill to Shipper based upon measurement estimates, the required adjustment to reflect actual measurement shall be made on the bill next following the determination of such actual measurement, without any charge of interest. In the event an error is discovered in the amount billed in any statement rendered by Union, such error shall be adjusted by Union. Such overcharge, undercharge or error shall be adjusted by Union on the bill next following its determination (where the term "bill" next following shall mean a bill rendered at least fourteen (14) days after the day of its determination), provided that claim therefore shall have been made within six (6) years from the date of the incorrect billing. In the event any refund is issued with Shipper's gas bill, the aforesaid date of refund shall be deemed to be the date of the issue of bill.

## X. ARBITRATION

If and when any dispute, difference or question shall arise between the parties hereto touching the Contract or anything herein contained, or the construction hereof, or the rights, duties or liabilities of the parties in relation to any matter hereunder, the matter in dispute shall be submitted and referred to arbitration within ten (10) days after written request of either party. Upon such request each party shall appoint an arbitrator, and the two so appointed shall appoint a third. A majority decision of the arbitrators shall be final and binding upon both parties. In all other respects the provisions of the Arbitration Act of the Province of Ontario, or any ~~Act~~act passed in amendment thereof or substitution therefore, shall apply to each such submission. Operations under the Contract shall continue, without prejudice, during any such arbitration and the costs attributable to such arbitration shall be shared equally by the parties hereto.

## XI. FORCE MAJEURE

1. The term "**force majeure**" as used herein shall mean acts of God, strikes, lockouts or any other industrial disturbance, acts of the public enemy, sabotage, wars, blockades, insurrections, riots, epidemics, landslides, ~~lightening~~lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of governments and people, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, freezing of wells or lines of pipe, inability to obtain materials, supplies, permits or labour, any laws, orders, rules, regulations, acts or restraints of any governmental body or authority (civil or military), any act or omission that is excused by any event or occurrence of the character herein defined as constituting force majeure, any act or omission by parties not controlled by the party having the difficulty and any other similar cases not within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome.
2. In the event that either the Shipper or Union is rendered unable, in whole or in part, by force majeure, to perform or comply with any obligation or condition of the Contract, such party shall give notice and full particulars of such force majeure in writing delivered by hand, fax or other direct written electronic means to the other party as soon as possible after the occurrence of the cause relied on and subject to the provision of this Article.
3. Neither party shall be entitled to the benefit of the provisions of force majeure hereunder if any or all of the following circumstances prevail: the failure resulting in a condition of force majeure was caused by the negligence of the party claiming suspension; the failure was caused by the party claiming suspension where such party failed to remedy the condition by making all reasonable efforts (short of litigation, if such remedy would require litigation); the party claiming suspension failed to resume the performance of such condition obligations with reasonable dispatch; the failure was caused by lack of funds; the party claiming suspension did not, as soon as possible after determining, or within a period within which it should acting reasonably have determined, that the occurrence was in the nature of force majeure and would affect its ability to observe or perform any of its conditions or obligations under the Contract, give to the other party the notice required hereunder.

4. The party claiming suspension shall likewise give notice as soon as possible after the force majeure condition is remedied, to the extent that the same has been remedied, and that such party has resumed or is then in a position to resume the performance of the obligations and conditions of the Contract.
5. An event of force majeure on Union's system will excuse the failure to deliver gas by Union or the failure to accept gas by Union hereunder, and both parties shall be excused from performance of their obligations hereunder, except for payment obligations, to the extent of and for the duration of the force majeure.
6. Upstream or Downstream Force Majeure: An event of force majeure upstream or downstream of Union's system shall not relieve Shipper of any payment obligations.
7. Delay of Firm Transportation Services: Despite Article XI herein, if Union is prevented, by reason of an event of force majeure on Union's system from delivering gas on the Day or Days upon which Union has accepted gas from Shipper, Union shall thereafter make all reasonable efforts to deliver such quantities as soon as practicable and on such Day or Days as are agreed to by Shipper and Union. If Union accepts such gas on this basis, Shipper shall not receive any demand charge relief as contemplated under Article XI herein.
8. Demand Charge Relief for Firm Transportation Services: Despite Article XI herein, if on any Day Union fails to accept gas from Shipper by reason of an event of force majeure on Union's system and fails to deliver the quantity of gas nominated hereunder by Shipper up to the firm Contract Demand for that Contract, then for that Day the Monthly demand charge shall be reduced by an amount equal to the applicable Daily Demand Rate, as defined in this paragraph, multiplied by the difference between the quantity of gas actually delivered by Union during such Day and the quantity of gas which Shipper in good faith nominated on such Day. The term "**Daily Demand Rate**" shall mean the Monthly demand charge or equivalent pursuant to the M12 Rate Schedule divided by the number of days in the month for which such rate is being calculated.
9. If, due to the occurrence of an event of force majeure as outlined above, the capacity for gas deliveries by Union is impaired, it will be necessary for Union to curtail Shipper's gas receipts to Union hereunder, via proration based on utilization of such facilities for the Day. This prorating shall be determined by multiplying the capability of such facilities as available downstream of the impairment on the Day, by a fraction where the numerator is Shipper's nominated firm quantity and the denominator is the total of all such nominated firm quantities for nominated services and planned consumption for in-franchise customers on the Day. For the purposes of this Article XI, firm services shall mean all firm services provided by Union to in-franchise customers and ex-franchise shippers.

## **XII. DEFAULT AND TERMINATION**

In case of the breach or non-observance or non-performance on the part of either party hereto of any covenant, proviso, condition, restriction or stipulation contained in the Contract (but not including herein failure to take or make delivery in whole or in part of the gas delivered to/by Union hereunder occasioned by any of the reasons provided for in Article XI hereof) which has not been waived by the other party, then and in every such case and as often as the same may happen, the Non-defaulting party may give written notice to the Defaulting party requiring it to remedy such default and in the event of the Defaulting party failing to remedy the same within a period of thirty (30) days from receipt of such notice, the Non-defaulting party may at its sole option declare the Contract to be terminated and thereupon the Contract shall be terminated and be null and void for all purposes other than and except as to any liability of the parties under the same incurred before and subsisting as of termination. The right hereby conferred upon each party 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.

## **XIII. MODIFICATION**

Subject to Union's M12 Rate Schedule, Schedule A, Article XV and the ability of Union to amend the M12 Rate Schedule with the approval of the OEB, no amendment or modification of the Contract shall be effective unless the same shall be in writing and signed by each of the Shipper and Union.

**XIV. NON-WAIVER AND FUTURE DEFAULT**

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**XV. LAWS, REGULATIONS AND ORDERS**

The Contract and the respective rights and obligations of the parties hereto are subject to all present and future valid laws, orders, rules and regulations of any competent legislative body, or duly constituted authority now or hereafter having jurisdiction and the 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 the Contract.

RATE M12  
GENERAL TERMS & CONDITIONS

SCHEDULE "A 2010"

Filed: 2011-11-23

EB-2011-0210

Exhibit H1

Tab 2

Appendix 15

I. DEFINITIONS

Except where the context expressly requires or states another meaning, the following terms, when used in these General Terms & Conditions and in any contract into which these General Terms & Conditions are incorporated, shall be construed to have the following meanings:

"**Authorized Overrun**" shall mean the amount by which Shipper's Authorized Quantity exceeds the Contract Demand;

"**Available Capacity**" shall mean at any time, Union's remaining available capacity to provide Transportation Services;

"**Business Day**" shall mean any day, other than Saturday, Sunday or any days on which national banks in the Province of Ontario are authorized to close;

~~"**Eastern Clock Time**" shall mean the local clock time in the Eastern Time Zone on any Day;~~

"**Contract**" shall refer to the contract to which these General Terms & Conditions shall apply, and into which they are incorporated;

"**Contract Year**" shall mean a period of three hundred and sixty-five (365) consecutive days; provided however, that any such period which contains a date of February 29 shall consist of three hundred and sixty-six (366) consecutive days, commencing on November 1 of each year; except for the first Contract Year which shall commence on the Commencement Date and end on the first October 31 that follows such date;

"**cricondenthem hydrocarbon dewpoint**" shall mean the highest hydrocarbon dewpoint temperature on the phase envelope;

"**cubic metre**" shall mean the volume of gas which occupies one cubic metre when such gas is at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;

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

"**delivery**" shall mean any gas that is delivered by Union into Shipper's possession, or to the possession of Shipper's agent;

~~"**Eastern Clock Time**" shall mean the local clock time in the Eastern Time Zone on any Day;~~

"**Expansion Facilities**" shall mean any new facilities to be constructed by Union in order to provide Transportation Services;

"**firm**" or "**Firm**" shall mean service not subject to curtailment or interruption except under Articles XI, XII and XVIII herein;

"**gas**" or "**Gas**" shall mean gas as defined in the Ontario Energy Board Act, 1998, S.O. 1998, c.15, Sch. B, as amended, supplemented or re-enacted from time to time;

"**gross heating value**" shall mean the total heat expressed in megajoules per cubic metre (MJ/m<sup>3</sup>) produced by the complete combustion at constant pressure of one (1) cubic metre of gas with air, with the gas free of water vapour and the temperature of the gas, air and products of combustion at standard temperature and all water formed by the combustion reaction condensed to the liquid state;

"**hydrocarbon dewpoint**" shall mean temperature at a specific pressure where hydrocarbon vapour condensation begins;

"**Interruptible HUB Service Contract**" shall mean a contract between Shipper and Union under which Union provides interruptible HUB service;

"**interruptible service**" or "**Interruptible**" shall mean service subject to curtailment or interruption, after notice, at any time;

"Interconnecting Pipeline" shall mean a pipeline that directly connects to the Union pipeline system;

"joule" (J) shall mean 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;

"Loaned Quantities" shall mean those quantities of gas loaned to Shipper under the Facilitating Agreement;

"m<sup>3</sup>" shall mean cubic metre of gas and "10<sup>3</sup>m<sup>3</sup>" shall mean 1,000 cubic metres of gas;

"month" or "Month" shall mean the period beginning at 10:00 a.m. Eastern Clock Time on the first day of a calendar month and ending at 10:00 a.m. Eastern Clock Time on the first day of the following calendar month;

"NAESB" shall mean North American Energy Standards Board.;

"OEB" means the Ontario Energy Board;

"Open Season" or "open season" shall mean an open access auction or bidding process held by Union as a method of allocating capacity;

"pascal" (Pa) shall mean the pressure produced when a force of one (1) newton is applied to an area of one (1) square metre. The term "kilopascal" (kPa) shall mean 1,000 pascals;

"receipt" shall mean any gas that is delivered into Union's possession, or the possession of Union's agent;

"Shipper", " shall have the meaning as defined in the Contract, and shall also include Shipper's agent(s);

"specific gravity" shall mean density of the gas divided by density of air, with both at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;

"Taxes" shall mean any tax (other than tax on income or tax on property), duty, royalty, levy, license, fee or charge not included in the charges and rates as per the applicable rate schedule (including but not limited to charges under any form of cap and trade, carbon tax, or similar system) and that is levied, assessed or made by any governmental authority on the gas itself, or the act, right, or privilege of producing, severing, gathering, storing, transporting, handling, selling or delivering gas under the Contract;

"TCPL" means TransCanada PipeLines Limited.;

"Wobbe Number" shall mean gross heating value of the gas divided by the square root of its specific gravity.

## II. GAS QUALITY

1. Natural Gas: The minimum gross heating value of the gas delivered to/by Union hereunder, shall be thirty-six (36) megajoules per cubic metre. The maximum gross heating value of the gas delivered to/by Union hereunder shall be forty point two (40.2) megajoules per cubic metre. The gas to be delivered hereunder to Union may be a commingled supply from Shipper's natural gas sources of supply. The gas to be delivered by Union may be a commingled supply from Union's sources of gas supply; provided, however, that helium, natural gasoline, butane, propane and other hydrocarbons, except methane, may be removed prior to delivery to Shipper. Further, Union may subject, or permit the subjection of, the gas to compression, dehydration, cooling, cleaning and other processes.
2. Freedom from objectionable matter: The gas to be delivered to/by Union hereunder,
  - a. shall be commercially free from bacteria, sand, dust, gums, crude oils, lubricating oils, liquids, chemicals or compounds used in the production, treatment, compression or dehydration of the gas or any other objectionable substance in sufficient quantity so as to render the gas toxic, unmerchantable or cause injury to, or interference with, the proper operation of the lines, regulators, meters or other appliances through which it flows,

- b. shall not contain more than seven (7) milligrams of hydrogen sulphide per cubic metre of gas, nor more than four hundred and sixty (460) milligrams of total sulphur per cubic metre of gas as determined by standard methods of testing,
  - c. shall not contain more than five (5) milligrams of mercaptan sulphur per cubic metre of gas,
  - d. shall not contain more than two point zero (2.0) molar percent by volume of carbon dioxide in the gas,
  - e. shall not contain more than zero point four (0.4) molar percent by volume of oxygen in the gas,
  - f. shall not contain more than zero point five (0.5) molar percent by volume of carbon monoxide in the gas,
  - f. shall not contain more than zero point four (0.4) molar percent by volume of oxygen in the gas,
  - g. shall not contain more than four point zero (4.0) molar percent by volume of hydrogen in the gas,
  - h. shall not contain more than sixty-five (65) milligrams of water vapour per cubic metre of the gas,
  - i. shall not have a cricondenthem hydrocarbon dewpoint exceeding minus ten (-10) degrees Celsius at five thousand-five hundred (5500) kPa pressure,
  - j. shall have Wobbe Number from forty seven point fifty (47.50) megajoules per cubic metre of gas to fifty one point forty six (51.46) megajoules per cubic metre of gas, maximum of one point five (1.5) mole percent by volume of butane plus (C4+) in the gas, and maximum of four point zero (4.0) mole percent by volume of total inerts in the gas in order to be interchangeable with other Interconnecting Pipeline gas.
  - j. shall not contain less than one point zero (1.0) molar percent by volume of ethane in the gas,
  - k. shall at all times be interchangeable with other pipeline gas such that the yellow tipping, flashback and lifting factors shall be within the range permitted for gas according to AGA Research Bulletin No. 36.
3. Non-conforming Gas: In addition to any other right or remedy of a party, each party shall be entitled to refuse to accept delivery of any gas which does not conform to any of the specifications set out in Section 2 of this Article II.
4. Quality of Gas Received: The quality of the gas and the measurement of the gas to be received by Union hereunder is to be of a merchantable quality and in accordance with the quality standards and measurement standards as set out by Union in this Article II, but, Union will also accept gas of a quality as set out in any other Interconnecting Pipeline's general terms and conditions, provided that all Interconnecting Pipelines accept such quality of gas. In addition to any other right or remedy of a party, each party shall be entitled to refuse to accept delivery of any gas which does not conform to any of the specifications set out in Union's M12 Rate Schedule.

### III. MEASUREMENTS

1. Storage, Transportation, and/or Sales Unit: The unit of the gas delivered to Union shall be a megajoule or a gigajoule. The unit of gas transported or stored by Union shall be a megajoule or a gigajoule. The unit of gas delivered by Union shall be a megajoule, a gigajoule, a cubic metre (m<sup>3</sup>) or one thousand cubic metres (10<sup>3</sup>m<sup>3</sup>) at Union's discretion.
2. Determination of Volume and Energy:
- a. The volume and energy amounts determined under the Contract shall be determined in accordance with the Electricity and Gas Inspection Act (Canada), assented to 31 March, 1982 RSC 1985, c E-4- (the "**Act**") and the Electricity and Gas Inspection Regulations, P.C. 1986-116, 16 January, 1986 SOR 86/131 (the "**Regulations**"), and any documents issued under the authority of the Act and Regulations and any amendments thereto.
  - 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, all as amended from time to time.

- c. The volume and/or energy of the gas delivered to/by Union hereunder shall be determined by the measurement equipment designated in Article VII herein.
- d. Upon request by Union, Shipper shall obtain measurement of the total quantity of gas received by Union hereunder from the Interconnecting Pipeline. Such measurement shall be done in accordance with established practices between Union and the Interconnecting Pipeline.

#### **IV. RECEIPT POINT AND DELIVERY POINT**

1. Unless otherwise specified in the Contract, the point or points of receipt and point or points of delivery for all gas to be covered hereunder shall be on the outlet side of the measuring stations located at or near the point or points of connection specified in the Contract, where possession of the gas changes from one party to the other, and as per Schedule "D 2010".

#### **V. POSSESSION OF AND RESPONSIBILITY FOR GAS**

1. Union accepts no responsibility for any gas prior to such gas being delivered to Union at the Receipt Point or after its delivery by Union at the Delivery Point. As between the parties hereto, Union shall be deemed to be in control and possession of and responsible for all such gas from the time that such gas enters Union's system until such gas is delivered to Shipper.
2. Shipper agrees that Union is not a common carrier and is not an insurer of Shipper's gas, and that Union shall not be liable to Shipper or any third party for loss of gas in Union's possession, except to the extent such loss is caused entirely by Union's negligence or wilful misconduct.

#### **VI. FACILITIES ON SHIPPER'S PROPERTY**

Except under those conditions where Union is delivering to TCPL for TCPL or Shipper at Parkway (TCPL), or to an Interconnecting Pipeline, or where otherwise specified in the Contract, the following will apply:

1. Construction and Maintenance: Union, at its own expense may construct, maintain and operate on Shipper's property at the delivery point a measuring station properly equipped with a meter or meters and any other necessary measuring equipment for properly measuring the gas redelivered under the Contract. Shipper will grant to Union a lease and/or rights-of-way over property of Shipper as required by Union to install such facilities and to connect same to Union's pipeline.
2. Entry: Union, its servants, agents and each of them may at any reasonable time on notice (except in cases of emergency) to Shipper or his duly authorized representative enter Shipper's property for the purpose of constructing, maintaining, removing, operating and/or repairing station equipment.
3. Property: The said station and equipment will be and remain the property of Union notwithstanding it is constructed on and attached to the realty of Shipper, and Union may at its own expense remove it upon termination of the Contract and will do so if so requested by Shipper.

#### **VII. MEASURING EQUIPMENT**

1. Metering by Union: Union will install and operate meters and related equipment as required and in accordance with the Act and Regulations referenced in Article III herein.
2. Metering by Others: In the event that all or any gas delivered to/by Union hereunder is measured by a meter that is owned and operated by an Interconnecting Pipeline, then Union and Shipper agree to accept that metering for the purpose of determining the volume and energy of gas delivered to/by Union on behalf of the Shipper. The standard of measurement

and tests for the gas delivered to/by Union hereunder shall be in accordance with the general terms and conditions as incorporated in that Interconnecting Pipeline company's gas tariff as approved by their regulatory body.

3. Check Measuring Equipment: Shipper may install, maintain and operate, at the redelivery point, at its own expense, such check measuring equipment as desired, provided that such equipment shall be so installed as not to interfere with the operation of Union's measuring equipment at or near the delivery point, and shall be installed, maintained and operated in conformity with the same standards and specifications applicable to Union's metering facilities.
4. Rights of Parties: The measuring equipment installed by either party, together with any building erected by it for such equipment, shall be and remain its property. However, Union and Shipper shall have the right 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 used in measuring or checking the measurement of deliveries of gas to/by Union under the Contract. Either party will give the other party reasonable notice of its intention to carry out the acts herein specified. The records from such measuring equipment shall remain the property of their owner, but upon request each will submit to the other its records and charts, together with calculations therefrom, for inspection and verification, subject to return within ten (10) days after receipt thereof.
5. Calibration and Test of Measuring Equipment: The accuracy of Union's measuring equipment shall be verified by Union at reasonable intervals, and if requested, in the presence of representatives of Shipper, but Union shall not be required to verify the accuracy of such equipment more frequently than once in any thirty (30) day period. In the event either party shall notify the other that it desires a special test of any measuring equipment, the parties shall co-operate to secure a prompt verification of the accuracy of such equipment. The expense of any such special test, if called for by Shipper, shall be borne by Shipper if the measuring equipment tested is found to be in error by not more than two per cent (2%). If, upon test, any measuring equipment is found to be in error by not more than two per cent (2%), previous recordings of such equipment shall be considered accurate in computing redelivery receipts and deliveries of gas, but such equipment shall be adjusted at once to record as near to absolute accuracy as possible. If the test conducted shows a percentage of inaccuracy greater than two percent (2%), the financial adjustment, if any, shall be calculated in accordance with the Act and Regulations, as may be amended from time to time and in accordance with any successor statutes and regulations.
6. Preservation of Metering Records: Union and Shipper shall each preserve for a period of at least six (6) years all test data, and other relevant records.
7. Error in Metering or Meter Failure: In the event of an error in metering or a meter failure, (such error or failure being determined through check measurement by Union or any other available method), then Shipper shall enforce its rights as Shipper with the Interconnecting Pipeline(s) to remedy such error or failure including enforcing any inspection and/or verification rights and procedures.

## VIII. BILLING

1. Monthly Billing Date: Union shall render bills on or before the tenth (10<sup>th</sup>) day of each month for all servicesTransportation Services furnished during the preceding monthMonth. Such charges may be based on estimated quantities, if actual quantities are unavailable in time to prepare the billing. Union shall provide, in a succeeding month'sMonth's billing, an adjustment based on any difference between actual quantities and estimated quantities, without any interest charge. If presentation of a bill to Shipper is delayed after the tenth (10<sup>th</sup>) day of the month, then the time of payment shall be extended accordingly, unless Shipper is responsible for such delay.
2. Right of Examination: Both Union and Shipper shall have the right to examine at any reasonable time 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 the Contract.
3. Amendment of Statements: For the purpose of completing a final determination of the actual quantities of gas handled in any of the Transportation Services to Shipper, the parties shall have the right to amend their statement for a period equal to the time during which the Interconnecting Pipeline retains the right to amend their statements, which period shall not exceed three (3) years from the date of termination of the Contract.

## IX. PAYMENTS

1. Monthly paymentsPayments: Shipper shall pay the invoiced amount directly into Union's bank account as directed on the invoice on or before the twentieth (20<sup>th</sup>) day of each month. If the payment date is not a business dayBusiness Day, then payment must be received in Union's account on the first business dayBusiness Day preceding the twentieth (20<sup>th</sup>) day of the month.

2. Remedies for nonNon-payment: Should Shipper fail to pay all of the amount of any bill as herein provided when such amount is due,

a. Shipper shall pay to Union interest on the unpaid portion of the bill accruing at a rate per annum equal to the minimum commercial lending rate of Union's principal banker in effect from time to time from the due date until the date of payment.; and,

b. If such failure to pay continues for thirty (30) days after payment is due, Union, in addition to any other remedy it may have under the Contract, may suspend service(s)Services until such amount is paid. Notwithstanding such suspension, all demand charges shall continue to accrue hereunder as if such suspension were not in place.

If Shipper in good faith disputes the amount of any such bill or part thereof Shipper shall pay to Union such amounts as it concedes to be correct. At any time thereafter, within twenty (20) days of a demand made by Union, Shipper shall furnish financial assurances satisfactory to Union, guaranteeing payment to Union of the amount ultimately found due upon such bill after a final determination. Such a final determination may be reached either by agreement, arbitration decision or judgement of the courts, as may be the case. Union shall not be entitled to suspend service(s)Services because of such non-payment unless and until default occurs in the conditions of such financial assurances or default occurs in payment of any other amount due to Union hereunder.

Notwithstanding the foregoing paragraph(s),, Shipper is not relieved from the obligation to continue its deliveries of gas to Union under the terms of any agreement, where Shipper has contracted to deliver specified quantities of gas to Union.

3. Billing Adjustments: If it shall be found that at any time or times Shipper has been overcharged or undercharged in any form whatsoever under the provisions of the Contract and Shipper shall have actually paid the bills containing such overcharge or undercharge, Union shall refund the amount of any such overcharge and interest shall accrue from and including the first day of such overcharge as paid to the date of refund and shall be calculated but not compounded at a rate per annum determined each day during the calculation period to be equal to the minimum commercial lending rate of Union's principal banker, and the Shipper shall pay the amount of any such undercharge, but without interest. In the event Union renders a bill to Shipper based upon measurement estimates, the required adjustment to reflect actual measurement shall be made on the bill next following the determination of such actual measurement, without any charge of interest. In the event an error is discovered in the amount billed in any statement rendered by Union, such error shall be adjusted by Union. Such overcharge, undercharge or error shall be adjusted by Union on the bill next following its determination (where the term "**bill**" next following" shall mean a bill rendered at least fourteen (14) days after the day of its determination), provided that claim therefore shall have been made within six (6three (3) years from the date of the incorrect billing. In the event any refund is issued with Shipper's gas bill, the aforesaid date of refund shall be deemed to be the date of the issue of bill.

4 Taxes and Levies:

In addition to the charges and rates as per the M12 Rate Schedule, Shipper is responsible for any applicable Goods and Services Tax, Harmonized Sales Tax, or other taxes, royalties, charges, duties or levies, (including but not limited to charges under any form of cap and trade, carbon tax, or similar system)rate schedules and price schedules, Shipper shall pay all Taxes which are imposed currently or subsequent to the execution of the Contract by any legal authority having jurisdiction and any amount in lieu of such Taxes paid or payable by Union.

5. Set Off:

If either party shall, at any time, be in arrears under any of its payment obligations to the other party under the Contract, then the party not in arrears shall be entitled to reduce the amount payable by it to the other party in arrears under the Contract, or any other contract, by an amount equal to the amount of such arrears or other indebtedness to the other party. In addition to the foregoing remedy, Union may, upon forty-eight (48) hours verbal notice, to be followed by written notice,

take possession of any or all of Shipper's gas under the Contract or any enhancementsenhancement to the Contract, which shall be deemed to have been assigned to Union, to reduce such arrears or other indebtedness to Union.

#### **X. ARBITRATION**

If and when any dispute, difference or question shall arise between the parties hereto touching the Contract or anything herein contained, or the construction hereof, or the rights, duties or liabilities of the parties in relation to any matter hereunder, the matter in dispute shall be submitted and referred to arbitration within ten (10) days after written request of either party. Upon such request each party shall appoint an arbitrator, and the two so appointed shall appoint a third. A majority decision of the arbitrators shall be final and binding upon both parties. In all other respects the provisions of the Arbitration Act, 1991, or any Act passed in amendment thereof or substitution therefore, shall apply to each such submission. Operations under the Contract shall continue, without prejudice, during any such arbitration and the costs attributable to such arbitration shall be shared equally by the parties hereto.

#### **XI. FORCE MAJEURE**

1. The term "**force majeure**" as used herein shall mean acts of God, strikes, lockouts or any other industrial disturbance, acts of the public enemy, sabotage, wars, blockades, insurrections, riots, epidemics, landslides, lightninglightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of governments and people, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, freezing of wells or lines of pipe, inability to obtain materials, supplies, permits or labour, any laws, orders, rules, regulations, acts or restraints of any governmental body or authority (civil or military), any act or omission that is excused by any event or occurrence of the character herein defined as constituting force majeure, any act or omission by parties not controlled by the party having the difficulty and any other similar cases not within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome.
2. In the event that either the Shipper or Union is rendered unable, in whole or in part, by force majeure, to perform or comply with any obligation or condition of the Contract, such party shall give notice and full particulars of such force majeure in writing delivered by hand, fax or other direct written electronic means to the other party as soon as possible after the occurrence of the cause relied on and subject to the provision of this Article.
3. Neither party shall be entitled to the benefit of the provisions of force majeure hereunder if any or all of the following circumstances prevail: the failure resulting in a condition of force majeure was caused by the negligence of the party claiming suspension; the failure was caused by the party claiming suspension where such party failed to remedy the condition by making all reasonable efforts (short of litigation, if such remedy would require litigation); the party claiming suspension failed to resume the performance of such condition obligations with reasonable dispatch; the failure was caused by lack of funds; the party claiming suspension did not, as soon as possible after determining, or within a period within which it should acting reasonably have determined, that the occurrence was in the nature of force majeure and would affect its ability to observe or perform any of its conditions or obligations under the Contract, give to the other party the notice required hereunder.
4. The party claiming suspension shall likewise give notice as soon as possible after the force majeure condition is remedied, to the extent that the same has been remedied, and that such party has resumed or is then in a position to resume the performance of the obligations and conditions of the Contract.
5. An event of force majeure on Union's system will excuse the failure to deliver gas by Union or the failure to accept gas by Union hereunder, and both parties shall be excused from performance of their obligations hereunder, except for payment obligations, to the extent of and for the duration of the force majeure.
6. Upstream or Downstream Force Majeure: An event of force majeure upstream or downstream of Union's system shall not relieve Shipper of any payment obligations.
7. Delay of Firm Transportation Services: Despite Article XI herein, if Union is prevented, by reason of an event of force majeure on Union's system from delivering gas on the dayDay or daysDays upon which Union has accepted gas from Shipper, Union shall thereafter make all reasonable efforts to deliver such quantities as soon as practicable and on such

dayDay or daysDays as are agreed to by Shipper and Union. If Union accepts such gas on this basis, Shipper shall not receive any demand charge relief as contemplated under Article XI herein.

8. Demand Charge Relief for Firm Transportation Services: Despite Article XI herein, if on any dayDay Union fails to accept gas from Shipper by reason of an event of force majeure on Union's system and fails to deliver the quantity of gas nominated hereunder by Shipper up to the firm Contract Demand for that Contract, then for that dayDay the monthlyMonthly demand charge shall be reduced by an amount equal to the applicable Daily Demand Rate, as defined in this paragraph, multiplied by the difference between the quantity of gas actually delivered by Union during such dayDay and the quantity of gas which Shipper in good faith nominated on such dayDay. The term "**Daily Demand Rate**" shall mean the monthlyMonthly demand charge or equivalent pursuant to the M12 Rate Schedule divided by the number of days in the month for which such rate is being calculated.
9. If, due to the occurrence of an event of force majeure as outlined above, the capacity for gas deliveries by Union is impaired, making it will be necessary for Union to curtail Shipper's gas receipts to Union hereunder, then Union agrees that the firm Contract Demand for Transportation Services under the Contract shall be combined with the firm contract demand set out in other Union contracts then in effect with Union's customers utilizing via proration based on utilization of such facilities as well as quantities set out in Union's peak day requirements for such facilities, and Shipper's service entitlement during such period of impairment, shall be pro-rated.for the Day. This pro rationingprorating shall be determined by multiplying the daily capability of such facilities, as available downstream of the impairment on the Day, by a fraction, where the numerator of which is Shipper's nominated firm Contract Demandquantity and the denominator of which is the total of all such firm contract demands, including the firm Contract Demand hereunder and Union's said peak day requirements downstream of the impairmentnominated firm quantities for nominated services and planned consumption for in-franchise customers on the Day. For the purposes of this Article XI, firm contract demandservices shall mean all firm services provided by Union ,including firm service under Rate Schedules M2, M4, M5A, M6A, M7, M9, M10, M12, C1, T1, T3, U2, U5, and U7, plus any new firm service that may be created in the futureto in-franchise customers and ex-franchise shippers.

## **XII. DEFAULT AND TERMINATION**

In case of the breach or non-observance or non-performance on the part of either party hereto of any covenant, proviso, condition, restriction or stipulation contained in the Contract (but not including herein failure to take or make delivery in whole or in part of the gas delivered to/by Union hereunder occasioned by any of the reasons provided for in Article XI herein) which has not been waived by the other party, then and in every such case and as often as the same may happen, the non-defaulting party may give written notice to the defaulting party requiring it to remedy such default and in the event of the defaulting party failing to remedy the same within a period of thirty (30) days from receipt of such notice, the non-defaulting party may at its sole option declare the Contract to be terminated and thereupon the Contract shall be terminated and be null and void for all purposes other than and except as to any liability of the parties under the same incurred before and subsisting as of termination. The right hereby conferred upon each party 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.

## **XIII. AMENDMENT**

Subject to Article XV herein and the ability of Union to amend the M12 Rate Scheduleapplicable rate schedules and price schedules, with the approval of the OEB, (if required), no amendment or modification of the Contract shall be effective unless the same shall be in writing and signed by each of the Shipper and Union.

## **XIV. NON-WAIVER AND FUTURE DEFAULT**

No waiver of any provision of the Contract shall be effective unless the same shall be in writing and signed by the party entitled to the benefit of such provision and then such waiver shall be effective only in the specific instance and for the specified purpose for which it was given. No failure on the part of Shipper or Union to exercise, and no course of dealing with respect to, and no delay in exercising, any right, power or remedy under the Contract shall operate as a waiver thereof.

## **XV. LAWS, REGULATIONS AND ORDERS**

The Contract and the respective rights and obligations of the parties hereto are subject to all present and future valid laws, orders, rules and regulations of any competent legislative body, or duly constituted authority now or hereafter having jurisdiction and the 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 the Contract.

## **XVI ALLOCATION OF CAPACITY**

1. A potential shipper may request firm transportation service on Union's system at any time. Any request for firm M12 transportation service must include: potential shipper's legal name, Receipt Point(s), Delivery Point(s), Commencement Date, Initial Term, Contract Demand and proposed payment. This is applicable for M12 service requests for firm transportation service with minimum terms of ten (10) years where Expansion Facilities are required or a minimum term of five (5) years for use of existing capacity.
2. If requests for firm transportation services cannot be met through existing capacity such that the only way to satisfy the requests for transportation service would require the construction of Expansion Facilities which create new capacity, Union shall allocate any such new capacity by open season, subject to the terms of the open season, and these General Terms and Conditions.
3. If requests for long-term firm transportation service can be met through existing facilities upon which long-term capacity is becoming available, Union shall allocate such long-term capacity by open season, subject to the terms of the open season, and these General Terms and Conditions. **"Long-term"**, for the purposes of this Article XVI, means, in the case of a transportation service, a service that has a term of one year or greater.
4. Capacity requests received during an open season shall be awarded starting with those bids with the highest economic value. If the economic values of two or more independent bids are equal, then service shall be allocated on a pro-rata basis. The economic value shall be based on the net present value which shall be calculated based on the proposed per-unit rate and the proposed term of the contract and without regard to the proposed Contract Demand ("**NPV**").
5. Union may at any time allocate capacity to respond to any M12 transportation service request through an open season. If a potential shipper requests M12 transportation service that can be provided through Available Capacity that was previously offered by Union in an open season but was not awarded, then:
  - a. (a) Any such request must conform to the requirements of Section 1 of this Article XVI;
  - b. (b) Union shall allocate capacity to serve such request pursuant to this Section 5, and subject to these General Terms and Conditions and Union's standard form M12 transportation contract;
  - c. (c) Union may reject a request for M12 transportation service for any of the following reasons:
    - i) if there is insufficient Available Capacity to fully meet the request, but if that is the only reason for rejecting the request for service, Union must offer to supply the Available Capacity to the potential shipper;
    - ii) if the proposed monthly payment is less than Union's monthly demand charge plus fuel requirements for the applicable service;
    - iii) if prior to Union accepting the request for transportation service Union receives a request for transportation service from one or more other potential shippers and there is, as a result, insufficient Available Capacity to service all the requests for service, in which case Union shall follow the procedure in Section 5 (d) hereof; -
    - iv) if Union does not provide the type of transportation service requested; or
    - v) if all of the conditions precedent specified in Article XXI Sections 1 and 2 herein have not been satisfied or waived.

- d. (d) Union will advise the potential shipper in writing whether Union accepts or rejects the request for service, subject to Article XVI 5 (c), within 5 calendar days of receiving a request for M12 transportation service. If Union rejects a request for service, Union shall inform the potential shipper of the reasons why its request is being rejected; and
- e. (e) If Union has insufficient Available Capacity to service all pending requests for transportation service Union may:
  - i) Reject all the pending requests for transportation service and conduct an open season; or
  - ii) Union shall inform all the potential shippers who have submitted a pending request for transportation service that it does not have sufficient capacity to service all pending requests for service, and Union shall provide all such potential shippers with an equal opportunity to submit a revised request for service. Union shall then allocate the Available Capacity to the request for transportation service with the highest economic value to Union. If the economic values of two or more requests are equal, then service shall be allocated on a pro-rata basis. The economic value of any request shall be based on the NPV.

## **XVII. RENEWALS**

For contracts with an Initial Term of five (5) years or greater, the Contract will continue in full force and effect beyond the Initial Term, automatically renewing for a period of one (1) year, and every one (1) year thereafter, subject to. Shipper may reduce the Contract Demand or terminate the Contract with notice in writing by Shipper of termination at least two (2) years prior to the expiration thereof.

## **XVIII. SERVICE CURTAILMENT**

1. Union shall have the right to curtail or not to schedule part or all of Transportation Services, in whole or in part, on all or a portion of its pipeline system at any time for reasons of Force Majeure or when, in Union sole discretion, acting reasonably, capacity or operating conditions so require or it is desirable or necessary to make modifications, repairs or operating changes to its pipeline system. Union shall provide Shipper such notice of such curtailment as is reasonable under the circumstances. If due to any cause whatsoever Union is unable to receive or deliver the quantities of Gas which Shipper has requested, then Union shall order curtailment by all Shippers affected and to the extent necessary to remove the effect of the disability. Union has a priority of service policy to determine the order of service curtailment. In order to place services on the priority of service list, Union considers the following business principles: appropriate level of access to core services, customer commitment, encouraging appropriate contracting, materiality, price and term, and promoting and enabling in-franchise consumption.

The Priority ranking for all services utilizing Union Gas' storage, transmission and distribution system as applied to both in-franchise and ex-franchise services are as follows; with number 1 having the highest priority and the last interrupted.

1. Firm In-franchise Transportation and Distribution services and firm Ex-franchise services (Note 1)
2. In-franchise Interruptible Distribution services
3. C1/M12 IT Transport and IT Exchanges with Take or Pay rates
4. Balancing (Hub Activity) < = 100 GJ/d; Balancing (Direct Purchase) < = 500 GJ/d; In-franchise distribution authorized overrun (Note 3)
5. C1/M12 IT Transport and IT Exchanges at premium rates
6. C1/M12 Overrun < = 20% of CD (Note 4)
7. Balancing (Direct Purchase) > 500 GJ/d
8. Balancing (Hub Activity) > 100 GJ/d; C1/M12 IT Transport and IT Exchanges
9. C1/M12 Overrun > 20% of CD
10. C1/M12 IT Transport and IT Exchanges at a discount
11. Late Nominations

Notes:

1. Nominated services must be nominated on the NAESB Timely Nomination Cycle otherwise they are considered to be late nomination and are therefore interruptible.
2. Higher value or more reliable IT is contemplated in the service and contract, when purchase at market competitive prices.

3. Captures the majority of customers that use Direct Purchase balancing transactions.
  4. Captures the majority of customers that use overrun.
2. Union reserves the right to change its procedures for sharing interruptible capacity and will provide Shipper with two (2) months prior notice of any such change.
  3. Maintenance: Union's facilities from time to time may require maintenance or construction. If such maintenance or construction is required, and in Union's sole opinion, acting reasonably, such maintenance or construction may impact Union's ability to meet Shipper's requirements, Union shall provide at least ten (10) days notice to Shipper, except in the case of an emergency. In the event the maintenance impacts on Union's ability to meet Shipper's requirements, Union shall not be liable for any damages and shall not be deemed in breach of the Contract. To the extent that Union's ability to accept and/or deliver Shipper's gas is impaired, the monthlyMonthly demand charge shall be reduced in accordance with Article XI Section 8 and available capacity allocated in accordance with Article XI Section 9 herein.

Union shall use reasonable efforts to determine a mutually acceptable period during which such maintenance or construction will occur and also to limit the extent and duration of any impairments. Union will endeavour to schedule and complete the maintenance and construction, which would normally be expected to impact on Union's ability to meet Shipper's requirements, during the period from April 1 through to November 1.

#### **XIX. SHIPPER'S REPRESENTATIONS AND WARRANTIES**

1. Shipper's Warranty: Shipper warrants that it will, if required, maintain, or have maintained on its behalf, all external approvals including the governmental, regulatory, import/export permits and other approvals or authorizations that are required from any federal, state or provincial authorities for the gas quantities to be handled under the Contract. Shipper further warrants that it shall maintain in effect the Facilitating Agreements.
2. Financial Representations: Shipper represents and warrants that the financial assurances (including the Initial Financial Assurances and Security) (if any) shall remain in place throughout the term hereof, unless Shipper and Union agree otherwise. Shipper shall notify Union in the event of any changeschange to the financial assurances throughout the term hereof. Should Union have reasonable grounds to believe that Shipper will not be able to perform or continue to perform any of its obligations under the Contract as a result of one of the following events ("**Material Event**");
  - a. Shipper is in default, which default has not been remedied, of the Contract or is in default of any other material contract with Union or another party; or,
  - b. Shipper's corporate or debt rating falls below investment grade according to at least one nationally recognized rating agency; or,
  - c. Shipper ceases to be rated by a nationally recognized agency; or,
  - d. Shipper has exceeded credit available as determined by Union from time to time,

then Shipper shall within fourteen (14) days of receipt of such written notice by Union, obtain and provide to Union a letter of credit or other security in the form and amount reasonably required by Union (the "**Security**"). The Security plus the Initial Financial Assurances shall not exceed twelve (12) months of monthlyMonthly demand charges (in accordance with Article IX herein) multiplied by Contract Demand. In the event that Shipper does not provide to Union such Security within such fourteen (14) day period, Union may deem a default under the Default and Termination provisions of Article XII herein.

In the event that Shipper in good faith, reasonably believes that it should be entitled to reduce the amount of or value of the Security previously provided, it may request such a reduction from Union and to the extent that the Material Event has been mitigated or eliminated, Union shall return all or a portion of the Security to Shipper within fourteen (14) business daysBusiness Days after receipt of the request.

*The following paragraphs 3 and/or 4 are only applicable if indicated in Schedule 1 of the Contract.*

3. Point of Consumption Warranty: Shipper represents and warrants that, throughout the term of this Contract, all quantities of gas received by Union hereunder at the Receipt Point and/or all Loaned Quantities will be consumed in the U.S.A. Should



any quantities of gas hereunder be directed to an end user in Canada, Shipper shall immediately notify Union that such quantities of gas will be consumed in Canada, as failure to do so will make Shipper liable to Union for any government taxes or levies Taxes and related interest and penalties thereon, made as a result of such change.

4. Tax Registration re GST: Shipper warrants and represents that it is unregistered and a Non-Resident for purposes of the Excise Tax Act. Shipper agrees to notify Union within ten (10) working days if it becomes registered. "GST/HST" shall mean the Government of Canada's Goods and Services Tax or Harmonized Sales Tax as legislated under The Excise Tax Act, as may be amended from time to time.

## XX. MISCELLANEOUS PROVISIONS

1. Permanent Assignment: Shipper may assign the Contract to a third party ("Assignee"), up to the Contract Demand, (the "Capacity Assigned"). Such assignment shall require the prior written consent of Union and release of obligations by Union for the Capacity Assigned from the date of assignment. Such consent and release shall not be unreasonably withheld and shall be conditional upon the Assignee providing, amongst other things, financial assurances as per Article XXI herein. Any such assignment will be for the full rights, obligations and remaining term of the Contract as relates to the Capacity Assigned.
2. Temporary Assignment: Shipper may, upon notice to Union, assign all or a part of its service entitlement under the Contract (the "Assigned Quantity") and the corresponding rights and obligations to an Assignee on a temporary basis for not less than one calendar month. Such assignment shall not be unreasonably withheld and shall be conditional upon the Assignee executing the Facilitating Agreement as per Article XXI herein. Notwithstanding such assignment, Shipper shall remain obligated to Union to perform and observe the covenants and obligations contained herein in regard to the Assigned Quantity to the extent that Assignee fails to do so.
3. Title to Gas: Shipper represents and warrants to Union that Shipper shall have good and marketable title to, or legal authority to deliver to Union, all gas delivered to Union hereunder. Furthermore, Shipper hereby agrees to indemnify and save Union harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of claims of any or all third parties to such gas or on account of royalties, taxes, license fees Taxes, or other charges thereon.

## XXI. PRECONDITIONS TO TRANSPORTATION SERVICES

1. The obligations of Union to provide Transportation Services hereunder are subject to the following conditions precedent, which are for the sole benefit of Union and which may be waived or extended in whole or in part in the manner provided in the 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 provide the Transportation Services; and,
  - b. Union shall have obtained all internal approvals that are necessary or appropriate to provide the transportation Services; and,
  - c. Union shall have received from Shipper the requisite financial assurances reasonably necessary to ensure Shipper's ability to honour the provisions of this the Contract (the "**Initial Financial Assurances**"). The Initial Financial Assurances, if required, will be as determined solely by Union; and,
  - d. Shipper and Union shall have entered into the Interruptible HUB Service Contract or equivalent (the "**Facilitating Agreement**") with Union.
2. The obligations of Shipper hereunder are subject to the following conditions precedent, which are for the sole benefit of Shipper and which may be waived or extended in whole or in part in the manner provided in the Contract:
  - a. Shipper shall, as required, have entered into the necessary contracts with Union and/or others to facilitate the Transportation Services contemplated herein, including contracts for upstream and downstream transportation, and

shall specifically have an executed and valid Facilitating Agreement; and shall, as required, have entered into the necessary contracts to purchase the gas quantities handled under the Contract; and,

- b. Shipper shall have obtained, in form and substance satisfactory to Shipper, and all conditions shall have been satisfied under, all governmental, regulatory and other third party approvals, consents, orders and authorizations, that are required from federal, state, or provincial authorities for the gas quantities handled under the Contract; and,
  - c. Shipper shall have obtained all internal approvals that are necessary or appropriate for the Shipper to execute the Contract.
3. Union and Shipper shall each use due diligence and reasonable efforts to satisfy and fulfil the conditions precedent specified in this Article XXI Section 1 a, c, and d and Section 2 a and b. Each party shall notify the other forthwith in writing of the satisfaction or waiver of each condition precedent for such party's benefit. If a party concludes that it will not be able to satisfy a condition precedent that is for its benefit, such party may, upon written notice to the other party, terminate the Contract and upon the giving of such notice, the Contract shall be of no further force and effect and each of the parties shall be released from all further obligations thereunder.
4. If any of the conditions precedent in this Article XXI Section 1 dc or Section 2 are not satisfied or waived by the party entitled to the benefit of that condition by the Conditions Date as such term is defined in the Contract, then either party may, upon written notice to the other party, terminate the Contract and upon the giving of such notice, the Contract shall be of no further force and effect and each of the parties shall be released from all further obligations hereunder, provided that any rights or remedies that a party may have for breaches of the Contract prior to such termination and any liability a party may have incurred before such termination shall not thereby be released.

**GENERAL TERMS & CONDITIONS  
M13 TRANSPORTATION AGREEMENT**

**I. DEFINITIONS**

Except where the context expressly requires or states another meaning, the following terms, when used in these General Terms & Conditions and in any contract into which these General Terms & Conditions are incorporated, shall be construed to have the following meanings:

1. "Banking Day" shall mean a day on which the general offices of the Canadian Imperial Bank of Commerce, 99 King St. W., Chatham, Ontario are open for business;
2. "business day" shall mean a day on which the general offices of Union in Chatham, Ontario are open for business;
3. "Contract" shall refer to the Contract to which these General Terms & Conditions shall apply, and into which they are incorporated;
4. "contract year" shall mean a period of three hundred and sixty-five (365) consecutive days, beginning on the day agreed upon by Union and Shipper as set forth in the Contract, or on any anniversary of such date; provided, however, that any such period which contains a date of February 29 shall consist of three hundred and sixty-six (366) consecutive days;
5. "day" shall mean a period of twenty-four (24) consecutive hours beginning at 9:00 a.m. Central Standard time. The reference date for any day shall be the calendar date upon which the twenty-four (24) hour period shall commence;
6. "month" shall mean the period beginning at 9:00 a.m. Central Standard time on the first day of a calendar month and ending at 9:00 a.m. Central Standard time on the first day of the following calendar month;
7. "firm" shall mean service not subject to curtailment or interruption except under Articles XI and XII of this Schedule "B";
8. "interruptible service" shall mean service subject to curtailment or interruption, after notice, at any time;
9. "gas" shall mean gas as defined in the Ontario Energy Board Act, R.S.O. 1980, c. 332, as amended, supplemented or reenacted from time to time;
10. "cubic metre" shall mean the volume of gas which occupies one cubic metre when such gas is at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;
11. "m<sup>3</sup>" shall mean cubic metre of gas and "10<sup>3</sup>m<sup>3</sup>" shall mean 1,000 cubic metres of gas;
12. "pascal" (Pa) shall mean the pressure produced when a force of one (1) newton is applied to an area of one (1) square metre. The term "kilopascal" (kPa) shall mean 1,000 pascals;
13. "joule" (J) shall mean 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;
14. "gross heating value" shall mean the total heat expressed in megajoules per cubic metre (MJ/m<sup>3</sup>) produced by the complete combustion at constant pressure of one (1) cubic metre of gas with air, with the gas free of water vapour and the temperature of the gas, air and products of combustion at standard temperature and all water formed by the combustion reaction condensed to the liquid state;
15. "Shipper" shall have the meaning as defined in the Contract and shall also include Shipper's Agent(s);
16. "subsidiary" shall mean a company in which more than fifty (50) per cent of the issued share capital (having full voting rights under all circumstances) is owned or controlled directly or indirectly by another company, by one or more subsidiaries of such other company, or by such other company and one or more of its subsidiaries;

17. "TCPL" means TransCanada PipeLines Limited;
18. "NOVA" means NOVA Gas Transmission Ltd;
19. "Panhandle" means CMS Panhandle Eastern Pipeline Company;
20. "MichCon" means Michigan Consolidated Gas Company;
21. "SCPL" means St. Clair Pipelines (1996) Ltd.;
22. "OEB" means the Ontario Energy Board;
23. "NEB" means the National Energy Board (Canada);
  - i. "GLGT" means Great Lakes Gas Transmission Company;
  - ii. "CMS" means CMS Gas Transmission and Storage Company; and,
  - iii. "Consumers" means The Consumers' Gas Company, Limited.
24. "cricondenthm hydrocarbon dewpoint" shall mean the highest hydrocarbon dewpoint temperature on the phase envelope;
25. "hydrocarbon dewpoint" shall mean temperature at a specific pressure where hydrocarbon vapour condensation begins;
26. "specific gravity" shall mean density of the gas divided by density of air, with both at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute; and,
27. "Wobbe Number" shall mean gross heating value of the gas divided by the square root of its specific gravity.

## II. GAS QUALITY

1. Natural Gas: The minimum gross heating value of the gas delivered to/by Union hereunder, shall be thirty-six (36) megajoules per cubic metre. The maximum gross heating value of the gas delivered to/by Union hereunder shall be forty point two (40.2) megajoules per cubic metre. The gas to be delivered hereunder to Union may be a commingled supply from Shipper's ~~natural~~ gas sources of supply. The gas to be delivered by Union may be a commingled supply from Union's sources of gas supply; provided, however, that helium, natural gasoline, butane, propane and other hydrocarbons, except methane, may be removed prior to delivery to Shipper. Further, Union may subject, or permit the subjection of, the gas to compression, dehydration, cooling, cleaning and other processes.
2. Freedom from objectionable matter: The gas to be delivered to Union at the ~~Delivery Locations~~Receipt Point(s) hereunder,
  - a. shall be ~~merchantable and~~ commercially free from bacteria, sand, dust, gums, crude oils, lubricating oils, liquids, chemicals or compounds used in the production, treatment, compression or dehydration of the gas or any other objectionable substance in sufficient quantity so as to render the gas toxic, unmerchantable or cause injury to, or interference with, the proper operation of the lines, regulators, meters or other appliances through which it flows;
  - b. shall not contain more than seven (7) milligrams of hydrogen sulphide per cubic metre of gas, nor more than one hundred (100) milligrams of total sulphur ~~(S)~~ per cubic metre of gas ~~as determined by standard methods of testing;~~
  - c. shall not contain more than five (5) milligrams of mercaptan sulphur per cubic metre of gas;
  - d. shall not contain more than two point zero (2.0) molar percent by volume of carbon dioxide in the gas;

e

- e. shall not contain more than zero point four (0.4) molar percent by volume of oxygen in the gas,
  - f. shall not contain more than zero point five (0.5) molar percent by volume of carbon monoxide in the gas;
  - ~~i. shall not contain more than zero point four (0.4) molar percent by volume of oxygen in the gas.~~
  - g. shall not contain more than four point zero (4.0) ~~by volume~~ molar percent ~~by volume~~ of hydrogen in the gas;
  - h. shall not contain more than ~~eighty (80)~~ sixty-five (65) milligrams of water vapour per cubic metre of ~~the gas~~;
  - i. shall not have a cricondentherm hydrocarbon dewpoint exceeding minus ~~ten (-10)~~ eight (-8) degrees Celsius ~~at five thousand five hundred (5500) kPa pressure~~;
  - j. shall have Wobbe Number from forty seven point fifty (47.50) megajoules per cubic metre of gas to fifty one point forty six (51.46) megajoules per cubic metre of gas, maximum of one point five (1.5) mole percent by volume of butane plus (C4+) in the gas, and maximum of four point zero (4.0) mole percent by volume of total inerts in the gas in order to be interchangeable with other Interconnecting Pipeline gas,
  - ~~j. shall not contain less than one point zero (1.0) molar percent by volume of ethane in the gas.~~
  - ~~k. shall at all time be interchangeable with other pipeline gas such that the yellow tipping, flashback and lifting factors shall be within the range permitted for gas according to AGA Research Bulletin No. 36;~~
  - lk. shall not exceed forty-three degrees Celsius (43°C-), and,
  - ml. shall not be odourized by Shipper.
3. ~~Shipper shall subject any gas delivered hereunder to compression, cooling, cleaning or other processes to such an extent as may be required to obtain the necessary quality and for transmission to the Delivery Locations, provided the quality of the gas continues to comply with the specifications set out in this Contract.~~
4. ~~Shipper may extract hydrocarbon and non hydrocarbon constituents, other than methane except as required in the processing or compression of the gas, prior to delivery at the Delivery Locations hereunder, and shall have the right to remove such methane as is removed by necessity from the gas in removing other constituents, provided that Shipper in such processing shall not reduce the Gross Heating Value below that which is stated in Section II, Clause 1 herein and provided that such extraction will not cause a breach of the quality specifications set forth in this Section II.~~
53. Non-conforming Gas:
- a. In the event that the quality of the gas does not conform or if Union, acting reasonably, suspects the quality of the gas may not conform to the specifications herein, then Shipper shall, if so directed by Union acting reasonably, forthwith carry out, at Shipper's cost, whatever field testing of the gas quality as may be required to ensure that the quality requirements set out herein are met, and to provide Union with a certified copy of such tests. If Shipper does not carry out such tests forthwith, Union may conduct such test and Shipper shall reimburse Union for all costs incurred by Union for such testing.
  - 6b. If ~~the~~ Shipper's gas fails at any time to conform to the requirements of this ~~Section~~Article II, Union, in addition to its other remedies, may refuse to accept delivery of gas at the ~~Delivery Locations~~Receipt Points hereunder until such deficiency has been remedied by Shipper. Each Party agrees to notify the other verbally, followed by written notification, of any such deficiency of quality.
7. ~~Freedom from objectionable matter:~~ 4. Quality of Gas Received: The quality of the gas to be received by Union at the Receipt Point(s) hereunder is to be of a merchantable quality and in accordance with the quality standards as set out by Union in this Article II, but, Union will use reasonable efforts to accept gas of a quality that may deviate from the quality standards set out therein.

5. Quality of Gas at Dawn: The quality of the gas to be delivered to Union at Dawn (~~TCPL~~Facilities) or the gas to be delivered by Union to Shipper at Dawn (~~TCPL~~hereunder, Facilities) hereunder is to be of a merchantable quality and in accordance with the quality standards and measurement standards as set out by Union in this Article II, except that total sulphur limit shall be not more than four hundred and sixty (460) milligrams per cubic metre of gas. In addition to any other right or remedy of a party, each party shall be entitled to refuse to accept delivery of any gas which does not conform to any of the specifications set out in this Article II.

- a. ~~shall be commercially free from sand, dust, gums, crude oils, lubricating oils, liquids, chemicals or compounds used in the production, treatment, compression or dehydration of the gas or any other objectionable substance in sufficient quantity so as to render the gas toxic, unmerchantable or cause injury to or interference with the proper operation of the lines, regulators, meters or other appliances through which it flows;~~
- b. ~~shall not contain more than seven (7) milligrams of hydrogen sulphide per cubic metre of gas nor more than four hundred and sixty (460) milligrams of total sulphur per cubic metre of gas as determined by standard methods of testing;~~
- c. ~~shall not contain more than five (5) milligrams of mercaptan sulphur per cubic metre of gas;~~
- d. ~~shall not contain more than two point zero (2.0) molar percent by volume of carbon dioxide in the gas;~~
- e. ~~shall not contain more than zero point five (0.5) molar percent by volume of carbon monoxide in the gas;~~
- f. ~~shall not contain more than zero point four (0.4) molar percent by volume of oxygen in the gas;~~
- g. ~~shall not contain more than four point zero (4.0) molar percent by volume of hydrogen in the gas;~~
- h. ~~shall not contain more than eighty (80) milligrams of water vapour per cubic metre of the gas;~~
- i. ~~shall not have a hydrocarbon dewpoint exceeding minus ten (- 10) degrees Celsius at five thousand five hundred (5500) kPa pressure;~~
- j. ~~shall not contain less than one point zero (1.0) molar percent by volume of ethane in the gas;~~
- k. ~~shall at all times be interchangeable with other pipeline gas such that the yellow tipping, flashback and lifting factors shall be within the range permitted for gas according to AGA Research Bulletin No. 36.~~

### III. MEASUREMENTS

1. ~~The Service Unit: ("The Unit")~~ The Unit of the gas delivered to Union shall be a quantity of  $10^3\text{m}^3$ . The unit of gas delivered by Union shall be a megajoule, a gigajoule, a cubic metre ( $\text{m}^3$ ) or one thousand cubic metres ( $10^3\text{m}^3$ ) at Union's discretion.
2. Determination of Volume and Energy:
  - a. The volume and energy amounts determined under ~~this contract~~the Contract shall be determined in accordance with the Electricity and Gas Inspection Act, assented to 31 March, 1982 (Canada), RSC 1985, c E-4- (the "Act") and the Electricity and Gas Inspection Regulations, P.C. 1986-16, 16 January, 1986, SOR 86/131 (the "Regulations"), and any documents issued under the authority of the Act and Regulations and any amendments thereto.
  - b. ~~The gross heating value of the gas per cubic metre at each delivery point or redelivery point shall be measured by a FMCCA approved device for the measurement of energy content installed at the receipt or delivery point, or an alternative method of gross heating value determined which is mutually agreed upon by all parties to the Contract.~~
  - 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, all as amended from time to time.

c. The volume and/or energy of the gas delivered to/by Union hereunder shall be determined by the measurement equipment designated in Article ~~VII—Measuring Equipment, of this schedule~~VI herein.

d. ~~The uncorrected quantity determined from the metering equipment shall be corrected according to Charles Law, Boyle's Law and deviation from Boyle's Law. The factor for correction for deviation from Boyle's Law shall be determined and applied in accordance either with the method laid down in the American Gas Association's "Manual for Determination of Supercompressibility~~

~~Factors for Natural Gas" (PAR Project NX-19) published 1962 or with methods laid down in the American Gas Association's "Transmission Measurement Committee Report No.8" at the discretion of Union. Union shall notify Shipper of the specific method to be used. When gas is measured by means other than an orifice meter, the factor for correction for deviation from Boyle's Law shall be the square of the factor determined by following one of the methods above.~~

e. ~~The average absolute atmospheric (barometric) pressure, for the purpose of measurement shall be assumed to be a constant pressure of 99.285 kPa.~~

#### IV. POINT OF RECEIPT AND POINT OF DELIVERY

1. Unless otherwise specified in the Contract, the point or points of receipt for all gas to be covered hereunder shall be on the outlet side of the measuring stations located at or near the point or points of connection specified in the Contract, where Union takes possession of the gas. Whenever the phrase "receipt point" appears herein, it shall mean Point of Receipt as defined in this Article IV.
2. Unless otherwise specified in the Contract, the point or points of delivery for all gas to be covered hereunder shall be on the outlet side of the measuring stations located at or near the point or points of connection as specified in the Contract, where Shipper takes possession of the gas. Whenever the phrase "delivery point" shall appear herein, it shall mean Point of Delivery as defined in this Article IV.

#### V. FACILITIES ON CUSTOMER'S PROPERTY

N/A.

#### VI. MEASURING EQUIPMENT

1. ~~Custody Transfer Measuring Equipment: In the event that all or any gas received or delivered hereunder is measured by a meter (where the term "meter" shall include but not be limited to positive displacement meters, orifice meters, turbine meters, and associated gauges and instrumentation), such meter shall be installed and operated in accordance with the Electricity and Gas Inspection Act, (assented to March 31, 1982), (and amendments thereto), and the Electricity and Gas Inspection Regulations, P.C. 1986—116, January 16, 1986 (and amendments thereto).~~
1. Metering by Union: Union will install and operate meters and related equipment as required and in accordance with the Act and Regulations referenced in Article III herein.
2. Metering by Others: In the event that all or any gas received or delivered hereunder is measured by a meter that is owned and operated by an upstream or downstream transporter (the "Transporter") whose facilities may or may not interconnect with ~~Union's~~Union's, then Union and Shipper agree to accept that metering for the purpose of determining the ~~quantity~~volume and energy of gas received or delivered on behalf of the Shipper. The standard of measurement and tests for the gas delivered to/by Union ~~hereunder pursuant to this Article VII, Section 2~~ shall be in accordance with the ~~General Terms~~general terms and ~~Conditions~~conditions as incorporated in that Transporter's gas tariff as approved by ~~their~~Transporter's regulatory body.

23. Check Measuring Equipment: Shipper may install, maintain and operate, at the Receipt Point, at its own expense, such check measuring equipment as desired, provided that such equipment shall be so installed as not to interfere with the operation of Union's measuring equipment at or near the Receipt Point, and shall be installed, maintained and operated in conformity with the same standards and specifications applicable to Union's metering facilities.
4. Calibration and Test of Measuring Equipment: The accuracy of Union's measuring equipment shall be verified by Union at reasonable intervals, and if requested, in the presence of representatives of Shipper, but Union shall not be required to verify the accuracy of such equipment more frequently than once in any thirty (30) day period. In the event either party ~~shall notify~~ notifies the other that it desires a special test of any measuring ~~equipment or any other Delivery Location~~ equipment, the parties shall co-operate to secure a prompt verification of the accuracy of such equipment. The expense of any such special test, if called for by Shipper, shall be borne by Shipper if the measuring equipment tested is found to be in error ~~by~~ not more than two per cent (2%). If, upon test, any measuring equipment is found to be in error by not more than two per cent (2%), previous recordings of such equipment shall be considered accurate in computing receipts ~~or deliveries~~ of gas, but such equipment shall be adjusted at once to record as near to absolute accuracy as possible. If the test conducted shows a percentage of inaccuracy greater than two percent (2%), the financial adjustment, if any, shall be calculated in accordance with the ~~Electricity and Gas Inspection Act (1982) and regulations thereunder~~ Act and Regulations, as may be amended from time to time and in accordance with any successor statutes and regulations.
35. Preservation of Metering Records: Union and Shipper shall each preserve for a period of at least six (6) years all test data, and other relevant records.

## VII. BILLING

1. Monthly Billing Date: Union shall render bills on or before the 10th day of each month for all services furnished during the preceding month. Such charges may be based on estimated quantities, if actual quantities are unavailable in time to prepare the billing. Union shall provide, in a succeeding month's billing, an adjustment based on any difference between actual quantities and estimated quantities. If presentation of a bill to Shipper is delayed after the 10th day of the month, then the time of payment shall be extended accordingly, unless Shipper is responsible for such delay.
2. Right of Examination: Both Union and Shipper shall have the right to examine at any reasonable time 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 the Contract.

## VIII. PAYMENTS

1. Monthly ~~payments~~ Payments: Shipper shall pay the invoiced amount directly into Union's bank account as directed on the invoice on or before the twentieth (20<sup>th</sup>) day of each month. If the payment date is not a business day, then payment must be received in Union's account on the first business day preceding the twentieth (20<sup>th</sup>) day of the month.
2. Remedies for ~~nonpayment~~ Non-payment: Should Shipper fail to pay all of the amount of any bill as herein provided when such amount is due, Shipper shall pay to Union interest on the unpaid portion of the bill accruing at a rate per annum equal to the minimum commercial lending rate of Union's principal banker in effect from time to time from the due date until the date of payment. If such failure to pay continues for thirty (30) days after payment is due, Union, in addition to any other remedy it may have under the Contract may suspend service(s) until such amount is paid, provided however, that if Shipper, in good faith shall dispute the amount of any such bill or part thereof and shall pay to Union such amounts as it concedes to be correct and at any time thereafter within twenty (20) days of a demand made by Union shall furnish good and sufficient surety bond satisfactory to Union, guaranteeing payment to Union of the amount ultimately found due upon such bill after a final determination which may be reached either by agreement, arbitration decision or judgement of the courts, as may be the case, then Union shall not be entitled to suspend service(s) because of such ~~nonpayment~~ non-payment unless and until default be made in the conditions of such bond or in payment for any further service(s) to Shipper hereunder.
3. Billing Adjustments: If it shall be found that at any time or times Shipper has been overcharged or undercharged in any form whatsoever under the provisions of the Contract and Shipper shall have actually paid the bills containing such



overcharge or undercharge, Union shall refund the amount of any such overcharge and interest shall accrue from and including the first day of such overcharge as paid to the date of refund and shall be calculated but not compounded at a rate per annum determined each day during the calculation period to be equal to the minimum commercial lending rate of Union's principal banker, and the Shipper shall pay the amount of any such undercharge, but without interest. In the event Union renders a bill to Shipper based upon measurement estimates, the required adjustment to reflect actual measurement shall be made on the bill next following the determination of such actual measurement, without any charge of interest. In the event an error is discovered in the amount billed in any statement rendered by Union, such error shall be adjusted by Union. Such overcharge, undercharge or error shall be adjusted by Union on the bill next following its determination (where the term "bill" next following shall mean a bill rendered at least fourteen (14) days after the day of its determination), provided that claim therefore shall have been made within six (6) years from the date of the incorrect billing. In the event any refund is issued with Shipper's bill, the aforesaid date of refund shall be deemed to be the date of the issue of invoice.

#### **IX. ARBITRATION**

If and when any dispute, difference or question shall arise between the parties ~~heretouching~~ ~~hereto touching~~ the Contract or anything herein contained, or the construction hereof, or the rights, duties or liabilities of the parties in relation to any matter hereunder, the matter in dispute shall be submitted and referred to arbitration within ten (10) days after written request of either party. Upon such request each party shall appoint an arbitrator, and the two so appointed shall appoint a third. A majority decision of the arbitrators shall be final and binding upon both parties. In all other respects the provisions of the Arbitration Act of the Province of Ontario, or any ~~Act~~ ~~act~~ passed in amendment thereof or substitution ~~therefor~~ ~~therefore~~, shall apply to each such submission. Operations under this Contract shall continue, without prejudice, during any such arbitration and the costs attributable to such arbitration shall be shared equally by the parties hereto.

#### **X. FORCE MAJEURE**

N/A

#### **XI. DEFAULT AND TERMINATION**

N/A

#### **XII. MODIFICATION**

N/A

#### **XIII. NONWAIVER AND FUTURE DEFAULT**

N/A

#### **XIV. LAWS, REGULATIONS AND ORDERS**

The Contract and the respective rights and obligations of the parties hereto are subject to all present and future valid laws, orders, rules and regulations of any competent legislative body, or duly constituted authority now or hereafter having jurisdiction and the 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 the Contract.

**RATE M13**  
**GENERAL TERMS & CONDITIONS**  
~~M13 TRANSPORTATION AGREEMENT~~

**I. DEFINITIONS**

Except where the context expressly requires or states another meaning, the following terms, when used in these General Terms & Conditions and in any contract into which these General Terms & Conditions are incorporated, shall be construed to have the following meanings:

**"Aid to Construction"** shall include any and all costs, expenses, amounts, damages, obligations, or other liabilities (whether of a capital or operating nature, and whether incurred before or after the date of the Contract) actually paid by Union (including amounts paid to affiliates for services rendered in accordance with the Affiliate Relationships Code as established by the OEB) in connection with or in respect of satisfying the conditions precedent set out in Article XXI herein (including without limitation the cost of construction, installation and connection of any required meter station as described in Article IX, Section 6, the obtaining of all governmental, regulatory and other third party approvals, and the obtaining of rights of way) whether resulting from Union's negligence or not, except for any costs that have arisen from the gross negligence, fraud, or wilful misconduct of Union;

**"Average Local Producer Heat" ("ALPH")** shall mean the heat content value as set by Union, and shall be determined by volumetrically averaging the gross heat content of all produced gas delivered to the Union system by Ontario Local Producers. The ALPH shall be expressed in GJ/10<sup>3</sup>m<sup>3</sup> and may be adjusted from time to time by Union;

1. ~~"Banking Day" shall mean a day on which the general offices of the Canadian Imperial Bank of Commerce, 99 King St. W., Chatham, Ontario are open for business.~~

2. ~~"Business Day" "business day" shall mean any day, other than Saturday, Sunday or any days on which national banks in the Province of Ontario are authorized to close; the general offices of Union in Chatham, Ontario are open for business;~~

3. **"Contract"** shall refer to the Contract to which these General Terms & Conditions shall apply, and into which they are incorporated;

4. ~~"contract year"~~ **"Contract Year"** shall mean a period of three hundred and sixty-five (365) consecutive days, ~~beginning on the day agreed upon by Union and Shipper as set forth in the Contract, or on any anniversary of such date;~~ provided, however, that any such period which contains a date of February 29 shall consist of three hundred and sixty-six (366) consecutive days; ~~six (366) consecutive days;~~ six (366) consecutive days, commencing on November 1 of each year; except for the first Contract Year which shall commence on the Commencement Date and end on the first October 31 that follows such date;

**"cricondenthm hydrocarbon dewpoint"** shall mean the highest hydrocarbon dewpoint temperature on the phase envelope;

10. ~~"cubic metre" shall mean the volume of gas which occupies one cubic metre when such gas is at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;~~

**"Dawn Quantity"** shall mean the total daily quantity of gas in GJ delivered at Dawn (Facilities), which is equal to the total energy of all gas supplied daily to Union at the Receipt Point(s). The Dawn Quantity shall be calculated utilizing the following factor equation: Dawn Quantity = Produced Volume x ALPH;

5. ~~"Day" "day"~~ shall mean a period of twenty-four (24) consecutive hours beginning at ~~9:00~~10:00 a.m. ~~Eastern Clock Time~~Central Standard time. The reference date for any ~~Day~~day shall be the calendar date upon which the twenty-four (24) hour period shall commence;

**"Delivery Point"** shall mean the point where Union shall deliver the Dawn Quantity and/or Market Quantity to Shipper and as further defined in Schedule 1 of the Contract;

**"Distribution Demand"** shall mean the varying demand for the supply of gas, as determined by Union, on Union's pipeline and distribution system for users of gas who are supplied or delivered gas by Union's pipeline and distribution system;

"Eastern Clock Time" shall mean the local clock time in the Eastern Time Zone on any Day;

~~6. "month" shall mean the period beginning at 9:00 a.m. Central Standard time on the first day of a calendar month and ending at 9:00 a.m. Central Standard time on the first day of the following calendar month;~~

~~7. "firm" shall mean service not subject to curtailment or interruption except under Articles XI and XII and XVIII herein; of this Schedule "B".~~

"Firm Daily Variability Demand" shall mean the established quantity set forth in Schedule 2 of the Contract, which is the permitted difference between the Dawn Quantity and the Market Quantity;

~~8. "interruptible service" shall mean service subject to curtailment or interruption, after notice, at any time;~~

~~9. "gas" shall mean gas as defined in the Ontario Energy Board Act, 1998, S.O. 1998, c.15, Sch. BR.S.O. 1980, c. 332, as amended, supplemented or re-enacted from time to time;~~

~~14. "gross heating value" shall mean the total heat expressed in megajoules per cubic metre (MJ/m<sup>3</sup>) produced by the complete combustion at constant pressure of one (1) cubic metre of gas with air, with the gas free of water vapour and the temperature of the gas, air and products of combustion at standard temperature and all water formed by the combustion reaction condensed to the liquid state;~~

"hydrocarbon dewpoint" shall mean temperature at a specific pressure where hydrocarbon vapour condensation begins;

"Interruptible HUB Service Contract" shall mean a contract between Shipper and Union under which Union provides interruptible HUB service;

"Interconnecting Pipeline" shall mean a pipeline that directly connects to the Union pipeline and distribution system;

~~13. "joule" (J) shall mean 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;~~

~~10. "cubic metre" shall mean the volume of gas which occupies one cubic metre when such gas is at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;~~

~~11. "m<sup>3</sup>" shall mean cubic metre of gas and "10<sup>3</sup>m<sup>3</sup>" shall mean 1,000 cubic metres of gas;~~

"MAOP" shall mean the maximum allowable operating pressure of Union's pipeline and distribution system and as further defined in Schedule 1 of the Contract;

"Market Quantity" shall mean the daily quantity in GJ nominated for Name Change Service that Day by Shipper at Dawn (Facilities);

"Maximum Daily Quantity" shall mean the maximum quantity of gas Shipper may deliver to Union at a Receipt Point on any Day, as further defined in Schedule 1;

~~6. "Month" "month" shall mean the period beginning at 9:0010:00 a.m. Eastern Clock Time Central Standard time on the first day of a calendar month and ending at 9:0010:00 a.m. Eastern Clock Time Central Standard time on the first day of the following calendar month;~~

"Name Change Service" shall mean an interruptible administrative service whereby Union acknowledges for Shipper a change in title of a gas quantity from Shipper to a third party at the Delivery Point;

~~22. "OEB" means the Ontario Energy Board;~~

~~12. "pascal" "(Pa)" shall mean the pressure produced when a force of one (1) newton is applied to an area of one (1) square metre. The term "kilopascal" "(kPa)" shall mean 1,000 pascals;~~

~~13. "joule" (J) shall mean 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;~~

~~14. "gross heating value" shall mean the total heat expressed in megajoules per cubic metre (MJ/m<sup>3</sup>) produced by the complete combustion at constant pressure of one (1) cubic metre of gas with air, with the gas free of water vapour and the temperature of the gas, air and products of combustion at standard temperature and all water formed by the combustion reaction condensed to the liquid state;~~

"Produced Volume" shall mean the aggregate of all actual volumes of gas in 10<sup>3</sup>m<sup>3</sup>, delivered by Shipper to Union at all Receipt Points on any Day;

"Producer Balancing Account" shall mean the gas balance held by Union for Shipper, or owed by Shipper to Union, at the Delivery Point. Where the Producer Balancing Account is zero or a positive number, the account is in a credit position, and where the Producer Balancing Account is less than zero, the account is in a debit position;

"Producer Balancing Service" shall mean a Service whereby Union either calculates a credit or debit to the Producer Balancing Account by subtracting the Market Quantity from the Dawn Quantity. Where such amount is greater than zero, Union will credit the Producer Balancing Account, or where such amount is less than zero, Union will debit the Producer Balancing Account. This Service shall be performed on a retroactive basis on the terms and conditions contained in Schedule 2 of the Contract, as may be revised from time to time by Union;

"Receipt Point" shall mean the point(s) where Union shall receive gas from Shipper;

"Sales Agreement" shall mean the Ontario Gas Purchase Agreement(s) entered into between Shipper and Union;

~~15.~~ "Shipper" shall have the meaning as defined in the Contract, and shall also include Shipper's Agent~~agent~~(s);

"specific gravity" shall mean density of the gas divided by density of air, with both at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;

"System Capacity" shall mean the volumetric capacity that exists from time to time within Union's pipeline and distribution system which determines Union's ability to accept volumes of gas into Union's pipeline and distribution system hereunder. System Capacity shall be determined by Union and such determination, in addition to the physical characteristics of Union's pipeline and distribution system Distribution Demand, shall also include consideration of Union's local Distribution Demand, Union's total system Distribution Demand, availability of Union's gas storage capacity, and other gas being purchased and/or delivered into Union's pipeline and distribution system;

"Taxes" shall mean any tax (other than tax on income or tax on property), duty, royalty, levy, license, fee or charge not included in the charges and rates as per the applicable rate schedule (including but not limited to charges under any form of cap and trade, carbon tax, or similar system) and that is levied, assessed or made by any governmental authority on the gas itself, or the act, right, or privilege of producing, severing, gathering, storing, transporting, handling, selling or delivering gas under the Contract;

"Wobbe Number" shall mean gross heating value of the gas divided by the square root of its specific gravity.

~~16. "subsidiary" shall mean a company in which more than fifty (50) per cent of the issued share capital (having full voting rights under all circumstances) is owned or controlled directly or indirectly by another company, by one or more subsidiaries of such other company, or by such other company and one or more of its subsidiaries;~~

~~17. "TCPL" means TransCanada Pipelines Limited;~~

~~18. "NOVA" means NOVA Gas Transmission Ltd;~~

~~19. "Panhandle" means CMS Panhandle Eastern Pipeline Company;~~

~~20. "MichCon" means Michigan Consolidated Gas Company;~~

21. ~~"SCPL" means St. Clair Pipelines (1996) Ltd.;~~
22. ~~"OEB" means the Ontario Energy Board;~~
23. ~~"NEB" means the National Energy Board (Canada);~~
- i. ~~"GLGT" means Great Lakes Gas Transmission Company.~~
- ii. ~~"CMS" means CMS Gas Transmission and Storage Company; and,~~
- ~~"Consumers" means The Consumers' Gas Company, Limited~~specific gravity.

## II. GAS QUALITY

1. Natural Gas: The minimum gross heating value of the gas delivered to/by Union hereunder, shall be thirty-six (36) megajoules per cubic metre. The maximum gross heating value of the gas delivered to/by Union hereunder shall be forty point two (40.2) megajoules per cubic metre. The gas to be delivered hereunder to Union may be a commingled supply from Shipper's ~~natural~~ gas sources of supply. The gas to be delivered by Union may be a commingled supply from Union's sources of gas supply; provided, however, that helium, natural gasoline, butane, propane and other hydrocarbons, except methane, may be removed prior to delivery to Shipper. Further, Union may subject, or permit the subjection of, the gas to compression, dehydration, cooling, cleaning and other processes.
2. Freedom from objectionable matter: The gas to be delivered to Union at the ~~Delivery Locations~~Receipt Point(s) hereunder,
  - a. shall be ~~merchantable and~~ commercially free from bacteria, sand, dust, gums, crude oils, lubricating oils, liquids, chemicals or compounds used in the production, treatment, compression or dehydration of the gas or any other objectionable substance in sufficient quantity so as to render the gas toxic, unmerchantable or cause injury to, or interference with, the proper operation of the lines, regulators, meters or other appliances through which it flows;
  - b. shall not contain more than seven (7) milligrams of hydrogen sulphide per cubic metre of gas, nor more than one hundred (100) milligrams of total sulphur ~~(S)~~ per cubic metre of gas ~~as determined by standard methods of testing~~;
  - c. shall not contain more than five (5) milligrams of mercaptan sulphur per cubic metre of gas;
  - d. shall not contain more than two point zero (2.0) molar percent by volume of carbon dioxide in the gas;
  - e. shall not contain more than zero point four (0.4) molar percent by volume of oxygen in the gas,
  - e.f. shall not contain more than zero point five (0.5) molar percent by volume of carbon monoxide in the gas;
  - f.g. shall not contain more than four point zero (4.0) ~~by volume~~ molar percent ~~by volume~~ of hydrogen in the gas;
  - g.h. shall not contain more than ~~eighty (80)~~sixty-five (65) milligrams of water vapour per cubic metre of ~~the~~ gas;
  - h.i. shall not have a ~~cricondentherm~~ hydrocarbon dewpoint exceeding minus ~~ten (-10)~~eight (-8) degrees Celsius ~~at five thousand five hundred (5500) kPa pressure~~;
  - j. ~~shall not contain less than one point zero (1.0) molar percent by volume of ethane in the gas.~~
  - i. ~~k. shall at all time be interchangeable with other pipeline gas such that the yellow tipping, flashback and lifting factors shall be within the range permitted for gas according to AGA Research Bulletin No. 36;~~
  - j. shall have Wobbe Number from forty seven point fifty (47.50) megajoules per cubic metre of gas to fifty one point forty six (51.46) megajoules per cubic metre of gas, maximum of one point five (1.5) mole percent by volume of butane plus (C4+) in the gas, and maximum of four point zero (4.0) mole percent by volume of total inerts in the gas in order to be interchangeable with other Interconnecting Pipeline gas,

j.k. shall not exceed forty-three degrees Celsius (43°C)), and,

k.l. shall not be odourized by Shipper.

3. ~~Shipper shall subject any gas delivered hereunder to compression, cooling, cleaning or other processes to such an extent as may be required to obtain the necessary quality and for transmission to the Delivery Locations, provided the quality of the gas continues to comply with the specifications set out in this Contract.~~

4. ~~Shipper may extract hydrocarbon and non hydrocarbon constituents, other than methane except as required in the processing or compression of the gas, prior to delivery at the Delivery Locations hereunder, and shall have the right to remove such methane as is removed by necessity from the gas in removing other constituents, provided that Shipper in such processing shall not reduce the Gross Heating Value below that which is stated in Section II, Clause 1 herein and provided that such extraction will not cause a breach of the quality specifications set forth in this Section II.~~

3. Non-conforming Gas:

a. ~~5-~~In the event that the quality of the gas does not conform or if Union, acting reasonably, suspects the quality of the gas may not conform to the specifications herein, then Shipper shall, if so directed by Union acting reasonably, forthwith carry out, at Shipper's cost, whatever field testing of the gas quality as may be required to ensure that the quality requirements set out herein are met, and to provide Union with a certified copy of such tests. If Shipper does not carry out such tests forthwith, Union may conduct such test and Shipper shall reimburse Union for all costs incurred by Union for such testing.

b. ~~6-~~If the Shipper's gas fails at any time to conform to the requirements of this ~~Section~~Article II, Union, in addition to its other remedies, may refuse to accept delivery of gas at the ~~Delivery Locations~~Receipt Points hereunder until such deficiency has been remedied by Shipper. Each Party agrees to notify the other verbally, followed by written notification, of any such deficiency of quality.

4. Quality of Gas Received: The quality of the gas to be received by Union at the Receipt Point(s) hereunder is to be of a merchantable quality and in accordance with the quality standards as set out by Union in this Article II, but, Union will use reasonable efforts to accept gas of a quality that may deviate from the quality standards set out therein.

5. Quality of Gas at Dawn: The quality of the gas to be delivered to Union at Dawn (Facilities) or the gas to be delivered by Union to Shipper at Dawn (Facilities) hereunder is to be of a merchantable quality and in accordance with the quality standards and measurement standards as set out by Union in this Article II, except that total sulphur limit shall be not more than four hundred and sixty (460) milligrams per cubic metre of gas. In addition to any other right or remedy of a party, each party shall be entitled to refuse to accept delivery of any gas which does not conform to any of the specifications set out in this Article II.

4. ~~7. Freedom from objectionable matter: The gas to be delivered to Union at Dawn (TCPL) or the gas to be delivered by Union to Shipper at Dawn (TCPL) hereunder,~~

a. ~~shall be commercially free from sand, dust, gums, crude oils, lubricating oils, liquids, chemicals or compounds used in the production, treatment, compression or dehydration of the gas or any other objectionable substance in sufficient quantity so as to render the gas toxic, unmerchantable or cause injury to or interference with the proper operation of the lines, regulators, meters or other appliances through which it flows;~~

b. ~~shall not contain more than seven (7) milligrams of hydrogen sulphide per cubic metre of gas nor more than four hundred and sixty (460) milligrams of total sulphur per cubic metre of gas as determined by standard methods of testing;~~

c. ~~shall not contain more than five (5) milligrams of mercaptan sulphur per cubic metre of gas;~~

d. ~~shall not contain more than two point zero (2.0) molar percent by volume of carbon dioxide in the gas;~~

e. ~~shall not contain more than zero point five (0.5) molar percent by volume of carbon monoxide in the gas;~~

f. ~~shall not contain more than zero point four (0.4) molar percent by volume of oxygen in the gas;~~

- g. ~~shall not contain more than four point zero (4.0) molar percent by volume of hydrogen in the gas;~~
- h. ~~shall not contain more than eighty (80) milligrams of water vapour per cubic metre of the gas;~~
- i. ~~shall not have a hydrocarbon dewpoint exceeding minus ten (-10) degrees Celsius at five thousand five hundred (5500) kPa pressure;~~
- j. ~~shall not contain less than one point zero (1.0) molar percent by volume of ethane in the gas;~~
- k. ~~shall at all times be interchangeable with other pipeline gas such that the yellow tipping, flashback and lifting factors shall be within the range permitted for gas according to AGA Research Bulletin No. 36.~~

### III. MEASUREMENTS

1. Service Unit: ~~("The Unit") The Unit~~ of the gas delivered to Union shall be a quantity of 10<sup>3</sup>m<sup>3</sup>. The unit of gas delivered by Union shall be a megajoule, a gigajoule, a cubic metre (m<sup>3</sup>) or one thousand cubic metres (10<sup>3</sup>m<sup>3</sup>) at Union's discretion.
2. Determination of Volume and Energy:
  - a. ~~a. The volume and energy amounts determined under this contract~~the Contract shall be determined in accordance with the Electricity and Gas Inspection Act, ~~assented to 31 March, 1982 (Canada), RSC 1985, c E-4-~~ (the "Act") and the Electricity and Gas Inspection Regulations, ~~P.C. 1986 16, 16 January, 1986, SOR 86/131 (the~~ "Regulations"), and any documents issued under the authority of the Act and Regulations and any amendments thereto.
  - b. ~~The gross heating value of the gas per cubic metre at each delivery point or redelivery point shall be measured by a FMCCA approved device for the measurement of energy content installed at the receipt or delivery point, or an alternative method of gross heating value determined which is mutually agreed upon by all parties to the Contract.~~
  - 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, all as amended from time to time.
  - c. The volume and/or energy of the gas delivered to/by Union hereunder shall be determined by the measurement equipment designated in Article VII ~~Measuring Equipment, of this schedule~~herein.
  - d. ~~The uncorrected quantity determined from the metering equipment shall be corrected according to Charles Law, Boyle's Law and deviation from Boyle's Law. The factor for correction for deviation from Boyle's Law shall be determined and applied in accordance either with the method laid down in the American Gas Association's "Manual for Determination of Supercompressibility~~  
  
~~Factors for Natural Gas" (PAR Project NX-19) published 1962 or with methods laid down in the American Gas Association's "Transmission Measurement Committee Report No.8" at the discretion of Union. Union shall notify Shipper of the specific method to be used. When gas is measured by means other than an orifice meter, the factor for correction for deviation from Boyle's Law shall be the square of the factor determined by following one of the methods above.~~
  - e. ~~The average absolute atmospheric (barometric) pressure, for the purpose of measurement shall be assumed to be a constant pressure of 99.285 kPa.~~

### IV. POINT OF RECEIPT POINT AND POINT OF DELIVERY POINT

1. ~~Unless otherwise specified in the Contract, the~~ The point or points(s) of receipt and point of delivery for all gas to be covered hereunder shall be on the outlet side of the measuring stations located at or near the point or points of

connection specified in Schedule 1 of the Contract, where ~~Union takes possession of the gas. Whenever changes from one party to the phrase "receipt point" appears herein, it shall mean Point of Receipt as defined in this Article IV or ther.~~

## **V. POSSESSION OF AND RESPONSIBILITY FOR GAS**

1. Union accepts no responsibility for any gas prior to such gas being delivered to Union at the Receipt Point or after its delivery by Union at the Delivery Point. As between the parties hereto, Union shall be deemed to be in control and possession of and responsible for all such gas from the time that such gas enters Union's system until such gas is delivered to Shipper.
2. Shipper agrees that Union is not a common carrier and is not an insurer of Shipper's gas, and that Union shall not be liable to Shipper or any third party for loss of gas in Union's possession, except to the extent such loss is caused entirely by Union's negligence or wilful misconduct.

## **~~V. VI. FACILITIES ON CUSTOMER'S SHIPPER'S PROPERTY~~**

~~N/A.~~

1. Union shall provide, at the Receipt Point(s), according to the terms hereunder, the meter station required to receive and measure the Produced Volume of gas received by Union from Shipper. Shipper agrees, if requested by Union, to provide Union with sufficient detailed information regarding Shipper's current and expected operations in order to aid Union in Union's design of the meter station.
2. Pursuant to Article VI. Section 1 herein, Union shall purchase, install and maintain, at the Receipt Point(s):
  - a. a meter and any associated recording gauges as are necessary; and,
  - b. a suitable gas odourizing injection facility where Union deems such facility to be necessary.
3. All equipment installed by Union at the Receipt Point(s) shall remain the property of Union at all times, notwithstanding the fact that it may be affixed to Shipper's property. Union shall be entitled to remove said equipment at any time within a period of sixty (60) days from any termination or expiry of the Contract. Shipper shall take all necessary steps to ensure Union may enter onto the Receipt Point(s) to remove such equipment for a period of sixty (60) days after termination or expiry of the Contract or the Sales Agreement.
4. Upon Union's request Shipper shall, at Shipper's own cost and expense:
  - a. obtain a registered lease or freehold ownership at the Receipt Point(s) sufficient to provide Union with free uninterrupted access to, from, under and above the Receipt Point(s), for a term (and extended terms) identical to the Contract, plus sixty (60) days, and shall provide Union with a bona fide copy of such lease agreement prior to Union commencing the construction of the meter station;
  - b. furnish, install, set, and maintain suitable pressure and volume control equipment and such additional equipment as required on Shipper's delivery system, to protect against the overpressuring of Union's facilities, and to limit the daily flow of gas to the corresponding Maximum Daily Quantity applicable to the Receipt Point(s);
  - c. supply, install and maintain a gravel or cut stone covering on each Receipt Point and shall maintain such Receipt Point(s) in a safe and workmanlike manner; and,
  - d. install and maintain a fence satisfactory to Union around the perimeter of each Receipt Point which will adequately secure and protect Union's equipment therein.
5. Shipper shall within thirty (30) days of the delivery of an invoice by Union, reimburse Union for any actual costs reasonably incurred by Union for any repair, replacement, relocation, or upgrading of any meter station requested by Shipper, or as required by law, or by duly constituted regulatory body, or through good engineering practice. Union shall be responsible for any costs incurred by Union to correct an error made by Union.



## IVII. MEASURING EQUIPMENT

- ~~1. Custody Transfer Measuring Equipment: In the event that all or any gas received or delivered hereunder is measured by a meter (where the term "meter" shall include but not be limited to positive displacement meters, orifice meters, turbine meters, and associated gauges and instrumentation), such meter shall be installed and operated in accordance with the Electricity and Gas inspection Act. (assented to March 31, 1982), (and amendments thereto), and the Electricity and Gas inspection Regulations, P.C. 1986-116, January 16, 1986 (and amendments thereto).~~
1. Metering by Union: Union will install and operate meters and related equipment as required and in accordance with the Act and Regulations referenced in Article III herein.
- ~~1.2.~~ Metering by Others: In the event that all or any gas received or delivered hereunder is measured by a meter that is owned and operated by an upstream or downstream transporter (the "Transporter") whose facilities may or may not interconnect with Union's, then Union and Shipper agree to accept that metering for the purpose of determining the ~~quantity~~ volume and energy of gas received or delivered on behalf of the Shipper. The standard of measurement and tests for the gas delivered to/by Union ~~hereunder pursuant to this Article VII, Section 2~~ shall be in accordance with the ~~General Terms~~ general terms and ~~Conditions~~ conditions as incorporated in that Transporter's gas tariff as approved by ~~their~~ the Transporter's regulatory body.
3. ~~2-Check Measuring Equipment:~~ Shipper may install, maintain and operate, at the Receipt Point, at its own expense, such check measuring equipment as desired, provided that such equipment shall be so installed as not to interfere with the operation of Union's measuring equipment at or near the Receipt Point, and shall be installed, maintained and operated in conformity with the same standards and specifications applicable to Union's metering facilities.
- ~~2.4.~~ Calibration and Test of Measuring Equipment: The accuracy of Union's measuring equipment shall be verified by Union at reasonable intervals, and if requested, in the presence of representatives of Shipper, but Union shall not be required to verify the accuracy of such equipment more frequently than once in any thirty (30) day period. In the event either party ~~shall not~~ notifies the other that it desires a special test of any measuring ~~equipment or any other Delivery Location~~ equipment, the parties shall co-operate to secure a prompt verification of the accuracy of such equipment. The expense of any such special test, if called for by Shipper, shall be borne by Shipper if the measuring equipment tested is found to be in error ~~by~~ not more than two per cent (2%). If, upon test, any measuring equipment is found to be in error by not more than two per cent (2%), previous recordings of such equipment shall be considered accurate in computing receipts ~~or deliveries~~ of gas, but such equipment shall be adjusted at once to record as near to absolute accuracy as possible. If the test conducted shows a percentage of inaccuracy greater than two percent (2%), the financial adjustment, if any, shall be calculated in accordance with the ~~Electricity and Gas Inspection Act (1982) and regulations thereunder~~ Act and Regulations, as may be amended from time to time and in accordance with any successor statutes and regulations.
- ~~3.5.~~ Preservation of Metering Records: Union and Shipper shall each preserve for a period of at least six (6) years all test data, and other relevant records.

## VIII. BILLING

1. Monthly Billing Date: Union shall render bills on or before the tenth (10<sup>th</sup>) day of each month for all ~~services~~ Services furnished during the preceding ~~month~~ Month. Such charges may be based on estimated quantities, if actual quantities are unavailable in time to prepare the billing. Union shall provide, in a succeeding ~~month's~~ Month's billing, an adjustment based on any difference between actual quantities and estimated quantities, without any interest charge. If presentation of a bill to Shipper is delayed after the tenth (10<sup>th</sup>) day of the month, then the time of payment shall be extended accordingly, unless Shipper is responsible for such delay.
2. Right of Examination: Both Union and Shipper shall have the right to examine at any reasonable time 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 the Contract.
3. Amendment of Statements: For the purpose of completing a final determination of the actual quantities of gas handled in any of the Services to Shipper, the parties shall have the right to amend their statement for a period equal to the time during which the companies, that transport the gas contemplated herein for Union and Shipper, retain the right to amend

their statements, which period shall not exceed three (3) years from the date of termination of the Contract.

#### **VIII. PAYMENTS**

1. Monthly payments~~Payments~~: Shipper shall pay the invoiced amount directly into Union's bank account as directed on the invoice on or before the twentieth (20<sup>th</sup>) day of each month. If the payment date is not a ~~business day~~Business Day, then payment must be received in Union's account on the first ~~business day~~Business Day preceding the twentieth (20<sup>th</sup>) day of the month.
2. Remedies for nonpayment~~Non-payment~~: Should Shipper fail to pay all of the amount of any bill as herein provided when such amount is due,
  - a. Shipper shall pay to Union interest on the unpaid portion of the bill accruing at a rate per annum equal to the minimum commercial lending rate of Union's principal banker in effect from time to time from the due date until the date of payment~~—; and~~,
  - b. If such failure to pay continues for thirty (30) days after payment is due, Union, in addition to any other remedy it may have under the Contract, may suspend ~~service(s)~~Services until such amount is paid~~, provided however, that~~. ~~Notwithstanding such suspension, all demand charges shall continue to accrue hereunder as if such suspension were not in place.~~

If Shipper, in good faith ~~shall dispute~~disputes the amount of any such bill or part thereof ~~and~~Shipper shall pay to Union such amounts as it concedes to be correct ~~and at~~. At any time thereafter, within twenty (20) days of a demand made by Union, Shipper shall furnish ~~good and sufficient surety bond~~financial assurances satisfactory to Union, guaranteeing payment to Union of the amount ultimately found due upon such bill after a final determination ~~which~~. Such a final determination may be reached either by agreement, arbitration decision or judgement of the courts, as may be the case~~, then~~. Union shall not be entitled to suspend ~~service(s)~~Services because of such ~~nonpayment~~non-payment unless and until default ~~be made~~occurs in the conditions of such ~~bond~~financial assurances or default occurs in payment ~~for~~ of any ~~further service(s)~~other amount due to ShipperUnion hereunder.

~~3-~~Notwithstanding the foregoing, Shipper is not relieved from the obligation to continue its deliveries of gas to Union under the terms of any agreement, where Shipper has contracted to deliver specified quantities of gas to Union.

3. Billing Adjustments: If it shall be found that at any time or times Shipper has been overcharged or undercharged in any form whatsoever under the provisions of the Contract and Shipper shall have actually paid the bills containing such overcharge or undercharge, Union shall refund the amount of any such overcharge and interest shall accrue from and including the first day of such overcharge as paid to the date of refund and shall be calculated but not compounded at a rate per annum determined each day during the calculation period to be equal to the minimum commercial lending rate of Union's principal banker, and the Shipper shall pay the amount of any such undercharge, but without interest. In the event Union renders a bill to Shipper based upon measurement estimates, the required adjustment to reflect actual measurement shall be made on the bill next following the determination of such actual measurement, without any charge of interest. In the event an error is discovered in the amount billed in any statement rendered by Union, such error shall be adjusted by Union. Such overcharge, undercharge or error shall be adjusted by Union on the bill next following its determination (where the term "bill" next following" shall mean a bill rendered at least fourteen (14) days after the day of its determination), provided that claim therefore shall have been made within ~~six (6)~~three (3) years from the date of the incorrect billing. In the event any refund is issued with Shipper's bill, the aforesaid date of refund shall be deemed to be the date of the issue of ~~invoice~~bill.
4. Taxes: In addition to the charges and rates as per the applicable rate schedules and price schedules, Shipper shall pay all Taxes which are imposed currently or subsequent to the execution of the Contract by any legal authority having jurisdiction and any amount in lieu of such Taxes paid or payable by Union.
5. Set Off: If either party shall, at any time, be in arrears under any of its payment obligations to the other party under the Contract, then the party not in arrears shall be entitled to reduce the amount payable by it to the other party in arrears under the Contract, or any other contract, by an amount equal to the amount of such arrears or other indebtedness to the other party. In addition to the foregoing remedy, Union may, upon forty-eight (48) hours verbal notice, to be followed by written notice, take possession of any or all of Shipper's gas under the Contract, which shall be deemed to have been assigned to Union, to reduce such arrears or other indebtedness to Union.

6. Station and Connection Costs: In the event that a meter station must be constructed and/or installed in order to give effect to this Contract, Shipper agrees to pay Union for a portion, as determined by Union, of Union's actual cost, as hereinafter defined, for constructing and installing such station. Shipper also agrees to pay the actual costs to connect such station to Union's pipeline and distribution system. Union shall advise Shipper as to the need for a meter station and shall provide Shipper with an estimate of the Aid to Construction. Such Aid to Construction shall include the costs of all pipe, fittings and materials, third party labour costs and Union's direct labour, labour saving devices, vehicles and mobile equipment, but shall exclude the purchase costs of gas pressure control equipment and gas meters installed by Union.

## ~~IX~~. ARBITRATION

If and when any dispute, difference or question shall arise between the parties ~~heretotouching~~ hereto touching the Contract or anything herein contained, or the construction hereof, or the rights, duties or liabilities of the parties in relation to any matter hereunder, the matter in dispute shall be submitted and referred to arbitration within ten (10) days after written request of either party. Upon such request each party shall appoint an arbitrator, and the two so appointed shall appoint a third. A majority decision of the arbitrators shall be final and binding upon both parties. In all other respects the provisions of the Arbitration Act of the Province of Ontario, 1991, or any ~~Act~~ act passed in amendment thereof or substitution ~~therefortherefore~~, shall apply to each such submission. Operations under ~~this~~ the Contract shall continue, without prejudice, during any such arbitration and the costs attributable to such arbitration shall be shared equally by the parties hereto.

## ~~XI~~. FORCE MAJEURE

~~N/A~~

1. The term "**force majeure**" as used herein shall mean acts of God, strikes, lockouts or any other industrial disturbance, acts of the public enemy, sabotage, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of governments and people, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, freezing of wells or lines of pipe, inability to obtain materials, supplies, permits or labour, any laws, orders, rules, regulations, acts or restraints of any governmental body or authority (civil or military), any act or omission that is excused by any event or occurrence of the character herein defined as constituting force majeure, any act or omission by parties not controlled by the party having the difficulty and any other similar cases not within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome.
2. In the event that either the Shipper or Union is rendered unable, in whole or in part, by force majeure, to perform or comply with any obligation or condition of the Contract, such party shall give notice and full particulars of such force majeure in writing delivered by hand, fax or other direct written electronic means to the other party as soon as possible after the occurrence of the cause relied on and subject to the provision of this Article.
3. Neither party shall be entitled to the benefit of the provisions of force majeure hereunder if any or all of the following circumstances prevail: the failure resulting in a condition of force majeure was caused by the negligence of the party claiming suspension; the failure was caused by the party claiming suspension where such party failed to remedy the condition by making all reasonable efforts (short of litigation, if such remedy would require litigation); the party claiming suspension failed to resume the performance of such condition obligations with reasonable dispatch; the failure was caused by lack of funds; the party claiming suspension did not, as soon as possible after determining, or within a period within which it should acting reasonably have determined, that the occurrence was in the nature of force majeure and would affect its ability to observe or perform any of its conditions or obligations under the Contract, give to the other party the notice required hereunder.
4. The party claiming suspension shall likewise give notice as soon as possible after the force majeure condition is remedied, to the extent that the same has been remedied, and that such party has resumed or is then in a position to resume the performance of the obligations and conditions of the Contract.

5. An event of force majeure on Union's system will excuse the failure to deliver gas by Union or the failure to accept gas by Union hereunder, and both parties shall be excused from performance of their obligations hereunder, except for payment obligations, to the extent of and for the duration of the force majeure.
6. Upstream or Downstream Force Majeure: An event of force majeure upstream or downstream of Union's system shall not relieve Shipper of any payment obligations.
7. Delay of Services: Despite Article XI herein, if Union is prevented, by reason of an event of force majeure on Union's system from delivering gas on the Day or Days upon which Union has accepted gas from Shipper, Union shall thereafter make all reasonable efforts to deliver such quantities as soon as practicable and on such Day or Days as are agreed to by Shipper and Union. If Union accepts such gas on this basis, Shipper shall not receive any demand charge relief as contemplated under Article XI herein.
8. Firm Daily Variability Demand Charge Relief: Despite Article XI herein, if on any Day Union fails to accept gas from Shipper by reason of an event of force majeure on Union's system and fails to deliver the quantity of gas nominated hereunder by Shipper up to the Firm Daily Variability Demand for that Contract, then for that Day the Monthly charge shall be reduced by an amount equal to the applicable Firm Daily Variability Demand Rate, as defined in this paragraph, multiplied by the difference between the quantity of gas actually delivered by Union during such Day and the quantity of gas which Shipper in good faith nominated on such Day. The term "**Firm Daily Variability Demand Rate**" shall mean the monthly Firm Daily Variability Demand charge as provided in Schedule 2 of the Contract, divided by the number of days in the month for which such rate is being calculated.

## **XII. DEFAULT AND TERMINATION**

~~N/A~~

In case of the breach or non-observance or non-performance on the part of either party hereto of any covenant, proviso, condition, restriction or stipulation contained in the Contract (but not including herein failure to take or make delivery in whole or in part of the gas delivered to/by Union hereunder occasioned by any of the reasons provided for in Article XI herein) which has not been waived by the other party, then and in every such case and as often as the same may happen, the non-defaulting party may give written notice to the defaulting party requiring it to remedy such default and in the event of the defaulting party failing to remedy the same within a period of thirty (30) days from receipt of such notice, the non-defaulting party may at its sole option declare the Contract to be terminated and thereupon the Contract shall be terminated and be null and void for all purposes other than and except as to any liability of the parties under the same incurred before and subsisting as of termination. The right hereby conferred upon each party 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.

In the event that this Contract is terminated pursuant to this Article XII, the parties hereto agree that they shall continue to be bound only by the terms and conditions set forth in the Contract but only for the purpose of determining the actual quantities in Shipper's Producer Balancing Account with such determination being subject to Article X. Such extended period of time shall not exceed one (1) year from the date of termination of this Contract.

## **XII. MODIFICATION**

~~N/A~~

## **XIII. AMENDMENT**

Subject to Article XV herein and the ability of Union to amend the applicable rate schedules and price schedules, with the approval of the OEB (if required), no amendment or modification of the Contract shall be effective unless the same shall be in writing and signed by each of the Shipper and Union.

## **XIIIIV. NON-WAIVER AND FUTURE DEFAULT**

~~N/A~~

No waiver of any provision of the Contract shall be effective unless the same shall be in writing and signed by the party entitled to the benefit of such provision and then such waiver shall be effective only in the specific instance and for the specified purpose for which it was given. No failure on the part of Shipper or Union to exercise, and no course of dealing with respect to, and no delay in exercising, any right, power or remedy under the Contract shall operate as a waiver thereof.

#### **XV. LAWS, REGULATIONS AND ORDERS**

The Contract and the respective rights and obligations of the parties hereto are subject to all present and future valid laws, orders, rules and regulations of any competent legislative body, or duly constituted authority now or hereafter having jurisdiction and the 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 the Contract.

#### **XVI. RESERVED FOR FUTURE USE**

N/A

#### **XVII. RENEWALS**

The Contract will continue in full force and effect beyond the Initial Term, automatically renewing for a period of one (1) year, and every one (1) year thereafter, subject to notice in writing by either party of termination at least three (3) months prior to the expiration thereof.

#### **XVIII. SERVICE CURTAILMENT**

1. Excepting instances of emergency, Shipper and Union agree to give at least twenty-four (24) hours verbal notice before a planned curtailment of receipt or delivery, shut-down or start-up.
2. Shipper shall complete and maintain a plan which depicts all of the Shipper's gas production facilities including all emergency shut off valves and emergency equipment and provide a copy to Union upon Union's request. Shipper shall provide to Union the names and telephone numbers of those persons whom Union may contact in the event of an emergency situation arising within the Shipper's facilities.
3. In the event that Union is notified by a third party or if Union becomes aware of an emergency situation in which Shipper's gas production site, pipeline or associated equipment is involved, Union shall immediately notify Shipper or Shipper's representative of such emergency condition.
4. Union shall have the right, at all times, to reconstruct or modify Union's pipeline and distribution system and the pressure carried therein, notwithstanding that such reconstruction or modification may reduce the System Capacity available to receive Shipper's gas, or Shipper's ability to deliver gas to Union. Should Union expect any such reconstruction or modification to reduce the delivery or receipt of gas by either party, Union will, where able, provide Shipper with six (6) months' notice or as much notice as is reasonably practical in the circumstances. Union shall use reasonable efforts to assist the Shipper in meeting its Market Quantity in these circumstances.

#### **XIX. SHIPPER'S REPRESENTATIONS AND WARRANTIES**

1. Shipper's Warranty: Shipper warrants that it will, if required, maintain, or have maintained on its behalf, all external approvals including the governmental, regulatory, import/export permits and other approvals or authorizations that are required from any federal, state or provincial authorities for the gas quantities to be handled under the Contract. Shipper further warrants that it shall maintain in effect the Facilitating Agreements.
2. Financial Representations: Shipper represents and warrants that the financial assurances (including the Initial Financial Assurances and Security), if any, shall remain in place throughout the term hereof unless Shipper and Union agree

otherwise. Shipper shall notify Union in the event of any change to the financial assurances (including the Initial Financial Assurances and Security), if any, throughout the term hereof. Should Union have reasonable grounds to believe that Shipper will not be able to perform or continue to perform any of its obligations under the Contract for any reason (a "**Material Event**"), then Shipper shall within fourteen (14) days of receipt of written notice by Union, obtain and provide to Union a letter of credit or other security in the form and amount reasonably required by Union (the "**Security**"). In the event that Shipper does not provide to Union such Security, Union may deem a default in accordance with the provisions of Article XII herein.

In the event that Shipper in good faith, reasonably believes that it should be entitled to reduce the amount of or value of the Security previously provided, it may request such a reduction from Union and to the extent that the Material Event has been mitigated or eliminated, Union shall return all or a portion of the Security to Shipper within fourteen (14) Business Days after receipt of the request.

3. Licence: Shipper represents and warrants to Union that Shipper possesses a licence to produce gas in the Province of Ontario.

## XX. MISCELLANEOUS PROVISIONS

1. Assignment: Shipper may assign the Contract to a third party ("**Assignee**"), up to the Maximum Daily Quantity, (the "**Capacity Assigned**"). Such assignment shall require the prior written consent of Union and release of obligations by Union for the Capacity Assigned from the date of assignment. Such consent and release shall not be unreasonably withheld and shall be conditional upon the Assignee providing, amongst other things, financial assurances as per Article XXI herein. Any such assignment will be for the full rights, obligations and remaining term of the Contract as relates to the Capacity Assigned.
2. Title to Gas: Shipper represents and warrants to Union that Shipper shall have good and marketable title to, or legal authority to deliver to Union, all gas delivered to Union hereunder. Furthermore, Shipper hereby agrees to indemnify and save Union harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of claims of any or all third parties to such gas or on account of Taxes, or other charges thereon.

## XXI. PRECONDITIONS TO SERVICES

1. The obligations of Union to provide Services hereunder are subject to the following conditions precedent, which are for the sole benefit of Union and which may be waived or extended in whole or in part in the manner provided in the 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 provide the Services; and,
  - b. Union shall have obtained all internal approvals that are necessary or appropriate to provide the Services; and,
  - c. Union shall have received from Shipper the requisite financial assurances reasonably necessary to ensure Shipper's ability to honour the provisions of the Contract (the "**Initial Financial Assurances**"). The Initial Financial Assurances, if required, will be as determined solely by Union; and,
  - d. Shipper and Union shall have entered into the Interruptible HUB Service Contract or equivalent (the "**Facilitating Agreement**") with Union; and,
  - e. Union shall, where applicable, have obtained all internal and external approvals including the governmental, regulatory and other approvals or authorizations required to construct any facilities necessary to provide the Services hereunder, which approvals and authorizations, if granted upon conditions, shall be conditions satisfactory to Union; and,
  - f. Union shall, where applicable, have completed and placed into service those facilities necessary to provide the Services hereunder; and,

- g. Further to Article IX Section 6 herein, Shipper shall pay to Union a payment ("**First Prepayment**") towards the Aid to Construction at the time of the execution of this Agreement. Shipper shall pay a payment prior to installation of the meter station ("**Second Prepayment**"). The foregoing payments are specified in the attached Schedule 1 for the first meter station ("**Receipt Point #1**") to be installed under this contract. Payments for additional meter stations will be handled by written mutual agreement between the parties. Shipper shall pay Union the difference if the actual Aid to Construction is more than the Prepayments, within thirty (30) days of the delivery of an invoice from Union on which the actual costs for construction and installation of facilities are stated. Union shall pay Shipper the difference if the actual Aid to Construction is less than the Prepayments. In the event Shipper terminates this Agreement prior to Union incurring any costs related to the construction, installation or connection of the meter station, Shipper's Prepayments shall be returned to Seller, without interest, within fifteen (15) days notice to Union of such termination by Shipper. In the event Union has incurred costs, as set out herein, relative to the construction, installation or connection of the meter station prior to being notified by Shipper of Shipper's intention to terminate the Agreement, Union shall deduct such actual costs from Union's return of Shipper's Prepayments. "**Prepayments**" shall mean the sum of the First Prepayment and the Second Prepayment.
2. The obligations of Shipper hereunder are subject to the following conditions precedent, which are for the sole benefit of Shipper and which may be waived or extended in whole or in part in the manner provided in the Contract:
- a. Shipper shall, as required, have entered into the necessary contracts with Union and/or others to facilitate the Services contemplated herein, including contracts for upstream and downstream transportation, and shall specifically have an executed and valid Facilitating Agreement; and,
  - b. Shipper shall have obtained, in form and substance satisfactory to Shipper, and all conditions shall have been satisfied under, all governmental, regulatory and other third party approvals, consents, orders and authorizations, that are required from federal, state, or provincial authorities for the gas quantities handled under the Contract; and,
  - c. Shipper shall have obtained all internal approvals that are necessary or appropriate for the Shipper to execute the Contract; and,
  - d. Shipper shall have cancelled or renegotiated its Sales Agreement, on terms satisfactory to Union, as applicable.
3. Union and Shipper shall each use due diligence and reasonable efforts to satisfy and fulfil the conditions precedent specified in this Article XXI Section 1 a, c, d, e, f, g, and Section 2 a, b, and d. Each party shall notify the other forthwith in writing of the satisfaction or waiver of each condition precedent for such party's benefit. If a party concludes that it will not be able to satisfy a condition precedent that is for its benefit, such party may, upon written notice to the other party, terminate the Contract and upon the giving of such notice, the Contract shall be of no further force and effect and each of the parties shall be released from all further obligations thereunder.
4. If any of the conditions precedent in this Article XXI Section 1 c or Section 2 are not satisfied or waived by the party entitled to the benefit of that condition by the Conditions Date as such term is defined in the Contract, or if any of the Shipper payments required under the condition precedent in this Article XXI Section 1 g have not been paid as required in such section, then either party may, upon written notice to the other party, terminate the Contract and upon the giving of such notice, the Contract shall be of no further force and effect and each of the parties shall be released from all further obligations hereunder, provided that any rights or remedies that a party may have for breaches of the Contract prior to such termination and any liability a party may have incurred before such termination shall not thereby be released.



RATE C4M13  
GENERAL TERMS & CONDITIONS

I. DEFINITIONS

Except where the context expressly requires or states another meaning, the following terms, when used in these General Terms & Conditions and in any contract into which these General Terms & Conditions are incorporated, shall be construed to have the following meanings:

~~"Authorized Overrun" shall mean the amount by which Shipper's Authorized Quantity exceeds the Contract Demand;~~

~~"Available Capacity" shall mean at any time, Union's remaining available capacity to provide Transportation Services;~~

"Aid to Construction" shall include any and all costs, expenses, amounts, damages, obligations, or other liabilities (whether of a capital or operating nature, and whether incurred before or after the date of the Contract) actually paid by Union (including amounts paid to affiliates for services rendered in accordance with the Affiliate Relationships Code as established by the OEB) in connection with or in respect of satisfying the conditions precedent set out in Article XXI herein (including without limitation the cost of construction, installation and connection of any required meter station as described in Article IX, Section 6, the obtaining of all governmental, regulatory and other third party approvals, and the obtaining of rights of way) whether resulting from Union's negligence or not, except for any costs that have arisen from the gross negligence, fraud, or wilful misconduct of Union;

"Average Local Producer Heat" ("ALPH") shall mean the heat content value as set by Union, and shall be determined by volumetrically averaging the gross heat content of all produced gas delivered to the Union system by Ontario Local Producers. The ALPH shall be expressed in GJ/10<sup>3</sup>m<sup>3</sup> and may be adjusted from time to time by Union;

"Business Day" shall mean any day, other than Saturday, Sunday or any days on which national banks in the Province of Ontario are authorized to close;

"Contract" shall refer to the Contract to which these General Terms & Conditions shall apply, and into which they are incorporated;

"Contract Year" shall mean a period of three hundred and sixty-five (365) consecutive days; provided however, that any such period which contains a date of February 29 shall consist of three hundred and sixty-six (366) consecutive days, commencing on November 1 of each year; except for the first Contract Year which shall commence on the Commencement Date and end on the first October 31 that follows such date;

"cricondenthem hydrocarbon dewpoint" shall mean the highest hydrocarbon dewpoint temperature on the phase envelope;

"cubic metre" shall mean the volume of gas which occupies one cubic metre when such gas is at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;

"Dawn Quantity" shall mean the total daily quantity of gas in GJ delivered at Dawn (Facilities), which is equal to the total energy of all gas supplied daily to Union at the Receipt Point(s). The Dawn Quantity shall be calculated utilizing the following factor equation: Dawn Quantity = Produced Volume x ALPH;

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

"Delivery Point" shall mean the point where Union shall deliver the Dawn Quantity and/or Market Quantity to Shipper and as further defined in Schedule 1 of the Contract;

"Distribution Demand" shall mean the varying demand for the supply of gas, as determined by Union, on Union's pipeline and distribution system for users of gas who are supplied or delivered gas by Union's pipeline and distribution system;

~~"delivery" shall mean any gas that is delivered by Union into Shipper's possession, or to the possession of Shipper's~~



~~agent;~~

"Eastern Clock Time" shall mean the local clock time in the Eastern Time Zone on any Day;

~~"Expansion Facilities" shall mean any new facilities to be constructed by Union in order to provide Transportation Services;~~

"firm" shall mean service not subject to curtailment or interruption except under Articles XI, XII and XVIII herein;

"Firm Daily Variability Demand" shall mean the established quantity set forth in Schedule 2 of the Contract, which is the permitted difference between the Dawn Quantity and the Market Quantity;

"gas" shall mean gas as defined in the Ontario Energy Board Act, 1998, S.O. 1998, c.15, Sch. B, as amended, supplemented or re-enacted from time to time;

"gross heating value" shall mean the total heat expressed in megajoules per cubic metre (MJ/m<sup>3</sup>) produced by the complete combustion at constant pressure of one (1) cubic metre of gas with air, with the gas free of water vapour and the temperature of the gas, air and products of combustion at standard temperature and all water formed by the combustion reaction condensed to the liquid state;

"hydrocarbon dewpoint" shall mean temperature at a specific pressure where hydrocarbon vapour condensation begins;

"Interruptible HUB Service Contract" shall mean a contract between Shipper and Union under which Union provides interruptible HUB service;

~~"interruptible service" or "Interruptible" shall mean service subject to curtailment or interruption, after notice, at any time;~~

"Interconnecting Pipeline" shall mean a pipeline that directly connects to the Union pipeline and distribution system;

"joule" (J) shall mean 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;

~~"Limited Firm" shall mean gas service subject to interruption or curtailment on a limited number of Days as specified in the Contract;~~

~~"Loaned Quantities" shall mean those quantities of gas loaned to Shipper under the Facilitating Agreement;~~

"m<sup>3</sup>" shall mean cubic metre of gas and "10<sup>3</sup>m<sup>3</sup>" shall mean 1,000 cubic metres of gas;

"MAOP" shall mean the maximum allowable operating pressure of Union's pipeline and distribution system and as further defined in Schedule 1 of the Contract;

"Market Quantity" shall mean the daily quantity in GJ nominated for Name Change Service that Day by Shipper at Dawn (Facilities);

"Maximum Daily Quantity" shall mean the maximum quantity of gas Shipper may deliver to Union at a Receipt Point on any Day, as further defined in Schedule 1;

"Month" shall mean the period beginning at 10:00 a.m. Eastern Clock Time on the first day of a calendar month and ending at 10:00 a.m. Eastern Clock Time on the first day of the following calendar month;

~~"NAESB" shall mean North American Energy Standards Board;~~

"Name Change Service" shall mean an interruptible administrative service whereby Union acknowledges for Shipper a change in title of a gas quantity from Shipper to a third party at the Delivery Point;

"OEB" means the Ontario Energy Board;

~~"Open Season" or "open season" shall mean an open access auction or bidding process held by Union as a method of allocating capacity;~~

"pascal" "(Pa)" shall mean the pressure produced when a force of one (1) newton is applied to an area of one (1) square metre. The term "kilopascal" "(kPa)" shall mean 1,000 pascals;

"Produced Volume" shall mean the aggregate of all actual volumes of gas in 10<sup>3</sup>m<sup>3</sup>, delivered by Shipper to Union at all Receipt Points on any Day;

"Producer Balancing Account" shall mean the gas balance held by Union for Shipper, or owed by Shipper to Union, at the Delivery Point. Where the Producer Balancing Account is zero or a positive number, the account is in a credit position, and where the Producer Balancing Account is less than zero, the account is in a debit position;

"Producer Balancing Service" shall mean a Service whereby Union either calculates a credit or debit to the Producer Balancing Account by subtracting the Market Quantity from the Dawn Quantity. Where such amount is greater than zero, Union will credit the Producer Balancing Account, or where such amount is less than zero, Union will debit the Producer Balancing Account. This Service shall be performed on a retroactive basis on the terms and conditions contained in Schedule 2 of the Contract, as may be revised from time to time by Union;

~~"receipt" shall mean any gas that is delivered into Union's possession, or the possession of Union's agent;~~

"Receipt Point" shall mean the point(s) where Union shall receive gas from Shipper;

"Sales Agreement" shall mean the Ontario Gas Purchase Agreement(s) entered into between Shipper and Union;

"Shipper" shall have the meaning as defined in the Contract, and shall also include Shipper's agent(s);

"specific gravity" shall mean density of the gas divided by density of air, with both at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;

"System Capacity" shall mean the volumetric capacity that exists from time to time within Union's pipeline and distribution system which determines Union's ability to accept volumes of gas into Union's pipeline and distribution system hereunder. System Capacity shall be determined by Union and such determination, in addition to the physical characteristics of Union's pipeline and distribution system Distribution Demand, shall also include consideration of Union's local Distribution Demand, Union's total system Distribution Demand, availability of Union's gas storage capacity, and other gas being purchased and/or delivered into Union's pipeline and distribution system;

"Taxes" shall mean any tax (other than tax on income or tax on property), duty, royalty, levy, license, fee or charge not included in the charges and rates as per the applicable rate schedule (including but not limited to charges under any form of cap and trade, carbon tax, or similar system) and that is levied, assessed or made by any governmental authority on the gas itself, or the act, right, or privilege of producing, severing, gathering, storing, transporting, handling, selling or delivering gas under the Contract;

~~"TCPL" means TransCanada PipeLines Limited;~~

"Wobbe Number" shall mean gross heating value of the gas divided by the square root of its specific gravity.

## II. GAS QUALITY

1. Natural Gas: The minimum gross heating value of the gas delivered to/by Union hereunder, shall be thirty-six (36) megajoules per cubic metre. The maximum gross heating value of the gas delivered to/by Union hereunder shall be forty point two (40.2) megajoules per cubic metre. The gas to be delivered hereunder to Union may be a commingled supply from Shipper's gas sources of supply. The gas to be delivered by Union may be a commingled supply from Union's sources of gas supply; provided, however, that helium, natural gasoline, butane, propane and other hydrocarbons, except methane, may be removed prior to delivery to Shipper. Further, Union may subject, or permit the subjection of, the gas to compression, dehydration, cooling, cleaning and other processes.
2. Freedom from objectionable matter: The gas to be delivered to ~~by~~ Union at the Receipt Point(s) hereunder,

- a. shall be commercially free from bacteria, sand, dust, gums, crude oils, lubricating oils, liquids, chemicals or compounds used in the production, treatment, compression or dehydration of the gas or any other objectionable substance in sufficient quantity so as to render the gas toxic, unmerchantable or cause injury to, or interference with, the proper operation of the lines, regulators, meters or other appliances through which it flows,
- b. shall not contain more than seven (7) milligrams of hydrogen sulphide per cubic metre of gas, nor more than ~~four~~one hundred ~~and sixty (460)~~(100) milligrams of total sulphur per cubic metre of gas,
- c. shall not contain more than five (5) milligrams of mercaptan sulphur per cubic metre of gas,
- d. shall not contain more than two point zero (2.0) molar percent by volume of carbon dioxide in the gas,
- e. shall not contain more than zero point four (0.4) molar percent by volume of oxygen in the gas,
- f. shall not contain more than zero point five (0.5) molar percent by volume of carbon monoxide in the gas,
- g. shall not contain more than four point zero (4.0) molar percent by volume of hydrogen in the gas,
- h. shall not contain more than sixty-five (65) milligrams of water vapour per cubic metre of gas,
- i. shall not have a cricondenthem hydrocarbon dewpoint exceeding minus eight (-8) degrees Celsius,
- j. shall have Wobbe Number from forty seven point fifty (47.50) megajoules per cubic meter of gas to fifty one point forty six (51.46) megajoules per cubic meter of gas, maximum of one point five (1.5) mole percent by volume of butane plus (C4+) in the gas, and maximum of four point zero (4.0) mole percent by volume of total inerts in the gas in order to be interchangeable with other Interconnecting Pipeline gas-
- k. shall not exceed forty-three degrees Celsius (43°C), and,
- l. shall not be odourized by Shipper.

3. Non-conforming Gas:

- a. In the event that the quality of the gas does not conform or if Union, acting reasonably, suspects the quality of the gas may not conform to the specifications herein, then Shipper shall, if so directed by Union acting reasonably, forthwith carry out, at Shipper's cost, whatever field testing of the gas quality as may be required to ensure that the quality requirements set out herein are met, and to provide Union with a certified copy of such tests. If Shipper does not carry out such tests forthwith, Union may conduct such test and Shipper shall reimburse Union for all costs incurred by Union for such testing.
- b. If Shipper's gas fails at any time to conform to the requirements of this Article II, Union, in addition to its other remedies, may refuse to accept delivery of gas at the Receipt Points hereunder until such deficiency has been remedied by Shipper. Each Party agrees to notify the other verbally, followed by written notification, of any such deficiency of quality.

3.4. Quality of Gas Received: The quality of the gas to be received by Union at the Receipt Point(s) hereunder is to be of a merchantable quality and in accordance with the quality standards as set out by Union in this Article II, but, Union will use reasonable efforts to accept gas of a quality that may deviate from the quality standards set out therein. ~~also accept gas of a quality as set out in any other Interconnecting Pipeline's general terms and conditions, provided that all Interconnecting Pipelines accept such quality of gas. In addition to any other right or remedy of a party, each party shall be entitled to refuse to accept delivery of any gas which does not conform to any of the specifications set out in Union's C1 Rate Schedule.~~

4.5. Quality of Gas at Dawn: The quality of the gas to be delivered to Union at Dawn (Facilities) or the gas to be delivered by Union to Shipper at Dawn (Facilities) hereunder is to be of a merchantable quality and in accordance with the quality standards and measurement standards as set out by Union in this Article II, except that total sulphur limit shall be not more than four hundred and sixty (460) milligrams per cubic metre of gas. In addition to any other right or remedy of a party, each party shall be entitled to refuse to accept delivery of any gas which does not conform to any of the

specifications set out in this Article II.

### III. MEASUREMENTS

1. ~~Storage, Transportation, and/or Sales Service Unit:~~ The unit of the gas delivered to Union shall be a ~~megajoule or a gigajoule. The unit quantity of gas transported or stored by Union shall be a megajoule or a gigajoule.~~  $10^3\text{m}^3$ . The unit of gas delivered by Union shall be a megajoule, a gigajoule, a cubic metre ( $\text{m}^3$ ) or one thousand cubic metres ( $10^3\text{m}^3$ ) at Union's discretion.
2. Determination of Volume and Energy:
  - a. The volume and energy amounts determined under the Contract shall be determined in accordance with the Electricity and Gas Inspection Act (Canada), RSC 1985, c E-4- (the "**Act**") and the Electricity and Gas Inspection Regulations, SOR 86/131 (the "**Regulations**"), and any documents issued under the authority of the Act and Regulations and any amendments thereto.
  - 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, all as amended from time to time.
  - c. The volume and/or energy of the gas delivered to/by Union hereunder shall be determined by the measurement equipment designated in Article VII herein.
  - d. ~~Upon request by Union, Shipper shall obtain measurement of the total quantity of gas received by Union hereunder from the Interconnecting Pipeline. Such measurement shall be done in accordance with established practices between Union and the Interconnecting Pipeline.~~

### IV. RECEIPT POINT AND DELIVERY POINT

- ~~1. Unless otherwise specified in the Contract, the~~ The point ~~or points(s)~~ of receipt and point ~~or points~~ of delivery for all gas to be covered hereunder shall be on the outlet side of the measuring stations located at or near the point or points of connection specified in Schedule 1 of the Contract, where possession of the gas changes from one party to the other, ~~and as per Schedule "C 2010"~~.

### V. POSSESSION OF AND RESPONSIBILITY FOR GAS

1. Union accepts no responsibility for any gas prior to such gas being delivered to Union at the Receipt Point or after its delivery by Union at the Delivery Point. As between the parties hereto, Union shall be deemed to be in control and possession of and responsible for all such gas from the time that such gas enters Union's system until such gas is delivered to Shipper.
2. Shipper agrees that Union is not a common carrier and is not an insurer of Shipper's gas, and that Union shall not be liable to Shipper or any third party for loss of gas in Union's possession, except to the extent such loss is caused entirely by Union's negligence or wilful misconduct.

### VI. FACILITIES ON SHIPPER'S PROPERTY

~~Except under those conditions where Union is delivering to TCPL for TCPL or Shipper at Parkway (TCPL), or to an Interconnecting Pipeline, or where otherwise specified in the Contract, the following will apply:~~

- ~~1. Construction and Maintenance: Union, at its own expense may construct, maintain and operate on Shipper's property at the delivery point a measuring station properly equipped with a meter or meters and any other necessary measuring equipment for properly measuring the gas redelivered under the Contract. Shipper will grant to Union a lease and/or~~

~~rights of way over property of Shipper as required by Union to install such facilities and to connect same to Union's pipeline.~~

- ~~2. Entry: Union, its servants, agents and each of them may at any reasonable time on notice (except in cases of emergency) to Shipper or his duly authorized representative enter Shipper's property for the purpose of constructing, maintaining, removing, operating and/or repairing station equipment.~~
- ~~3. Property: The said station and equipment will be and remain the property of Union notwithstanding it is constructed on and attached to the realty of Shipper, and Union may at its own expense remove it upon termination of the Contract and will do so if so requested by Shipper.~~
1. Union shall provide, at the Receipt Point(s), according to the terms hereunder, the meter station required to receive and measure the Produced Volume of gas received by Union from Shipper. Shipper agrees, if requested by Union, to provide Union with sufficient detailed information regarding Shipper's current and expected operations in order to aid Union in Union's design of the meter station.
2. Pursuant to Article VI. Section 1 herein, Union shall purchase, install and maintain, at the Receipt Point(s):
  - a. a meter and any associated recording gauges as are necessary; and,
  - b. a suitable gas odourizing injection facility where Union deems such facility to be necessary.
3. All equipment installed by Union at the Receipt Point(s) shall remain the property of Union at all times, notwithstanding the fact that it may be affixed to Shipper's property. Union shall be entitled to remove said equipment at any time within a period of sixty (60) days from any termination or expiry of the Contract. Shipper shall take all necessary steps to ensure Union may enter onto the Receipt Point(s) to remove such equipment for a period of sixty (60) days after termination or expiry of the Contract or the Sales Agreement.
4. Upon Union's request Shipper shall, at Shipper's own cost and expense:
  - a. obtain a registered lease or freehold ownership at the Receipt Point(s) sufficient to provide Union with free uninterrupted access to, from, under and above the Receipt Point(s), for a term (and extended terms) identical to the Contract, plus sixty (60) days, and shall provide Union with a bona fide copy of such lease agreement prior to Union commencing the construction of the meter station;
  - b. furnish, install, set, and maintain suitable pressure and volume control equipment and such additional equipment as required on Shipper's delivery system, to protect against the overpressuring of Union's facilities, and to limit the daily flow of gas to the corresponding Maximum Daily Quantity applicable to the Receipt Point(s);
  - c. supply, install and maintain a gravel or cut stone covering on each Receipt Point and shall maintain such Receipt Point(s) in a safe and workmanlike manner; and,
  - d. install and maintain a fence satisfactory to Union around the perimeter of each Receipt Point which will adequately secure and protect Union's equipment therein.
5. Shipper shall within thirty (30) days of the delivery of an invoice by Union, reimburse Union for any actual costs reasonably incurred by Union for any repair, replacement, relocation, or upgrading of any meter station requested by Shipper, or as required by law, or by duly constituted regulatory body, or through good engineering practice. Union shall be responsible for any costs incurred by Union to correct an error made by Union.

## **VII. MEASURING EQUIPMENT**

1. Metering by Union: Union will install and operate meters and related equipment as required and in accordance with the Act and Regulations referenced in Article III herein.
2. Metering by Others: In the event that all or any gas received or delivered ~~to/by Union~~ hereunder is measured by a meter that is owned and operated by an ~~Interconnecting Pipeline~~ upstream or downstream transporter (the "Transporter")

whose facilities may or may not interconnect with Union's, then Union and Shipper agree to accept that metering for the purpose of determining the volume and energy of gas received or delivered to/by Union on behalf of the Shipper. The standard of measurement and tests for the gas delivered to/by Union hereunder pursuant to this Article VII, Section 2 shall be in accordance with the general terms and conditions as incorporated in that Interconnecting Pipeline company's/Transporter's gas tariff as approved by its/Transporter's regulatory body.

3. Check Measuring Equipment: Shipper may install, maintain and operate, at the ~~redelivery point~~ Receipt Point, at its own expense, such check measuring equipment as desired, provided that such equipment shall be so installed as not to interfere with the operation of Union's measuring equipment at or near the ~~delivery point~~ Receipt Point, and shall be installed, maintained and operated in conformity with the same standards and specifications applicable to Union's metering facilities.
4. Calibration and Test of Measuring Equipment: The accuracy of Union's measuring equipment shall be verified by Union at reasonable intervals, and if requested, in the presence of representatives of Shipper, but Union shall not be required to verify the accuracy of such equipment more frequently than once in any thirty (30) day period. In the event either party notifies the other that it desires a special test of any measuring equipment, the parties shall co-operate to secure a prompt verification of the accuracy of such equipment. The expense of any such special test, if called for by Shipper, shall be borne by Shipper if the measuring equipment tested is found to be in error by not more than two per cent (2%). If, upon test, any measuring equipment is found to be in error by not more than two per cent (2%), previous recordings of such equipment shall be considered accurate in computing receipts and deliveries of gas, but such equipment shall be adjusted at once to record as near to absolute accuracy as possible. If the test conducted shows a percentage of inaccuracy greater than two per cent (2%), the financial adjustment, if any, shall be calculated in accordance with the Act and Regulations, as may be amended from time to time and in accordance with any successor statutes and regulations.
5. Preservation of Metering Records: Union and Shipper shall each preserve for a period of at least six (6) years all test data, and other relevant records.
- ~~7. Error in Metering or Meter Failure: In the event of an error in metering or a meter failure, (such error or failure being determined through check measurement by Union or any other available method), then Shipper shall enforce its rights as Shipper with the Interconnecting Pipeline(s) to remedy such error or failure including enforcing any inspection and/or verification rights and procedures.~~

## VIII. BILLING

1. Monthly Billing Date: Union shall render bills on or before the tenth (10<sup>th</sup>) day of each month for all Transportation Services furnished during the preceding Month. Such charges may be based on estimated quantities, if actual quantities are unavailable in time to prepare the billing. Union shall provide, in a succeeding Month's billing, an adjustment based on any difference between actual quantities and estimated quantities, without any interest charge. If presentation of a bill to Shipper is delayed after the tenth (10<sup>th</sup>) day of the month, then the time of payment shall be extended accordingly, unless Shipper is responsible for such delay.
2. Right of Examination: Both Union and Shipper shall have the right to examine at any reasonable time 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 the Contract.
3. Amendment of Statements: For the purpose of completing a final determination of the actual quantities of gas handled in any of the Transportation Services to Shipper, the parties shall have the right to amend their statement for a period equal to the time during which the Interconnecting Pipeline retains companies, that transport the gas contemplated herein for Union and Shipper, retain the right to amend their statements, which period shall not exceed three (3) years from the date of termination of the Contract.

## IX. PAYMENTS

1. Monthly Payments: Shipper shall pay the invoiced amount directly into Union's bank account as directed on the invoice on or before the twentieth (20<sup>th</sup>) day of each month. If the payment date is not a Business Day, then payment must be received in Union's account on the first Business Day preceding the twentieth (20<sup>th</sup>) day of the month.

2. Remedies for Non-payment: Should Shipper fail to pay all of the amount of any bill as herein provided when such amount is due,
- Shipper shall pay to Union interest on the unpaid portion of the bill accruing at a rate per annum equal to the minimum commercial lending rate of Union's principal banker in effect from time to time from the due date until the date of payment; and,
  - If such failure to pay continues for thirty (30) days after payment is due, Union, in addition to any other remedy it may have under the Contract, may suspend Services until such amount is paid. Notwithstanding such suspension, all demand charges shall continue to accrue hereunder as if such suspension were not in place.

If Shipper in good faith disputes the amount of any such bill or part thereof Shipper shall pay to Union such amounts as it concedes to be correct. At any time thereafter, within twenty (20) days of a demand made by Union, Shipper shall furnish financial assurances satisfactory to Union, guaranteeing payment to Union of the amount ultimately found due upon such bill after a final determination. Such a final determination may be reached either by agreement, arbitration decision or judgement of the courts, as may be the case. Union shall not be entitled to suspend Services because of such non-payment unless and until default occurs in the conditions of such financial assurances or default occurs in payment of any other amount due to Union hereunder.

Notwithstanding the foregoing, Shipper is not relieved from the obligation to continue its deliveries of gas to Union under the terms of any agreement, where Shipper has contracted to deliver specified quantities of gas to Union.

3. Billing Adjustments: If it shall be found that at any time or times Shipper has been overcharged or undercharged in any form whatsoever under the provisions of the Contract and Shipper shall have actually paid the bills containing such overcharge or undercharge, Union shall refund the amount of any such overcharge and interest shall accrue from and including the first day of such overcharge as paid to the date of refund and shall be calculated but not compounded at a rate per annum determined each day during the calculation period to be equal to the minimum commercial lending rate of Union's principal banker, and the Shipper shall pay the amount of any such undercharge, but without interest. In the event Union renders a bill to Shipper based upon measurement estimates, the required adjustment to reflect actual measurement shall be made on the bill next following the determination of such actual measurement, without any charge of interest. In the event an error is discovered in the amount billed in any statement rendered by Union, such error shall be adjusted by Union. Such overcharge, undercharge or error shall be adjusted by Union on the bill next following its determination (where the term "**bill next following**" shall mean a bill rendered at least fourteen (14) days after the day of its determination), provided that claim therefore shall have been made within three (3) years from the date of the incorrect billing. In the event any refund is issued with Shipper's bill, the aforesaid date of refund shall be deemed to be the date of the issue of bill.
4. Taxes: In addition to the charges and rates as per the applicable rate schedules and price schedules, Shipper shall pay all Taxes which are imposed currently or subsequent to the execution of the Contract by any legal authority having jurisdiction and any amount in lieu of such Taxes paid or payable by Union.
5. Set Off: If either party shall, at any time, be in arrears under any of its payment obligations to the other party under the Contract, then the party not in arrears shall be entitled to reduce the amount payable by it to the other party in arrears under the Contract, or any other contract, by an amount equal to the amount of such arrears or other indebtedness to the other party. In addition to the foregoing remedy, Union may, upon forty-eight (48) hours verbal notice, to be followed by written notice, take possession of any or all of Shipper's gas under the Contract ~~or any enhancement to the Contract,~~ which shall be deemed to have been assigned to Union, to reduce such arrears or other indebtedness to Union.
6. Station and Connection Costs: In the event that a meter station must be constructed and/or installed in order to give effect to this Contract, Shipper agrees to pay Union for a portion, as determined by Union, of Union's actual cost, as hereinafter defined, for constructing and installing such station. Shipper also agrees to pay the actual costs to connect such station to Union's pipeline and distribution system. Union shall advise Shipper as to the need for a meter station and shall provide Shipper with an estimate of the Aid to Construction. Such Aid to Construction shall include the costs of all pipe, fittings and materials, third party labour costs and Union's direct labour, labour saving devices, vehicles and mobile equipment, but shall exclude the purchase costs of gas pressure control equipment and gas meters installed by Union.

X. ARBITRATION



If and when any dispute, difference or question shall arise between the parties hereto touching the Contract or anything herein contained, or the construction hereof, or the rights, duties or liabilities of the parties in relation to any matter hereunder, the matter in dispute shall be submitted and referred to arbitration within ten (10) days after written request of either party. Upon such request each party shall appoint an arbitrator, and the two so appointed shall appoint a third. A majority decision of the arbitrators shall be final and binding upon both parties. In all other respects the provisions of the Arbitration Act, 1991, or any act passed in amendment thereof or substitution therefore, shall apply to each such submission. Operations under the Contract shall continue, without prejudice, during any such arbitration and the costs attributable to such arbitration shall be shared equally by the parties hereto.

## **XI. FORCE MAJEURE**

1. The term "**force majeure**" as used herein shall mean acts of God, strikes, lockouts or any other industrial disturbance, acts of the public enemy, sabotage, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of governments and people, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, freezing of wells or lines of pipe, inability to obtain materials, supplies, permits or labour, any laws, orders, rules, regulations, acts or restraints of any governmental body or authority (civil or military), any act or omission that is excused by any event or occurrence of the character herein defined as constituting force majeure, any act or omission by parties not controlled by the party having the difficulty and any other similar cases not within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome.
2. In the event that either the Shipper or Union is rendered unable, in whole or in part, by force majeure, to perform or comply with any obligation or condition of the Contract, such party shall give notice and full particulars of such force majeure in writing delivered by hand, fax or other direct written electronic means to the other party as soon as possible after the occurrence of the cause relied on and subject to the provision of this Article.
3. Neither party shall be entitled to the benefit of the provisions of force majeure hereunder if any or all of the following circumstances prevail: the failure resulting in a condition of force majeure was caused by the negligence of the party claiming suspension; the failure was caused by the party claiming suspension where such party failed to remedy the condition by making all reasonable efforts (short of litigation, if such remedy would require litigation); the party claiming suspension failed to resume the performance of such condition obligations with reasonable dispatch; the failure was caused by lack of funds; the party claiming suspension did not, as soon as possible after determining, or within a period within which it should acting reasonably have determined, that the occurrence was in the nature of force majeure and would affect its ability to observe or perform any of its conditions or obligations under the Contract, give to the other party the notice required hereunder.
4. The party claiming suspension shall likewise give notice as soon as possible after the force majeure condition is remedied, to the extent that the same has been remedied, and that such party has resumed or is then in a position to resume the performance of the obligations and conditions of the Contract.
5. An event of force majeure on Union's system will excuse the failure to deliver gas by Union or the failure to accept gas by Union hereunder, and both parties shall be excused from performance of their obligations hereunder, except for payment obligations, to the extent of and for the duration of the force majeure.
6. Upstream or Downstream Force Majeure: An event of force majeure upstream or downstream of Union's system shall not relieve Shipper of any payment obligations.
7. Delay of ~~Firm Transportation~~ Services: Despite Article XI herein, if Union is prevented, by reason of an event of force majeure on Union's system from delivering gas on the Day or Days upon which Union has accepted gas from Shipper, Union shall thereafter make all reasonable efforts to deliver such quantities as soon as practicable and on such Day or Days as are agreed to by Shipper and Union. If Union accepts such gas on this basis, Shipper shall not receive any demand charge relief as contemplated under Article XI herein.
8. **Firm Daily Variability** Demand Charge Relief ~~for Firm Transportation Services~~: Despite Article XI herein, if on any Day Union fails to accept gas from Shipper by reason of an event of force majeure on Union's system and fails to deliver the quantity of gas nominated hereunder by Shipper up to the ~~firm Contract~~ **Firm Daily Variability** Demand for that Contract, then for that Day the Monthly ~~demand~~ charge shall be reduced by an amount equal to the applicable **Firm Daily**



**Variability Demand Rate**, as defined in this paragraph, multiplied by the difference between the quantity of gas actually delivered by Union during such Day and the quantity of gas which Shipper in good faith nominated on such Day. The term "**Firm Daily Variability Demand Rate**" shall mean the ~~Monthly demand~~ **Firm Daily Variability Demand** charge ~~or equivalent pursuant to the C1 Rates provided in Schedule 2 of the Contract~~, divided by the number of days in the month for which such rate is being calculated.

~~9. If, due to the occurrence of an event of force majeure as outlined above, the capacity for gas deliveries by Union is impaired, it will be necessary for Union to curtail Shipper's gas receipts to Union hereunder, via proration based on utilization of such facilities for the Day. This proration shall be determined by multiplying the capability of such facilities as available downstream of the impairment on the Day, by a fraction where the numerator is Shipper's nominated firm quantity and the denominator is the total of all such nominated firm quantities for nominated services and planned consumption for in franchise customers on the Day. For the purposes of this Article XI, firm services shall mean all firm services provided by Union to in franchise customers and ex franchise shippers.~~

## **XII. DEFAULT AND TERMINATION**

In case of the breach or non-observance or non-performance on the part of either party hereto of any covenant, proviso, condition, restriction or stipulation contained in the Contract (but not including herein failure to take or make delivery in whole or in part of the gas delivered to/by Union hereunder occasioned by any of the reasons provided for in Article XI herein) which has not been waived by the other party, then and in every such case and as often as the same may happen, the non-defaulting party may give written notice to the defaulting party requiring it to remedy such default and in the event of the defaulting party failing to remedy the same within a period of thirty (30) days from receipt of such notice, the non-defaulting party may at its sole option declare the Contract to be terminated and thereupon the Contract shall be terminated and be null and void for all purposes other than and except as to any liability of the parties under the same incurred before and subsisting as of termination. The right hereby conferred upon each party 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.

In the event that this Contract is terminated pursuant to this Article XII, the parties hereto agree that they shall continue to be bound only by the terms and conditions set forth in the Contract but only for the purpose of determining the actual quantities in Shipper's Producer Balancing Account with such determination being subject to Article X. Such extended period of time shall not exceed one (1) year from the date of termination of this Contract.

## **XIII. AMENDMENT**

Subject to Article XV herein and the ability of Union to amend the applicable rate schedules and price schedules, with the approval of the OEB (if required), no amendment or modification of the Contract shall be effective unless the same shall be in writing and signed by each of the Shipper and Union.

## **XIV. NON-WAIVER AND FUTURE DEFAULT**

No waiver of any provision of the Contract shall be effective unless the same shall be in writing and signed by the party entitled to the benefit of such provision and then such waiver shall be effective only in the specific instance and for the specified purpose for which it was given. No failure on the part of Shipper or Union to exercise, and no course of dealing with respect to, and no delay in exercising, any right, power or remedy under the Contract shall operate as a waiver thereof.

## **XV. LAWS, REGULATIONS AND ORDERS**

The Contract and the respective rights and obligations of the parties hereto are subject to all present and future valid laws, orders, rules and regulations of any competent legislative body, or duly constituted authority now or hereafter having jurisdiction and the 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 the Contract.

## **XVI. ALLOCATION OF CAPACITY RESERVED FOR FUTURE USE**

- ~~1. A potential shipper may request transportation service on Union's system at any time. Any request for C1 transportation service must include: potential shipper's legal name, Receipt Point(s), Delivery Point(s), Commencement Date, Initial Term, Contract Demand, proposed payment, and type of transportation service requested.~~
- ~~2. If requests for firm transportation services cannot be met through existing capacity such that the only way to satisfy the requests for transportation service would require the construction of Expansion Facilities which create new capacity, Union shall allocate any such new capacity by open season, subject to the terms of the open season, and these General Terms and Conditions.~~
- ~~3. If requests for long term transportation service can be met through existing facilities upon which long term capacity is becoming available, Union shall allocate such long term capacity by open season, subject to the terms of the open season, and these General Terms and Conditions. "Long term", for the purposes of this Article XVI, means, in the case of a transportation service, a service that has a term of one year or greater.~~
- ~~4. Capacity requests received during an open season shall be awarded starting with those bids with the highest economic value. If the economic values of two or more independent bids are equal, then service shall be allocated on a pro-rata basis. The economic value shall be based on the net present value which shall be calculated based on the proposed per-unit rate and the proposed term of the contract and without regard to the proposed Contract Demand ("NPV").~~
- ~~5. Union may at any time allocate capacity to respond to any C1 transportation service request through an open season. If a potential shipper requests C1 transportation service that can be provided through Available Capacity that was previously offered by Union in an open season but was not awarded, then:~~
  - ~~a. Any such request must conform to the requirements of Section 1 of this Article XVI;~~
  - ~~b. Union shall allocate capacity to serve such request pursuant to this Section 5, and subject to these General Terms and Conditions and Union's standard form C1 transportation contract;~~
  - ~~c. Union may reject a request for C1 transportation service for any of the following reasons:~~
    - ~~i) if there is insufficient Available Capacity to fully meet the request, but if that is the only reason for rejecting the request for service, Union must offer to supply the Available Capacity to the potential shipper;~~
    - ~~ii) if the proposed monthly payment is less than Union's Monthly demand charge plus fuel requirements for the applicable service;~~
    - ~~iii) if prior to Union accepting the request for transportation service Union receives a request for transportation service from one or more other potential shippers and there is, as a result, insufficient Available Capacity to service all the requests for service, in which case Union shall follow the procedure in Section 5 d hereof;~~
    - ~~iv) if Union does not provide the type of transportation service requested; or~~
    - ~~v) if all of the conditions precedent specified in Article XXI Sections 1 and 2 herein have not been satisfied or waived.~~
  - ~~d. Union will advise the potential shipper in writing whether Union accepts or rejects the request for service, subject to Article XVI 5(c) within 5 calendar days of receiving a request for C1 transportation service. If Union rejects a request for service, Union shall inform the potential shipper of the reasons why its request is being rejected; and~~
  - ~~e. If Union has insufficient Available Capacity to service all pending requests for transportation service Union may:~~
    - ~~i) Reject all the pending requests for transportation service and conduct an open season; or~~

- ii) ~~Union shall inform all the potential shippers who have submitted a pending request for transportation service that it does not have sufficient capacity to service all pending requests for service, and Union shall provide all such potential shippers with an equal opportunity to submit a revised request for service. Union shall then allocate the Available Capacity to the request for transportation service with the highest economic value to Union. If the economic values of two or more requests are equal, then service shall be allocated on a pro rata basis. The economic value of any request shall be based on the NPV.~~

N/A

## XVII. RENEWALS

~~Contracts with an Initial Term of five (5) years or greater, with Receipt Points and Delivery Points of Parkway or Kirkwall or Dawn (Facilities). The Contract will continue in full force and effect beyond the Initial Term, automatically renewing for a period of one (1) year, and every one (1) year thereafter. Shipper may reduce the Contract Demand or terminate the Contract with, subject to notice in writing by Shipper either party of termination at least two (2) years three (3) months prior to the expiration thereof.~~

~~For all other contracts, the Contract will continue in full force and effect until the end of the Initial Term, but shall not renew.~~

## XVIII. SERVICE CURTAILMENT

1. ~~Union shall have the right to curtail or not to schedule part or all of Transportation Services, in whole or in part, on all or a portion of its pipeline system at any time for reasons of Force Majeure or when, in Union sole discretion, acting reasonably, capacity or operating conditions so require or it is desirable or necessary to make modifications, repairs or operating changes to its pipeline system. Union shall provide Shipper such notice of such curtailment as is reasonable under the circumstances. If due to any cause whatsoever Union is unable to receive or deliver the quantities of Gas which Shipper has requested, then Union shall order curtailment by all Shippers affected and to the extent necessary to remove the effect of the disability. Union has a priority of service policy to determine the order of service curtailment. In order to place services on the priority of service list, Union considers the following business principles: appropriate level of access to core services, customer commitment, encouraging appropriate contracting, materiality, price and term, and promoting and enabling in franchise consumption.~~

~~The Priority ranking for all services utilizing Union Gas' storage, transmission and distribution system as applied to both in franchise and ex franchise services are as follows; with number 1 having the highest priority and the last interrupted.~~

- ~~1. Firm In franchise Transportation and Distribution services and firm Ex franchise services (Note 1)~~
- ~~2. In franchise Interruptible Distribution services~~
- ~~3. C1/M12 IT Transport and IT Exchanges with Take or Pay rates~~
- ~~4. Balancing (Hub Activity)  $\leq$  100 GJ/d; Balancing (Direct Purchase)  $\leq$  500 GJ/d; In franchise distribution authorized overrun (Note 3)~~
- ~~5. C1/M12 IT Transport and IT Exchanges at premium rates~~
- ~~6. C1/M12 Overrun  $\leq$  20% of CD (Note 4)~~
- ~~7. Balancing (Direct Purchase)  $>$  500 GJ/d~~
- ~~8. Balancing (Hub Activity)  $>$  100 GJ/d; C1/M12 IT Transport and IT Exchanges~~
- ~~9. C1/M12 Overrun  $>$  20% of CD~~
- ~~10. C1/M12 IT Transport and IT Exchanges at a discount~~
- ~~11. Late Nominations~~

~~Notes:~~

- ~~1. Nominated services must be nominated on the NAESB Timely Nomination Cycle otherwise they are considered to be late nomination and are therefore interruptible.~~
- ~~2. Higher value or more reliable IT is contemplated in the service and contract, when purchase at market competitive prices.~~
- ~~3. Captures the majority of customers that use Direct Purchase balancing transactions.~~
- ~~4. Captures the majority of customers that use overrun.~~

- ~~2. Union reserves the right to change its procedures for sharing interruptible capacity and will provide Shipper with two (2) months prior notice of any such change.~~
- ~~3. Maintenance: Union's facilities from time to time may require maintenance or construction. If such maintenance or construction is required, and in Union's sole opinion, acting reasonably, such maintenance or construction may impact Union's ability to meet Shipper's requirements, Union shall provide at least ten (10) days notice to Shipper, except in the case of an emergency. In the event the maintenance impacts on Union's ability to meet Shipper's requirements, Union shall not be liable for any damages and shall not be deemed in breach of the Contract. To the extent that Union's ability to accept and/or deliver Shipper's gas is impaired, the Monthly demand charge shall be reduced in accordance with Article XI Section 8 and available capacity allocated in accordance with Article XI Section 9 herein.~~

~~Union shall use reasonable efforts to determine a mutually acceptable period during which such maintenance or construction will occur and also to limit the extent and duration of any impairments. Union will endeavour to schedule and complete the maintenance and construction, which would normally be expected to impact on Union's ability to meet Shipper's requirements, during the period from April 1 through to November 1.~~

1. Excepting instances of emergency, Shipper and Union agree to give at least twenty-four (24) hours verbal notice before a planned curtailment of receipt or delivery, shut-down or start-up.
2. Shipper shall complete and maintain a plan which depicts all of the Shipper's gas production facilities including all emergency shut off valves and emergency equipment and provide a copy to Union upon Union's request. Shipper shall provide to Union the names and telephone numbers of those persons whom Union may contact in the event of an emergency situation arising within the Shipper's facilities.
3. In the event that Union is notified by a third party or if Union becomes aware of an emergency situation in which Shipper's gas production site, pipeline or associated equipment is involved, Union shall immediately notify Shipper or Shipper's representative of such emergency condition.
4. Union shall have the right, at all times, to reconstruct or modify Union's pipeline and distribution system and the pressure carried therein, notwithstanding that such reconstruction or modification may reduce the System Capacity available to receive Shipper's gas, or Shipper's ability to deliver gas to Union. Should Union expect any such reconstruction or modification to reduce the delivery or receipt of gas by either party, Union will, where able, provide Shipper with six (6) months' notice or as much notice as is reasonably practical in the circumstances. Union shall use reasonable efforts to assist the Shipper in meeting its Market Quantity in these circumstances.

#### **XIX. SHIPPER'S REPRESENTATIONS AND WARRANTIES**

1. Shipper's Warranty: Shipper warrants that it will, if required, maintain, or have maintained on its behalf, all external approvals including the governmental, regulatory, import/export permits and other approvals or authorizations that are required from any federal, state or provincial authorities for the gas quantities to be handled under the Contract. Shipper further warrants that it shall maintain in effect the Facilitating Agreements.
- ~~2. Financial Representations: Shipper represents and warrants that the financial assurances (including the Initial Financial Assurances and Security) (, if any), shall remain in place throughout the term hereof, unless Shipper and Union agree otherwise. Shipper shall notify Union in the event of any change to the financial assurances (including the Initial Financial Assurances and Security), if any, throughout the term hereof. Should Union have reasonable grounds to believe that Shipper will not be able to perform or continue to perform any of its obligations under the Contract as for any reason (a result of one of the following events ("Material Event")):~~
  - ~~a. Shipper is in default, which default has not been remedied, of the Contract or is in default of any other material contract with Union or another party; or,~~
  - ~~b. Shipper's corporate or debt rating falls below investment grade according to at least one nationally recognized rating agency; or,~~
  - ~~c. Shipper ceases to be rated by a nationally recognized agency; or,~~
  - ~~d. Shipper has exceeded credit available as determined by Union from time to time.~~

2. ), then Shipper shall within fourteen (14) days of receipt of written notice by Union, obtain and provide to Union a letter of credit or other security in the form and amount reasonably required by Union (the "Security"). ~~The Security plus the Initial Financial Assurances shall not exceed twelve (12) months of Monthly demand charges (in accordance with Article IX herein) multiplied by Contract Demand.~~ In the event that Shipper does not provide to Union such Security ~~within such fourteen (14) day period~~, Union may deem a default ~~underin accordance with the Default and Termination~~ provisions of Article XII herein.

In the event that Shipper in good faith, reasonably believes that it should be entitled to reduce the amount of or value of the Security previously provided, it may request such a reduction from Union and to the extent that the Material Event has been mitigated or eliminated, Union shall return all or a portion of the Security to Shipper within fourteen (14) Business Days after receipt of the request.

~~The following paragraphs 3 and/or 4 are only applicable if indicated in Schedule 1 of the Contract.~~

3. ~~Point of Consumption Warranty: Shipper represents and warrants that, throughout the term of this Contract, all quantities of gas received by Union hereunder at the Receipt Point and/or all Loaned Quantities will be consumed in the U.S.A. Should any quantities of gas hereunder be directed to an end user in Canada, Shipper shall immediately notify Union that such quantities of gas will be consumed in Canada, as failure to do so will make Shipper liable to Union for any Taxes and related interest and penalties thereon, made as a result of such change.~~
4. ~~Tax Registration re GST: Shipper warrants and represents that it is unregistered and a Non-Resident for purposes of the Excise Tax Act. Shipper agrees to notify Union within ten (10) working days if it becomes registered. "GST/HST" shall mean the Government of Canada's Goods and Services Tax or Harmonized Sales Tax as legislated under The Excise Tax Act, as may be amended from time to time.~~
3. Licence: Shipper represents and warrants to Union that Shipper possesses a licence to produce gas in the Province of Ontario.

## XX. MISCELLANEOUS PROVISIONS

1. ~~Permanent Assignment:~~ Shipper may assign the Contract to a third party ("Assignee"), up to the ~~Contract Demand~~ Maximum Daily Quantity, (the "**Capacity Assigned**"). Such assignment shall require the prior written consent of Union and release of obligations by Union for the Capacity Assigned from the date of assignment. Such consent and release shall not be unreasonably withheld and shall be conditional upon the Assignee providing, amongst other things, financial assurances as per Article XXI herein. Any such assignment will be for the full rights, obligations and remaining term of the Contract as relates to the Capacity Assigned.
2. ~~Temporary Assignment: Shipper may, upon notice to Union, assign all or a part of its service entitlement under the Contract (the "Assigned Quantity") and the corresponding rights and obligations to an Assignee on a temporary basis for not less than one calendar month. Such assignment shall not be unreasonably withheld and shall be conditional upon the Assignee executing the Facilitating Agreement as per Article XXI herein. Notwithstanding such assignment, Shipper shall remain obligated to Union to perform and observe the covenants and obligations contained herein in regard to the Assigned Quantity to the extent that Assignee fails to do so.~~
2. Title to Gas: Shipper represents and warrants to Union that Shipper shall have good and marketable title to, or legal authority to deliver to Union, all gas delivered to Union hereunder. Furthermore, Shipper hereby agrees to indemnify and save Union harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of claims of any or all third parties to such gas or on account of Taxes, or other charges thereon.

## XXI. PRECONDITIONS TO ~~TRANSPORTATION~~ SERVICES

1. The obligations of Union to provide ~~Transportation~~ Services hereunder are subject to the following conditions precedent, which are for the sole benefit of Union and which may be waived or extended in whole or in part in the manner provided in the 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 provide the ~~Transportation~~ Services; and,
  - b. Union shall have obtained all internal approvals that are necessary or appropriate to provide the ~~transportation~~ Services; and,
  - c. Union shall have received from Shipper the requisite financial assurances reasonably necessary to ensure Shipper's ability to honour the provisions of the Contract (the "Initial Financial Assurances"). The Initial Financial Assurances, if required, will be as determined solely by Union; and,
  - d. Shipper and Union shall have entered into the Interruptible HUB Service Contract or equivalent (the "Facilitating Agreement") with Union; ~~and,~~
  - e. Union shall, where applicable, have obtained all internal and external approvals including the governmental, regulatory and other approvals or authorizations required to construct any facilities necessary to provide the Services hereunder, which approvals and authorizations, if granted upon conditions, shall be conditions satisfactory to Union; and,
  - f. Union shall, where applicable, have completed and placed into service those facilities necessary to provide the Services hereunder; and,
  - g. Further to Article IX Section 6 herein, Shipper shall pay to Union a payment ("First Prepayment") towards the Aid to Construction at the time of the execution of this Agreement. Shipper shall pay a payment prior to installation of the meter station ("Second Prepayment"). The foregoing payments are specified in the attached Schedule 1 for the first meter station ("Receipt Point #1") to be installed under this contract. Payments for additional meter stations will be handled by written mutual agreement between the parties. Shipper shall pay Union the difference if the actual Aid to Construction is more than the Prepayments, within thirty (30) days of the delivery of an invoice from Union on which the actual costs for construction and installation of facilities are stated. Union shall pay Shipper the difference if the actual Aid to Construction is less than the Prepayments. In the event Shipper terminates this Agreement prior to Union incurring any costs related to the construction, installation or connection of the meter station, Shipper's Prepayments shall be returned to Seller, without interest, within fifteen (15) days notice to Union of such termination by Shipper. In the event Union has incurred costs, as set out herein, relative to the construction, installation or connection of the meter station prior to being notified by Shipper of Shipper's intention to terminate the Agreement, Union shall deduct such actual costs from Union's return of Shipper's Prepayments. "Prepayments" shall mean the sum of the First Prepayment and the Second Prepayment.
2. The obligations of Shipper hereunder are subject to the following conditions precedent, which are for the sole benefit of Shipper and which may be waived or extended in whole or in part in the manner provided in the Contract:
- a. Shipper shall, as required, have entered into the necessary contracts with Union and/or others to facilitate the ~~Transportation~~ Services contemplated herein, including contracts for upstream and downstream transportation, and shall specifically have an executed and valid Facilitating Agreement; ~~and shall, as required, have entered into the necessary contracts to purchase the gas quantities handled under the Contract;~~ and,
  - b. Shipper shall have obtained, in form and substance satisfactory to Shipper, and all conditions shall have been satisfied under, all governmental, regulatory and other third party approvals, consents, orders and authorizations, that are required from federal, state, or provincial authorities for the gas quantities handled under the Contract; and,
  - c. Shipper shall have obtained all internal approvals that are necessary or appropriate for the Shipper to execute the Contract; ~~and,~~
  - d. Shipper shall have cancelled or renegotiated its Sales Agreement, on terms satisfactory to Union, as applicable.
3. Union and Shipper shall each use due diligence and reasonable efforts to satisfy and fulfil the conditions precedent specified in this Article XXI Section 1 a, c, ~~and d~~, e, f, g, and Section 2 a ~~and~~, b, ~~and d~~. Each party shall notify the other forthwith in writing of the satisfaction or waiver of each condition precedent for such party's benefit. If a party concludes

that it will not be able to satisfy a condition precedent that is for its benefit, such party may, upon written notice to the other party, terminate the Contract and upon the giving of such notice, the Contract shall be of no further force and effect and each of the parties shall be released from all further obligations thereunder.

4. If any of the conditions precedent in this Article XXI Section 1 c or Section 2 are not satisfied or waived by the party entitled to the benefit of that condition by the Conditions Date as such term is defined in the Contract, [or if any of the Shipper payments required under the condition precedent in this Article XXI Section 1 g have not been paid as required in such section](#), then either party may, upon written notice to the other party, terminate the Contract and upon the giving of such notice, the Contract shall be of no further force and effect and each of the parties shall be released from all further obligations hereunder, provided that any rights or remedies that a party may have for breaches of the Contract prior to such termination and any liability a party may have incurred before such termination shall not thereby be released.

**GENERAL TERMS & CONDITIONS  
M16 TRANSPORTATION AGREEMENT**

**I. DEFINITIONS**

Except where the context expressly requires or states another meaning, the following terms, when used in these General Terms & Conditions and in any contract into which these General Terms & Conditions are incorporated, shall be construed to have the following meanings:

1. "Banking Day" shall mean a day on which the general offices of the Canadian Imperial Bank of Commerce, 99 King St. W., Chatham, Ontario are open for business;
2. "business day" shall mean a day on which the general offices of Union in Chatham, Ontario are open for business;
3. "Contract" shall refer to the Contract to which these General Terms & Conditions shall apply, and into which they are incorporated;
4. "contract year" shall mean a period of three hundred and sixty-five (365) consecutive days, beginning on the day agreed upon by Union and Shipper as set forth in the Contract, or on any anniversary of such date; provided, however, that any such period which contains a date of February 29 shall consist of three hundred and sixty-six (366) consecutive days;
5. "day" shall mean a period of twenty-four (24) consecutive hours beginning at 9:00 a.m. Central Standard time. The reference date for any day shall be the calendar date upon which the twenty-four (24) hour period shall commence;
6. "month" shall mean the period beginning at 9:00 a.m. Central Standard time on the first day of a calendar month and ending at 9:00 a.m. Central Standard time on the first day of the following calendar month;
7. "firm" shall mean service not subject to curtailment or interruption except under Articles XI and XII of this Schedule "B";
8. "interruptible service" shall mean service subject to curtailment or interruption, after notice, at any time;
9. "gas" shall mean gas as defined in the Ontario Energy Board Act, R.S.O. 1980, c. 332, as amended, supplemented or reenacted from time to time;
10. "cubic metre" shall mean the volume of gas which occupies one cubic metre when such gas is at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;
11. "m<sup>3</sup>" shall mean cubic metre of gas and "10<sup>3</sup>m<sup>3</sup>" shall mean 1,000 cubic metres of gas;
12. "pascal" (Pa) shall mean the pressure produced when a force of one (1) newton is applied to an area of one (1) square metre. The term "kilopascal" (kPa) shall mean 1,000 pascals;
13. "joule" (J) shall mean 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;
14. "gross heating value" shall mean the total heat expressed in megajoules per cubic metre (MJ/m<sup>3</sup>) produced by the complete combustion at constant pressure of one (1) cubic metre of gas with air, with the gas free of water vapour and the temperature of the gas, air and products of combustion at standard temperature and all water formed by the combustion reaction condensed to the liquid state;
15. "Shipper" shall have the meaning as defined in the Contract, and shall also include Shipper's Agent(s);
16. "subsidiary" means a company in which more than fifty (50) per cent of the issued share capital (having full voting rights under all circumstances) is owned or controlled directly or indirectly by another company, by one or more



subsidiaries of such other company, or by such other company and one or more of its subsidiaries;

17. "TCPL" means TransCanada PipeLines Limited;
18. "NOVA" means Gas Transmission Ltd.;
19. "Panhandle" means CMS Panhandle Eastern Pipeline Company;
20. "MichCon" means Michigan Consolidated Gas Company;
21. "SCPL" means St. Clair Pipelines (1996) Ltd.;
22. "OEB" means the Ontario Energy Board;
23. "NEB" means the National Energy Board (Canada);
24. "GLGT" means Great Lakes Gas Transmission Company;
25. "CMS" means CMS Gas Transmission and Storage Company; ~~and,~~
26. "Consumers" means The Consumers' Gas Company, Limited-;
27. "cricondenthm hydrocarbon dewpoint" shall mean the highest hydrocarbon dewpoint temperature on the phase envelope;
28. "hydrocarbon dewpoint" shall mean temperature at a specific pressure where hydrocarbon vapour condensation begins;
29. "specific gravity" shall mean density of the gas divided by density of air, with both at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute; and,
30. "Wobbe Number" shall mean gross heating value of the gas divided by the square root of its specific gravity.

## II. GAS QUALITY

1. Natural Gas: The minimum gross heating value of the gas delivered to/by Union hereunder, shall be thirty-six (36) megajoules per cubic metre. The maximum gross heating value of the gas delivered to/by Union hereunder shall be forty point two (40.2) megajoules per cubic metre. The gas to be delivered hereunder to Union may be a commingled supply from Shipper's ~~natural~~-gas sources of supply. The gas to be delivered by Union may be a commingled supply from Union's sources of gas supply; provided, however, that helium, natural gasoline, butane, propane and other hydrocarbons, except methane, may be removed prior to delivery to Shipper. Further, Union may subject, or permit the subjection of, the gas to compression, dehydration, cooling, cleaning and other processes.
2. Freedom from objectionable matter: The gas to be delivered to Union at the ~~Delivery Locations~~Receipt Point(s) hereunder,
  - a. shall be ~~merchantable and~~-commercially free from ~~bacteria~~, sand, dust, gums, crude oils, lubricating oils, liquids, chemicals or compounds used in the production, treatment, compression or dehydration of the gas or any other objectionable substance in sufficient quantity so as to render the gas toxic, unmerchantable or cause injury to, or interference with, the proper operation of the lines, regulators, meters or other appliances through which it flows-;
  - b. shall not contain more than seven (7) milligrams of hydrogen sulphide per cubic metre of gas, nor more than one hundred (100) milligrams of total sulphur (~~S~~) per cubic metre of gas-~~as determined by standard methods of testing~~;
  - c. shall not contain more than five (5) milligrams of mercaptan sulphur per cubic metre of gas-;

- d. shall not contain more than two point zero (2.0) molar percent by volume of carbon dioxide in the gas;
  - e. shall not contain more than zero point four (0.4) molar percent by volume of oxygen in the gas;
  - f. shall not contain more than zero point five (0.5) molar percent by volume of carbon monoxide in the gas;
  - ~~f. shall not contain more than zero point four (0.4) molar percent by volume of oxygen in the gas.~~
  - g. shall not contain more than four point zero (4.0) ~~by volume~~ molar percent ~~by volume~~ of hydrogen in the gas;
  - h. shall not contain more than ~~eighty (80)~~sixty-five (65) milligrams of water vapour per cubic metre of ~~the gas~~;
  - i. shall not have a cricondentherm hydrocarbon dewpoint exceeding minus ~~ten (-10)~~eight (-8) degrees Celsius ~~at five thousand five hundred (5500) kPa pressure~~;
  - ~~j. shall not contain less than one point zero (1.0) molar percent by volume of ethane in the gas.~~
  - ~~k. shall at all time be interchangeable with other pipeline gas such that the yellow tipping, flashback and lifting factors shall be within the range permitted for gas according to AGA Research Bulletin No. 36;~~
  - j. shall have Wobbe Number from forty seven point fifty (47.50) megajoules per cubic metre of gas to fifty one point forty six (51.46) megajoules per cubic metre of gas, maximum of one point five (1.5) mole percent by volume of butane plus (C4+) in the gas, and maximum of four point zero (4.0) mole percent by volume of total inerts in the gas in order to be interchangeable with other Interconnecting Pipeline gas,
  - lk. shall not exceed forty-three degrees Celsius (43°C);, and,
  - ml. shall not be odourized by Shipper.
3. ~~Shipper shall subject any gas delivered hereunder to compression, cooling, cleaning or other processes to such an extent as may be required to obtain the necessary quality and for transmission to the Delivery Locations, provided the quality of the gas continues to comply with the specifications set out in this Contract.~~
- ~~4. Shipper may extract hydrocarbon and non hydrocarbon constituents, other than methane except as required in the processing or compression of the gas, prior to delivery at the Delivery Locations hereunder, and shall have the right to remove such methane as is removed by necessity from the gas in removing other constituents, provided that Shipper in such processing shall not reduce the Gross Heating Value below that which is stated in Section II, Clause 1 herein and provided that such extraction will not cause a breach of the quality specifications set forth in this Section II.~~
- Non-conforming Gas:
- 5a. In the event that the quality of the gas does not conform or if Union, acting reasonably, suspects the quality of the gas may not conform to the specifications herein, then Shipper shall, if so directed by Union acting reasonably, forthwith carry out, at Shipper's cost, whatever field testing of the gas quality as may be required to ensure that the quality requirements set out herein are met, and to provide Union with a certified copy of such tests. If Shipper does not carry out such tests forthwith, Union may conduct such test and Shipper shall reimburse Union for all costs incurred by Union for such testing.
  - 6b. If ~~the~~ Shipper's gas fails at any time to conform to the requirements of this ~~Section~~Article II, Union, in addition to its other remedies, may refuse to accept delivery of gas at the ~~Delivery Locations~~Receipt Points hereunder until such deficiency has been remedied by Shipper. Each Party agrees to notify the other verbally, followed by written notification, of any such deficiency of quality.
  - c. With respect to Article II 2. h. herein, Union may accept the gas subject to Shipper's obligations under the Dehydration Contract, if applicable.
- ~~7. Freedom from objectionable matter: The gas to be delivered to Union at Dawn (TCPL) or the gas to be delivered by Union to Shipper at Dawn (TCPL) hereunder,~~

- a. ~~shall be commercially free from sand, dust, gums, crude oils, lubricating oils, liquids, chemicals or compounds used in the production, treatment, compression or dehydration of the gas or any other objectionable substance in sufficient quantity so as to render the gas toxic, unmerchantable or cause injury to or interference with the proper operation of the lines, regulators, meters or other appliances through which it flows;~~
  - b. ~~shall not contain more than seven (7) milligrams of hydrogen sulphide per cubic metre of gas nor more than four hundred and sixty (460) milligrams of total sulphur per cubic metre of gas as determined by standard methods of testing;~~
  - c. ~~shall not contain more than five (5) milligrams of mercaptan sulphur per cubic metre of gas;~~
  - d. ~~shall not contain more than two point zero (2.0) molar percent by volume of carbon dioxide in the gas;~~
  - e. ~~shall not contain more than zero point five (0.5) molar percent by volume of carbon monoxide in the gas;~~
  - f. ~~shall not contain more than zero point four (0.4) molar percent by volume of oxygen in the gas;~~
  - g. ~~shall not contain more than four point zero (4.0) molar percent by volume of hydrogen in the gas;~~
  - h. ~~shall not contain more than eighty (80) milligrams of water vapour per cubic metre of the gas;~~
  - i. ~~shall not have a hydrocarbon dewpoint exceeding minus ten (-10) degrees Celsius at five thousand five hundred (5500) kPa pressure;~~
  - j. ~~shall not contain less than one point zero (1.0) molar percent by volume of ethane in the gas;~~
  - k. ~~shall at all times be interchangeable with other pipeline gas such that the yellow tipping, flashback and lifting factors shall be within the range permitted for gas according to AGA Research Bulletin No. 36.~~
4. Quality of Gas Received: The quality of the gas to be received by Union at the Receipt Point(s) hereunder is to be of a merchantable quality and in accordance with the quality standards as set out by Union in this Article II.
  5. Quality of Gas at Dawn: The quality of the gas to be delivered to Union at Dawn (Facilities) or the gas to be delivered by Union to Shipper at Dawn (Facilities) hereunder is to be of a merchantable quality and in accordance with the quality standards and measurement standards as set out by Union in this Article II, except that total sulphur limit shall be not more than four hundred and sixty (460) milligrams per cubic metre of gas. In addition to any other right or remedy of a party, each party shall be entitled to refuse to accept delivery of any gas which does not conform to any of the specifications set out in this Article II.
  6. Odourization of Gas:
    - a. Union may odourize or deliver odourized gas under the Contract,
    - b. Shipper shall if requested by Union monitor the mercaptan sulphur content of the gas delivered to Union under the Contract and shall provide at no cost to Union a continuous signal quantifying the mercaptan sulphur content in milligrams per cubic metre.

### III. MEASUREMENTS

1. Storage, Transportation, and/or Sales Unit: ~~("The Unit") The Unit~~unit of the gas delivered to Union shall be a megajoule or a gigajoule. The unit of gas transported or stored by Union shall be a megajoule or a gigajoule. The unit of gas delivered by Union shall be a megajoule, a gigajoule, a cubic ~~metre~~metre (m<sup>3</sup>) or one thousand cubic metres (10<sup>3</sup>m<sup>3</sup>) at Union's discretion.
2. Determination of Volume and Energy:
  - a. The volume and energy amounts determined under ~~this contract~~the Contract shall be determined in accordance with the Electricity and Gas Inspection Act, assented to 31 March, 1982 (Canada), RSC 1985, c

E-4- (the "Act") and the Electricity and Gas Inspection Regulations, ~~P.C. 1986-116, 16 January, 1986, SOR 86/131~~ (the "Regulations"), and any documents issued under the authority of the Act and Regulations and any amendments thereto.

- 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, ~~all as amended from time to time.~~
- c. The volume and/or energy of the gas delivered to/by Union hereunder shall be determined by the measurement equipment designated in Article VII ~~Measuring Equipment, of this schedule~~herein.
- d. ~~Upon request by Union, Shipper shall obtain measurement of the total quantity of gas received by Union hereunder from the Interconnecting Pipeline. Such measurement shall be done in accordance with established practices between Union and the Interconnecting Pipeline.~~

#### IV. POINT OF RECEIPT AND POINT OF DELIVERY

1. Unless otherwise specified in the Contract, the point or points of receipt for all gas to be covered thereunder shall be on the outlet side of the measuring stations located at or near the point or points of connection specified in the Contract, where Union takes possession of the gas. Whenever the phrase "receipt point" appears herein, it shall mean Point of Receipt as defined in this Article IV.
2. Unless otherwise specified in the Contract, the point or points of delivery for all gas to be covered hereunder shall be on the outlet side of the measuring stations located at or near the point or points of connection as specified in the Contract, where Shipper takes possession of the gas. Whenever the phrase "delivery point" shall appear hereon, it shall mean Point of Delivery as defined in this Article IV.

#### V. POSSESSION OF AND RESPONSIBILITY FOR GAS

~~N/A-~~

#### VI. FACILITIES ON SHIPPER'S PROPERTY

~~N/A-~~

#### VII. MEASURING EQUIPMENT

1. Metering by Union: Union will install and operate meters and related equipment as required and in accordance with the Act and Regulations ~~referenced in Article III 2-~~herein.
2. Metering by Others: In the event that all or any gas delivered to/by Union hereunder is measured by a meter that is owned and operated by ~~a pipeline company whose facilities interconnect with Union's an~~ Interconnecting Pipeline, then Union and Shipper agree to accept that metering for the purpose of determining the volume and energy of gas delivered to/by Union on behalf of the Shipper. The standard of measurement and tests for the gas delivered to/by Union hereunder shall be in accordance with the ~~General Terms & Conditions~~general terms and conditions as incorporated in that ~~pipeline~~Interconnecting Pipeline company's gas tariff as approved by ~~their Regulatory Body~~its regulatory body.
3. Check Measuring Equipment: Shipper may install, maintain and operate, at the ~~redelivery point~~Custody Transfer Point, at its own expense, such check measuring equipment as desired, provided that such equipment shall be so installed as not to interfere with the operation of Union's measuring equipment at or near the ~~delivery point~~Custody Transfer Point, and shall be installed, maintained and operated in conformity with the same standards and specifications applicable to Union's metering facilities.

4. Rights of Parties: The measuring equipment installed by either party, together with any building erected by it for such equipment, shall be and remain its property. However, Union and Shipper shall have the right 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 used in measuring or checking the measurement of deliveries of gas to/by Union under ~~this~~the Contract. Either party will give the other party reasonable notice of its intention to carry out the acts herein specified. The records from such measuring equipment shall remain the property of their owner, but upon request each will submit to the other its records and charts, together with calculations therefrom, for inspection and verification, subject to return within ten (10) days after receipt thereof.
5. Calibration and Test of Measuring Equipment: The accuracy of Union's measuring equipment shall be verified by Union at reasonable intervals, and if requested, in the presence of representatives of Shipper, but Union shall not be required to verify the accuracy of such equipment more frequently than once in any thirty (30) day period. In the event either party ~~shall notify~~notifies the other that it desires a special test of any measuring equipment, the parties shall co-operate to secure a prompt verification of the accuracy of such equipment. The expense of any such special test, if called for by Shipper, shall be borne by Shipper if the measuring equipment tested is found to be in error by not more than two per cent (2%). If, upon test, any measuring equipment is found to be in error by not more than two per cent (2%), previous recordings of such equipment shall be considered accurate in computing ~~redeliveries~~receipts and deliveries of gas, but such equipment shall be adjusted at once to record as near to absolute accuracy as possible. If the test conducted shows a percentage of inaccuracy greater than two percent (2%), the financial adjustment, if any, shall be calculated in accordance with the ~~Electricity and Gas Inspection Act (1982) and regulations thereunder~~Act and Regulations, as may be amended from time to time and in accordance with any successor statutes and regulations.
6. Preservation of Metering Records: Union and Shipper shall each preserve for a period of at least six (6) years all test data, and other relevant records.
7. Error in Metering or Meter Failure: In the event of an error in metering or a meter failure (such error or failure being determined through check measurement by Union or any other available method), then Shipper shall enforce its rights as Shipper with the Interconnecting Pipeline(s) to remedy such error or failure including enforcing any inspection and/or verification rights and procedures.

## **VIII. BILLING**

1. Monthly Billing Date: Union shall render bills on or before the 10th day of each month for all services furnished during the preceding month. Such charges may be based on estimated quantities, if actual quantities are unavailable in time to prepare the billing. Union shall provide, in a succeeding month's billing, an adjustment based on any difference between actual quantities and estimated quantities. If presentation of a bill to Shipper is delayed after the 10th day of the month, then the time of payment shall be extended accordingly, unless Shipper is responsible for such delay.
2. Right of Examination: Both Union and Shipper shall have the right to examine at any reasonable time 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 the Contract.

## **IX. PAYMENTS**

1. Monthly ~~payments~~Payments: Shipper shall pay the invoiced amount directly into Union's bank account as directed on the invoice on or before the twentieth (20<sup>th</sup>) day of each month. If the payment date is not a business day, then payment must be received in Union's account on the first business day preceding the twentieth (20<sup>th</sup>) day of the month.
2. Remedies for ~~nonpayment~~Non-payment: Should Shipper fail to pay all of the amount of any bill as herein provided when such amount is due, Shipper shall pay to Union interest on the unpaid portion of the bill accruing at a rate per annum equal to the minimum commercial lending rate of Union's principal banker in effect from time to time from the due date until the date of payment. If such failure to pay continues for thirty (30) days after payment is due, Union, in addition to any other remedy it may have under the Contract may suspend service(s) until such amount is paid, provided however, that if Shipper, in good faith shall dispute the amount of any such bill or part thereof and shall pay to Union such amounts as it concedes to be correct and at any time thereafter within twenty (20) days of a demand made

by Union shall furnish good and sufficient surety bond satisfactory to Union, guaranteeing payment to Union of the amount ultimately found due upon such bill after a final determination which may be reached either by agreement, arbitration decision or judgement of the courts, as may be the case, then Union shall not be entitled to suspend service(s) because of such ~~nonpayment~~ ~~non-payment~~ unless and until default be made in the conditions of such bond or in payment for any further service(s) to Shipper hereunder.

Notwithstanding the foregoing paragraph, this does not relieve Shipper from the obligation to continue its deliveries of gas under the terms of any agreement, where Shipper has contracted to deliver specified quantities of gas to Union.

3. Billing Adjustments: If it shall be found that at any time or times Shipper has been overcharged or undercharged in any form whatsoever under the provisions of the Contract and Shipper shall have actually paid the bills containing such overcharge or undercharge, Union shall refund the amount of any such overcharge and interest shall accrue from and including the first day of such overcharge as paid to the date of refund and shall be calculated but not compounded at a rate per annum determined each day during the calculation period to be equal to the minimum commercial lending rate of Union's principal banker, and the Shipper shall pay the amount of any such undercharge, but without interest. In the event Union renders a bill to Shipper based upon measurement estimates, the required adjustment to reflect actual measurement shall be made on the bill next following the determination of such actual measurement, without any charge of interest. In the event an error is discovered in the amount billed in any statement rendered by Union, such error shall be adjusted by Union. Such overcharge, undercharge or error shall be adjusted by Union on the bill next following its determination (where the term "bill" next following shall mean a bill rendered at least fourteen (14) days after the day of its determination), provided that claim therefore shall have been made within six (6) years from the date of the incorrect billing. In the event any refund is issued with Shipper's bill, the aforesaid date of refund shall be deemed to be the date of the issue of invoice.

#### X. ARBITRATION

If and when any dispute, difference or question shall arise between the parties ~~heretouching~~ ~~hereto touching~~ the Contract or anything herein contained, or the construction hereof, or the rights, duties or liabilities of the parties in relation to any matter hereunder, the matter in dispute shall be submitted and referred to arbitration within ten (10) days after written request of either party. Upon such request each party shall appoint an arbitrator, and the two so appointed shall appoint a third. A majority decision of the arbitrators shall be final and binding upon both parties. In all other respects the provisions of the Arbitration Act of the Province of Ontario, or any ~~Act~~ ~~act~~ passed in amendment thereof or substitution ~~therefor~~ ~~therefore~~, shall apply to each such submission. Operations under this Contract shall continue, without prejudice, during any such arbitration and the costs attributable to such arbitration shall be shared equally by the parties hereto.

#### XI. FORCE MAJEURE

N/A

#### XII. DEFAULT AND TERMINATION

N/A

#### XIII. MODIFICATION

N/A

#### XIV. NONWAIVER AND FUTURE DEFAULT

N/A

#### XV. LAWS, REGULATIONS AND ORDERS

The Contract and the respective rights and obligations of the parties hereto are subject to all present and future valid laws, orders, rules and regulations of any competent legislative body, or duly constituted authority now or hereafter having jurisdiction and the 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 the Contract.

**GENERAL TERMS & CONDITIONS  
M16 TRANSPORTATION AGREEMENT**

**I. DEFINITIONS**

Except where the context expressly requires or states another meaning, the following terms, when used in these General Terms & Conditions and in any contract into which these General Terms & Conditions are incorporated, shall be construed to have the following meanings:

1. "Banking Day" shall mean a day on which the general offices of the Canadian Imperial Bank of Commerce, 99 King St. W., Chatham, Ontario are open for business;
2. "business day" shall mean a day on which the general offices of Union in Chatham, Ontario are open for business;
3. "Contract" shall refer to the Contract to which these General Terms & Conditions shall apply, and into which they are incorporated;
4. "contract year" shall mean a period of three hundred and sixty-five (365) consecutive days, beginning on the day agreed upon by Union and Shipper as set forth in the Contract, or on any anniversary of such date; provided, however, that any such period which contains a date of February 29 shall consist of three hundred and sixty-six (366) consecutive days;
5. "day" shall mean a period of twenty-four (24) consecutive hours beginning at 9:00 a.m. Central Standard time. The reference date for any day shall be the calendar date upon which the twenty-four (24) hour period shall commence;
6. "month" shall mean the period beginning at 9:00 a.m. Central Standard time on the first day of a calendar month and ending at 9:00 a.m. Central Standard time on the first day of the following calendar month;
7. "firm" shall mean service not subject to curtailment or interruption except under Article VI of the Contract and Article XII of Union's C1 Rate Schedule;
8. "interruptible service" shall mean service subject to curtailment or interruption, after notice, at any time;
9. "gas" shall mean gas as defined in the Ontario Energy Board Act, R.S.O. 1980, c. 332, as amended, supplemented or reenacted from time to time;
10. "cubic metre" shall mean the volume of gas which occupies one cubic metre when such gas is at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;
11. "m<sup>3</sup>" shall mean cubic metre of gas and "10<sup>3</sup>m<sup>3</sup>" shall mean 1,000 cubic metres of gas;
12. "pascal" (Pa) shall mean the pressure produced when a force of one (1) newton is applied to an area of one (1) square metre. The term "kilopascal" (kPa) shall mean 1,000 pascals;
13. "joule" (J) shall mean 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;
14. "gross heating value" shall mean the total heat expressed in megajoules per cubic metre (MJ/m<sup>3</sup>) produced by the complete combustion at constant pressure of one (1) cubic metre of gas with air, with the gas free of water vapour and the temperature of the gas, air and products of combustion at standard temperature and all water formed by the combustion reaction condensed to the liquid state;
15. "Shipper" shall have the meaning as defined in the Contract, and shall also include Shipper's Agent(s);
16. "subsidiary" means a company in which more than fifty (50) per cent of the issued share capital (having full voting rights under all circumstances) is owned or controlled directly or indirectly by another company, by one or more



subsidiaries of such other company, or by such other company and one or more of its subsidiaries;

17. "TCPL" means TransCanada PipeLines Limited;
18. "NOVA" means Gas Transmission Ltd.;
19. "Panhandle" means CMS Panhandle Eastern Pipeline Company;
20. "MichCon" means Michigan Consolidated Gas Company;
21. "SCPL" means St. Clair Pipelines (1996) Ltd.;
22. "OEB" means the Ontario Energy Board;
23. "NEB" means the National Energy Board (Canada);
24. "GLGT" means Great Lakes Gas Transmission Company;
25. "CMS" means CMS Gas Transmission and Storage Company; ~~and~~;
26. "Consumers" means The Consumers' Gas Company, Limited-;
27. "cricondenthem hydrocarbon dewpoint" shall mean the highest hydrocarbon dewpoint temperature on the phase envelope;
28. "hydrocarbon dewpoint" shall mean temperature at a specific pressure where hydrocarbon vapour condensation begins;
29. "specific gravity" shall mean density of the gas divided by density of air, with both at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute; and,
30. "Wobbe Number" shall mean gross heating value of the gas divided by the square root of its specific gravity.

## II. GAS QUALITY

1. Natural Gas: The minimum gross heating value of the gas delivered to/by Union hereunder, shall be thirty-six (36) megajoules per cubic metre. The maximum gross heating value of the gas delivered to/by Union hereunder shall be forty point two (40.2) megajoules per cubic metre. The gas to be delivered hereunder to Union may be a commingled supply from Shipper's ~~natural~~-gas sources of supply. The gas to be delivered by Union may be a commingled supply from Union's sources of gas supply; provided, however, that helium, natural gasoline, butane, propane and other hydrocarbons, except methane, may be removed prior to delivery to Shipper. Further, Union may subject, or permit the subjection of, the gas to compression, dehydration, cooling, cleaning and other processes.
2. Freedom from objectionable matter: The gas to be delivered to Union at the ~~Delivery Locations~~Receipt Point(s) hereunder,
  - a. shall be ~~merchantable and~~ commercially free from bacteria, sand, dust, gums, crude oils, lubricating oils, liquids, chemicals or compounds used in the production, treatment, compression or dehydration of the gas or any other objectionable substance in sufficient quantity so as to render the gas toxic, unmerchantable or cause injury to, or interference with, the proper operation of the lines, regulators, meters or other appliances through which it flows-;
  - b. shall not contain more than seven (7) milligrams of hydrogen sulphide per cubic metre of gas, nor more than one hundred (100) milligrams of total sulphur (~~S~~) per cubic metre of gas-~~as determined by standard methods of testing~~;
  - c. shall not contain more than five (5) milligrams of mercaptan sulphur per cubic metre of gas-;

- d. shall not contain more than two point zero (2.0) molar percent by volume of carbon dioxide in the gas;
  - e. shall not contain more than zero point four (0.4) molar percent by volume of oxygen in the gas,
  - f. shall not contain more than zero point five (0.5) molar percent by volume of carbon monoxide in the gas;
  - ~~g. shall not contain more than zero point four (0.4) molar percent by volume of oxygen in the gas.~~
  - g. shall not contain more than four point zero (4.0) ~~by volume~~ molar percent ~~by volume~~ of hydrogen in the gas;
  - h. shall not contain more than sixty-five (65) milligrams of water vapour per cubic metre of ~~the gas~~;
  - i. shall not have a cricondentherm hydrocarbon dewpoint exceeding minus ~~ten (-10)~~ eight (-8) degrees Celsius ~~at five thousand five hundred (5500) kPa pressure~~;
  - ~~j. shall not contain less than one point zero (1.0) molar percent by volume of ethane in the gas.~~
  - ~~k. shall at all time be interchangeable with other pipeline gas such that the yellow tipping, flashback and lifting factors shall be within the range permitted for gas according to AGA Research Bulletin No. 36;~~
  - j. shall have Wobbe Number from forty seven point fifty (47.50) megajoules per cubic metre of gas to fifty one point forty six (51.46) megajoules per cubic metre of gas, maximum of one point five (1.5) mole percent by volume of butane plus (C4+) in the gas, and maximum of four point zero (4.0) mole percent by volume of total inerts in the gas in order to be interchangeable with other Interconnecting Pipeline gas,
  - lk. shall not exceed forty-three degrees Celsius (43°C);, and,
  - ml. shall not be odourized by Shipper.
3. ~~Shipper shall subject any gas delivered hereunder to compression, cooling, cleaning or other processes to such an extent as may be required to obtain the necessary quality and for transmission to the Delivery Locations, provided the quality of the gas continues to comply with the specifications set out in this Contract.~~
- ~~4. Shipper may extract hydrocarbon and non hydrocarbon constituents, other than methane except as required in the processing or compression of the gas, prior to delivery at the Delivery Locations hereunder, and shall have the right to remove such methane as is removed by necessity from the gas in removing other constituents, provided that Shipper in such processing shall not reduce the Gross Heating Value below that which is stated in Section II, Clause 1 herein and provided that such extraction will not cause a breach of the quality specifications set forth in this Section II.~~
- Non-conforming Gas:
- 5a. In the event that the quality of the gas does not conform or if Union, acting reasonably, suspects the quality of the gas may not conform to the specifications herein, then Shipper shall, if so directed by Union acting reasonably, forthwith carry out, at Shipper's cost, whatever field testing of the gas quality as may be required to ensure that the quality requirements set out herein are met, and to provide Union with a certified copy of such tests. If Shipper does not carry out such tests forthwith, Union may conduct such test and Shipper shall reimburse Union for all costs incurred by Union for such testing.
  - 6b. If ~~the~~ Shipper's gas fails at any time to conform to the requirements of this ~~Section~~Article II, Union, in addition to its other remedies, may refuse to accept delivery of gas at the ~~Delivery Locations~~Receipt Points hereunder until such deficiency has been remedied by Shipper. Each Party agrees to notify the other verbally, followed by written notification, of any such deficiency of quality.
  - c. With respect to Article II 2. h. herein, Union may accept the gas subject to Shipper's obligations under the Dehydration Contract, if applicable.
4. Quality of Gas Received: The quality of the gas to be received by Union at the Receipt Point(s) hereunder is to be of a merchantable quality and in accordance with the quality standards as set out by Union in this Article II.

5. Quality of Gas at Dawn: The quality of the gas to be delivered to Union at Dawn (Facilities) or the gas to be delivered by Union to Shipper at Dawn (Facilities) hereunder is to be of a merchantable quality and in accordance with the quality standards and measurement standards as set out by Union in this Article II, except that total sulphur limit shall be not more than four hundred and sixty (460) milligrams per cubic metre of gas. In addition to any other right or remedy of a party, each party shall be entitled to refuse to accept delivery of any gas which does not conform to any of the specifications set out in this Article II.
6. Odourization of Gas:
  - a. Union may odourize or deliver odourized gas under the Contract,
  - b. Shipper shall if requested by Union monitor the mercaptan sulphur content of the gas delivered to Union under the Contract and shall provide at no cost to Union a continuous signal quantifying the mercaptan sulphur content in milligrams per cubic metre.
7. ~~Freedom from objectionable matter: The gas to be delivered to Union at Dawn (Facilities) or the gas to be delivered by Union to Shipper at Dawn (Facilities) hereunder,~~
  - a. ~~shall be commercially free from sand, dust, gums, crude oils, lubricating oils, liquids, chemicals or compounds used in the production, treatment, compression or dehydration of the gas or any other objectionable substance in sufficient quantity so as to render the gas toxic, unmerchantable or cause injury to or interference with the proper operation of the lines, regulators, meters or other appliances through which it flows;~~
  - b. ~~shall not contain more than seven (7) milligrams of hydrogen sulphide per cubic metre of gas nor more than four hundred and sixty (460) milligrams of total sulphur per cubic metre of gas as determined by standard methods of testing;~~
  - c. ~~shall not contain more than five (5) milligrams of mercaptan sulphur per cubic metre of gas;~~
  - d. ~~shall not contain more than two point zero (2.0) molar percent by volume of carbon dioxide in the gas;~~
  - e. ~~shall not contain more than zero point five (0.5) molar percent by volume of carbon monoxide in the gas;~~
  - f. ~~shall not contain more than zero point four (0.4) molar percent by volume of oxygen in the gas;~~
  - g. ~~shall not contain more than four point zero (4.0) molar percent by volume of hydrogen in the gas;~~
  - h. ~~shall not contain more than sixty five (65) milligrams of water vapour per cubic metre of the gas;~~
  - i. ~~shall not have a hydrocarbon dewpoint exceeding minus ten (-10) degrees Celsius at five thousand five hundred (5500) kPa pressure;~~
  - j. ~~shall not contain less than one point zero (1.0) molar percent by volume of ethane in the gas;~~
  - k. ~~shall at all times be interchangeable with other pipeline gas such that the yellow tipping, flashback and lifting factors shall be within the range permitted for gas according to AGA Research Bulletin No. 36.~~

### III. MEASUREMENTS

1. Storage, Transportation, and/or Sales Unit: ~~("The Unit") The Unit~~unit of the gas delivered to Union shall be a megajoule or a gigajoule. The unit of gas transported or stored by Union shall be a megajoule or a gigajoule. The unit of gas delivered by Union shall be a megajoule, a gigajoule, a cubic ~~meter~~metre (m<sup>3</sup>) or one thousand cubic metres (10<sup>3</sup>m<sup>3</sup>) at Union's discretion.
2. Determination of Volume and Energy:

- a. The volume and energy amounts determined under ~~this contract~~ the Contract shall be determined in accordance with the Electricity and Gas Inspection Act, ~~assented to 31 March, 1982 (Canada), RSC 1985, c. E-4- (the "Act")~~ and the Electricity and Gas Inspection Regulations, ~~P.C. 1986-116, 16 January, 1986, SOR 86/131 (the "Regulations")~~, and any documents issued under the authority of the Act and Regulations and any amendments thereto.
- 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, ~~all as amended from time to time.~~
- c. The volume and/or energy of the gas delivered to/by Union hereunder shall be determined by the measurement equipment designated in Article V ~~Measuring Equipment, of this schedule~~ herein.
- d. ~~Upon request by Union, Shipper shall obtain measurement of the total quantity of gas received by Union hereunder from the Interconnecting Pipeline. Such measurement shall be done in accordance with established practices between Union and the Interconnecting Pipeline.~~

#### IV. POINT OF RECEIPT AND POINT OF DELIVERY

1. Unless otherwise specified in the Contract, the point or points of receipt for all gas to be covered thereunder shall be on the outlet side of the measuring stations located at or near the point or points of connection specified in the Contract, where Union takes possession of the gas. Whenever the phrase "receipt point" appears herein, it shall mean Point of Receipt as defined in this Article IV.
2. Unless otherwise specified in the Contract, the point or points of delivery for all gas to be covered hereunder shall be on the outlet side of the measuring stations located at or near the point or points of connection as specified in the Contract, where Shipper takes possession of the gas. Whenever the phrase "delivery point" shall appear hereon, it shall mean Point of Delivery as defined in this Article IV.

#### V. MEASURING EQUIPMENT

1. Metering by Union: Union will install and operate meters and related equipment as required and in accordance with the Act and Regulations ~~referenced in Article III 2. a~~ herein.
2. Metering by Others: In the event that all or any gas delivered to/by Union hereunder is measured by a meter that is owned and operated by ~~a pipeline company whose facilities interconnect with Union's an~~ Interconnecting Pipeline, then Union and Shipper agree to accept that metering for the purpose of determining the volume and energy of gas delivered to/by Union on behalf of the Shipper. The standard of measurement and tests for the gas delivered to/by Union hereunder shall be in accordance with the ~~General Terms & Conditions~~ general terms and conditions as incorporated in that ~~pipeline~~ Interconnecting Pipeline company's gas tariff as approved by ~~their Regulatory Body~~ its regulatory body.
3. Check Measuring Equipment: Shipper may install, maintain and operate, at the ~~redelivery point~~ Custody Transfer Point, at its own expense, such check measuring equipment as desired, provided that such equipment shall be so installed as not to interfere with the operation of Union's measuring equipment at or near the ~~delivery point~~ Custody Transfer Point, and shall be installed, maintained and operated in conformity with the same standards and specifications applicable to Union's metering facilities.
4. Rights of Parties: The measuring equipment installed by either party, together with any building erected by it for such equipment, shall be and remain its property. However, Union and Shipper shall have the right 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 used in measuring or checking the measurement of deliveries of gas to/by Union under ~~this~~ the Contract. Either party will give the other party reasonable notice of its intention to carry out the acts herein specified. The records from such measuring equipment shall remain the property

of their owner, but upon request each will submit to the other its records and charts, together with calculations therefrom, for inspection and verification, subject to return within ten (10) days after receipt thereof.

5. Calibration and Test of Measuring Equipment: The accuracy of Union's measuring equipment shall be verified by Union at reasonable intervals, and if requested, in the presence of representatives of Shipper, but Union shall not be required to verify the accuracy of such equipment more frequently than once in any thirty (30) day period. In the event either party ~~shall notify~~ notifies the other that it desires a special test of any measuring equipment, the parties shall co-operate to secure a prompt verification of the accuracy of such equipment. The expense of any such special test, if called for by Shipper, shall be borne by Shipper if the measuring equipment tested is found to be in error by not more than two per cent (2%). If, upon test, any measuring equipment is found to be in error by not more than two per cent (2%), previous recordings of such equipment shall be considered accurate in computing ~~redeliveries~~ receipts and deliveries of gas, but such equipment shall be adjusted at once to record as near to absolute accuracy as possible. If the test conducted shows a percentage of inaccuracy greater than two percent (2%), the financial adjustment, if any, shall be calculated in accordance with the ~~Electricity and Gas Inspection Act (1982) and regulations thereunder~~ Act and Regulations, as may be amended from time to time and in accordance with any successor statutes and regulations.
6. Preservation of Metering Records: Union and Shipper shall each preserve for a period of at least six (6) years all test data, and other relevant records.
7. Error in Metering or Meter Failure: In the event of an error in metering or a meter failure (such error or failure being determined through check measurement by Union or any other available method), then Shipper shall enforce its rights as Shipper with the Interconnecting Pipeline(s) to remedy such error or failure including enforcing any inspection and/or verification rights and procedures.

## VI. BILLING

1. Monthly Billing Date: Union shall render bills on or before the 10th day of each month for all services furnished during the preceding month. Such charges may be based on estimated quantities, if actual quantities are unavailable in time to prepare the billing. Union shall provide, in a succeeding month's billing, an adjustment based on any difference between actual quantities and estimated quantities. If presentation of a bill to Shipper is delayed after the 10th day of the month, then the time of payment shall be extended accordingly, unless Shipper is responsible for such delay.
2. Right of Examination: Both Union and Shipper shall have the right to examine at any reasonable time 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 the Contract.

## VII. PAYMENTS

1. Monthly ~~payments~~ Payments: Shipper shall pay the invoiced amount directly into Union's bank account as directed on the invoice on or before the twentieth (20<sup>th</sup>) day of each month. If the payment date is not a business day, then payment must be received in Union's account on the first business day preceding the twentieth (20<sup>th</sup>) day of the month.
2. Remedies for ~~nonpayment~~ Non-payment: Should Shipper fail to pay all of the amount of any bill as herein provided when such amount is due, Shipper shall pay to Union interest on the unpaid portion of the bill accruing at a rate per annum equal to the minimum commercial lending rate of Union's principal banker in effect from time to time from the due date until the date of payment. If such failure to pay continues for thirty (30) days after payment is due, Union, in addition to any other remedy it may have under the Contract may suspend service(s) until such amount is paid, provided however, that if Shipper, in good faith shall dispute the amount of any such bill or part thereof and shall pay to Union such amounts as it concedes to be correct and at any time thereafter within twenty (20) days of a demand made by Union shall furnish good and sufficient surety bond satisfactory to Union, guaranteeing payment to Union of the amount ultimately found due upon such bill after a final determination which may be reached either by agreement, arbitration decision or judgement of the courts, as may be the case, then Union shall not be entitled to suspend service(s) because of such ~~nonpayment~~ non-payment unless and until default be made in the conditions of such bond or in payment for any further service(s) to Shipper hereunder.

Notwithstanding the foregoing paragraph, this does not relieve Shipper from the obligation to continue its deliveries of

gas under the terms of any agreement, where Shipper has contracted to deliver specified quantities of gas to Union.

3. Billing Adjustments: If it shall be found that at any time or times Shipper has been overcharged or undercharged in any form whatsoever under the provisions of the Contract and Shipper shall have actually paid the bills containing such overcharge or undercharge, Union shall refund the amount of any such overcharge and interest shall accrue from and including the first day of such overcharge as paid to the date of refund and shall be calculated but not compounded at a rate per annum determined each day during the calculation period to be equal to the minimum commercial lending rate of Union's principal banker, and the Shipper shall pay the amount of any such undercharge, but without interest. In the event Union renders a bill to Shipper based upon measurement estimates, the required adjustment to reflect actual measurement shall be made on the bill next following the determination of such actual measurement, without any charge of interest. In the event an error is discovered in the amount billed in any statement rendered by Union, such error shall be adjusted by Union. Such overcharge, undercharge or error shall be adjusted by Union on the bill next following its determination (where the term "bill" next following shall mean a bill rendered at least fourteen (14) days after the day of its determination), provided that claim therefore shall have been made within six (6) years from the date of the incorrect billing. In the event any refund is issued with Shipper's bill, the aforesaid date of refund shall be deemed to be the date of the issue of invoice.

#### VIII. ARBITRATION

If and when any dispute, difference or question shall arise between the parties hereto touching the Contract or anything herein contained, or the construction hereof, or the rights, duties or liabilities of the parties in relation to any matter hereunder, the matter in dispute shall be submitted and referred to arbitration within ten (10) days after written request of either party. Upon such request each party shall appoint an arbitrator, and the two so appointed shall appoint a third. A majority decision of the arbitrators shall be final and binding upon both parties. In all other respects the provisions of the Arbitration Act of the Province of Ontario, or any ~~Act~~ passed in amendment thereof or substitution ~~therefor~~therefore, shall apply to each such submission. Operations under this Contract shall continue, without prejudice, during any such arbitration and the costs attributable to such arbitration shall be shared equally by the parties hereto.

#### IX. LAWS, REGULATIONS AND ORDERS

The Contract and the respective rights and obligations of the parties hereto are subject to all present and future valid laws, orders, rules and regulations of any competent legislative body, or duly constituted authority now or hereafter having jurisdiction and the 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 the Contract.

**RATE M16**  
**GENERAL TERMS & CONDITIONS**

**M16 TRANSPORTATION AGREEMENT**

**I. DEFINITIONS**

Except where the context expressly requires or states another meaning, the following terms, when used in these General Terms & Conditions and in any contract into which these General Terms & Conditions are incorporated, shall be construed to have the following meanings:

**"Aid to Construction"** shall include any and all costs, expenses, amounts, damages, obligations, or other liabilities (whether of a capital or operating nature, and whether incurred before or after the date of the Contract) actually paid by Union (including amounts paid to affiliates for services rendered in accordance with the Affiliate Relationships Code as established by the OEB) in connection with or in respect of satisfying the conditions precedent set out in Article XXI herein (including without limitation the construction and placing into service of the Union Expansion Facilities, the obtaining of all governmental, regulatory and other third party approvals, and the obtaining of rights of way) whether resulting from Union's negligence or not, except for any costs that have arisen from the gross negligence, fraud, or wilful misconduct of Union;

**"Authorized Overrun"** shall mean the amount by which Shipper's Authorized Quantity exceeds the firm and interruptible contract demands;

**"Authorized Quantity"** shall have the meaning given thereto in Schedule "B 2010" of the C1 Rate Schedule;

~~1. "Banking Day" shall mean a day on which the general offices of the Canadian Imperial Bank of Commerce, 99 King St. W., Chatham, Ontario are open for business.~~

2- **"Business Day"** ~~"business day"~~ shall mean any day, other than Saturday, Sunday or any days on which national banks in the Province of Ontario are authorized to close; ~~the general offices of Union in Chatham, Ontario are open for business;~~

~~3. "Contract"~~ shall refer to the Contract to which these General Terms & Conditions shall apply, and into which they are incorporated;

~~4. "contract year"~~ **"Contract Year"** shall mean a period of three hundred and sixty-five (365) consecutive days, beginning on the ~~day agreed upon by Union and Shipper as set forth in the Contract,~~ Commencement Date or on any anniversary of such date; provided, however, that any such period which contains a date of February 29 shall consist of three hundred and sixty-six (366) consecutive days;

**"cricondentherm hydrocarbon dewpoint"** shall mean the highest hydrocarbon dewpoint temperature on the phase envelope;

~~10. "cubic metre"~~ shall mean the volume of gas which occupies one cubic metre when such gas is at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;

**"Custody Transfer Point"** That point on the piping system at the Pool Station which is at the Shipper side of the insulating flange on the Union Expansion Facilities, and which point shall serve as the point of custody transfer;

5. ~~"Day"~~ **"day"** shall mean a period of twenty-four (24) consecutive hours beginning at ~~9:00~~ 10:00 a.m. Eastern Clock Time ~~Central Standard time~~. The reference date for any ~~Day~~ **day** shall be the calendar date upon which the twenty-four (24) hour period shall commence;

**"Dehydration Contract"** shall mean the contract for Dehydration Service between Union and the Shipper as detailed in Schedule 1 of the Contract;



- "Delivery Point"** shall mean the point(s) where Union shall deliver gas to Shipper as defined in Schedule 1 of the Contract;
- "Eastern Clock Time"** shall mean the local clock time in the Eastern Time Zone on any Day;
7. ~~"firm"~~ shall mean service not subject to curtailment or interruption except under Article XI, XII and XVIII herein; ~~VI of the Contract and Article XII of Union's C1 Rate Schedule.~~
9. ~~"gas"~~ shall mean gas as defined in the Ontario Energy Board Act, 1998, S.O. 1998, c. 15, Sch. BR.S.O. 1980, c. 332, as amended, supplemented or re-enacted from time to time;
14. **"gross heating value"** shall mean the total heat expressed in megajoules per cubic metre (MJ/m<sup>3</sup>) produced by the complete combustion at constant pressure of one (1) cubic metre of gas with air, with the gas free of water vapour and the temperature of the gas, air and products of combustion at standard temperature and all water formed by the combustion reaction condensed to the liquid state;
- "hydrocarbon dewpoint"** shall mean temperature at a specific pressure where hydrocarbon vapour condensation begins;
- "Interconnecting Pipeline"** shall mean a pipeline that directly connects to the Union pipeline system;
- "interruptible"** shall mean service subject to curtailment or interruption, after notice, at any time;
13. **"joule"** (J) shall mean 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;
11. **"m<sup>3</sup>"** shall mean cubic metre of gas and **"10<sup>3</sup>m<sup>3</sup>"** shall mean 1,000 cubic metres of gas;
6. ~~"Month"~~ ~~"month"~~ shall mean the period beginning at 10:00 9:00 a.m. Eastern Clock Time ~~Central Standard time~~ on the first day of a calendar month and ending at 10:00 9:00 a.m. Eastern Clock Time ~~Central Standard time~~ on the first day of the following calendar month;
22. **"OEB"** means the Ontario Energy Board;
12. **"pascal"** **"(Pa)"** shall mean the pressure produced when a force of one (1) newton is applied to an area of one (1) square metre. The term **"kilopascal"** **"(kPa)"** shall mean 1,000 pascals;
- "Pool Quantity"** shall mean the actual daily quantity of gas delivered to or received from Shipper at the Custody Transfer Point;
- "Pool Station"** shall mean the physical location of Union's measurement and control facilities to the pool; the pool name as detailed in Schedule 1 of the Contract;
8. ~~"interruptible service"~~ shall mean service subject to curtailment or interruption, after notice, at any time;
- "Receipt Point"** shall mean any one of the points where Union shall receive gas from Shipper as detailed in Schedule 1 of the Contract;
15. **"Shipper"** shall have the meaning as defined in the Contract, and shall also include Shipper's ~~agent(s);~~ **Agent(s);**
16. ~~"subsidiary" means a company in which more than fifty (50) per cent of the issued share capital (having full voting rights under all circumstances) is owned or controlled directly or indirectly by another company, by one or more subsidiaries of such other company, or by such other company and one or more of its subsidiaries;~~
- "Shipper Quantity"** shall, on any Day, be equal to the greater of: (i) the Authorized Quantity for that Day; and (ii) the nomination duly made by Shipper in good faith prior to the nomination deadline for the first nomination window applicable for that Day; provided that in no event shall the Shipper Quantity exceed the firm contract demand;



"specific gravity" shall mean density of the gas divided by density of air, with both at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;

"Taxes" shall mean any tax (other than tax on income or tax on property), duty, royalty, levy, license, fee or charge not included in the charges and rates as per the applicable rate schedule (including but not limited to charges under any form of cap and trade, carbon tax, or similar system) and that is levied, assessed or made by any governmental authority on the gas itself, or the act, right, or privilege of producing, severing, gathering, storing, transporting, handling, selling or delivering gas under the Contract;

17. ~~"TCPL" means TransCanada PipeLines Limited;~~

18. ~~"NOVA" means Gas Transmission Ltd.;~~

19. ~~"Panhandle" means CMS Panhandle Eastern Pipeline Company;~~

20. ~~"MichCon" means Michigan Consolidated Gas Company;~~

21. ~~"SCPL" means St. Clair Pipelines (1996) Ltd.;~~

23. ~~"NEB" means the National Energy Board (Canada);~~

24. ~~"GLGT" means Great Lakes Gas Transmission Company;~~

25. ~~"CMS" means CMS Gas Transmission and Storage Company; and,~~

26. ~~"Consumers" means The Consumers' Gas Company, Limited~~

"Union Expansion Facilities" shall mean any facilities necessary for Union to provide the Services, including without limiting the generality of the foregoing:

- a. a meter and any associated recording gauges as are necessary;
- b. pressure and/or flow control devices, over pressure protection and telemetry equipment as are necessary;
- c. a suitable gas odourizing injection facility if Union deems such a facility to be necessary
- d. piping, fittings, material, filtration facilities, cathodic protection and insulating flanges;
- e. gas chromatograph, moisture analyzer, piping, fittings, material, filtration facilities, cathodic protection and insulating flanges;

"Wobbe Number" shall mean gross heating value of the gas divided by the square root of its specific gravity.

## II. GAS QUALITY

1. Natural Gas: The minimum gross heating value of the gas delivered to/by Union hereunder, shall be thirty-six (36) megajoules per cubic metre. The maximum gross heating value of the gas delivered to/by Union hereunder shall be forty point two (40.2) megajoules per cubic metre. The gas to be delivered hereunder to Union may be a commingled supply from Shipper's ~~natural~~ gas sources of supply. The gas to be delivered by Union may be a commingled supply from Union's sources of gas supply; provided, however, that helium, natural gasoline, butane, propane and other hydrocarbons, except methane, may be removed prior to delivery to Shipper. Further, Union may subject, or permit the subjection of, the gas to compression, dehydration, cooling, cleaning and other processes.

2. Freedom from objectionable matter: The gas to be delivered to Union at the ~~Delivery Locations~~ Receipt Point(s) hereunder,

- a. shall be ~~merchantable and~~ commercially free from ~~bacteria~~, sand, dust, gums, crude oils, lubricating oils, liquids, chemicals or compounds used in the production, treatment, compression or dehydration of the gas or

any other objectionable substance in sufficient quantity so as to render the gas toxic, unmerchantable or cause injury to, or interference with, the proper operation of the lines, regulators, meters or other appliances through which it flows;

- b. shall not contain more than seven (7) milligrams of hydrogen sulphide per cubic metre of gas, nor more than one hundred (100) milligrams of total sulphur ~~(S)~~ per cubic metre of gas ~~as determined by standard methods of testing;~~
  - c. shall not contain more than five (5) milligrams of mercaptan sulphur per cubic metre of gas;
  - d. shall not contain more than two point zero (2.0) molar percent by volume of carbon dioxide in the gas;
  - e. shall not contain more than zero point four (0.4) molar percent by volume of oxygen in the gas,
  - e.f. shall not contain more than zero point five (0.5) molar percent by volume of carbon monoxide in the gas;
  - f. ~~shall not contain more than zero point four (0.4) molar percent by volume of oxygen in the gas.~~
  - f.g. shall not contain more than four point zero (4.0) ~~by volume~~ molar percent ~~by volume~~ of hydrogen in the gas;
  - g.h. shall not contain more than sixty-five (65) milligrams of water vapour per cubic metre of ~~the~~ gas;
  - h.i. shall not have a ~~cricondenth~~ hydrocarbon dewpoint exceeding minus ~~ten (-10) eight (-8)~~ degrees Celsius ~~at five thousand five hundred (5500) kPa pressure;~~
  - j. ~~shall not contain less than one point zero (1.0) molar percent by volume of ethane in the gas.~~
  - i. ~~shall at all time be interchangeable with other pipeline gas such that the yellow tipping, flashback and lifting factors shall be within the range permitted for gas according to AGA Research Bulletin No. 36;~~
  - j. shall have Wobbe Number from forty seven point fifty (47.50) megajoules per cubic metre of gas to fifty one point forty six (51.46) megajoules per cubic metre of gas, maximum of one point five (1.5) mole percent by volume of butane plus (C4+) in the gas, and maximum of four point zero (4.0) mole percent by volume of total inerts in the gas in order to be interchangeable with other Interconnecting Pipeline gas,
  - j.k. shall not exceed forty-three degrees Celsius (43°C); and,
  - k.l. shall not be odourized by Shipper.
3. ~~Shipper shall subject any gas delivered hereunder to compression, cooling, cleaning or other processes to such an extent as may be required to obtain the necessary quality and for transmission to the Delivery Locations, provided the quality of the gas continues to comply with the specifications set out in this Contract.~~
4. ~~Shipper may extract hydrocarbon and non hydrocarbon constituents, other than methane except as required in the processing or compression of the gas, prior to delivery at the Delivery Locations hereunder, and shall have the right to remove such methane as is removed by necessity from the gas in removing other constituents, provided that Shipper in such processing shall not reduce the Gross Heating Value below that which is stated in Section II, Clause 1 herein and provided that such extraction will not cause a breach of the quality specifications set forth in this Section II.~~
3. 5. Non-conforming Gas:
- a. In the event that the quality of the gas does not conform or if Union, acting reasonably, suspects the quality of the gas may not conform to the specifications herein, then Shipper shall, if so directed by Union acting reasonably, forthwith carry out, at Shipper's cost, whatever field testing of the gas quality as may be required to ensure that the quality requirements set out herein are met, and to provide Union with a certified copy of such tests. If Shipper does not carry out such tests forthwith, Union may conduct such test and Shipper shall reimburse Union for all costs incurred by Union for such testing.
  - b. ~~6.~~ If ~~the~~ Shipper's gas fails at any time to conform to the requirements of this ~~Section~~Article II, Union,

in addition to its other remedies, may refuse to accept delivery of gas at the ~~Delivery Locations~~ Receipt Points hereunder until such deficiency has been remedied by Shipper. Each Party agrees to notify the other verbally, followed by written notification, of any such deficiency of quality.

- c. With respect to Article II 2. h. herein, Union may accept the gas subject to Shipper's obligations under the Dehydration Contract, if applicable.
4. Quality of Gas Received: The quality of the gas to be received by Union at the Receipt Point(s) hereunder is to be of a merchantable quality and in accordance with the quality standards as set out by Union in this Article II.
5. Quality of Gas at Dawn: The quality of the gas to be delivered to Union at Dawn (Facilities) or the gas to be delivered by Union to Shipper at Dawn (Facilities) hereunder is to be of a merchantable quality and in accordance with the quality standards and measurement standards as set out by Union in this Article II, except that total sulphur limit shall be not more than four hundred and sixty (460) milligrams per cubic metre of gas. In addition to any other right or remedy of a party, each party shall be entitled to refuse to accept delivery of any gas which does not conform to any of the specifications set out in this Article II.
6. Odourization of Gas:
  - a. Union may odourize or deliver odourized gas under the Contract,
  - b. Shipper shall if requested by Union monitor the mercaptan sulphur content of the gas delivered to Union under the Contract and shall provide at no cost to Union a continuous signal quantifying the mercaptan sulphur content in milligrams per cubic metre.
- ~~7. Freedom from objectionable matter: The gas to be delivered to Union at Dawn (Facilities) or the gas to be delivered by Union to Shipper at Dawn (Facilities) hereunder,~~
  - ~~a. shall be commercially free from sand, dust, gums, crude oils, lubricating oils, liquids, chemicals or compounds used in the production, treatment, compression or dehydration of the gas or any other objectionable substance in sufficient quantity so as to render the gas toxic, unmerchantable or cause injury to or interference with the proper operation of the lines, regulators, meters or other appliances through which it flows;~~
  - ~~b. shall not contain more than seven (7) milligrams of hydrogen sulphide per cubic metre of gas nor more than four hundred and sixty (460) milligrams of total sulphur per cubic metre of gas as determined by standard methods of testing;~~
  - ~~c. shall not contain more than five (5) milligrams of mercaptan sulphur per cubic metre of gas;~~
  - ~~d. shall not contain more than two point zero (2.0) molar percent by volume of carbon dioxide in the gas;~~
  - ~~e. shall not contain more than zero point five (0.5) molar percent by volume of carbon monoxide in the gas;~~
  - ~~f. shall not contain more than zero point four (0.4) molar percent by volume of oxygen in the gas;~~
  - ~~g. shall not contain more than four point zero (4.0) molar percent by volume of hydrogen in the gas;~~
  - ~~h. shall not contain more than sixty five (65) milligrams of water vapour per cubic metre of the gas;~~
  - ~~i. shall not have a hydrocarbon dewpoint exceeding minus ten (-10) degrees Celsius at five thousand five hundred (5500) kPa pressure;~~
  - ~~j. shall not contain less than one point zero (1.0) molar percent by volume of ethane in the gas;~~
  - ~~k. shall at all times be interchangeable with other pipeline gas such that the yellow tipping, flashback and lifting factors shall be within the range permitted for gas according to AGA Research Bulletin No. 36.~~

### III. MEASUREMENTS

1. Storage, Transportation, and/or Sales Unit: ~~("The Unit") The Unit~~ of the gas delivered to Union shall be a megajoule or a gigajoule. The unit of gas transported or stored by Union shall be a megajoule or a gigajoule. The unit of gas delivered by Union shall be a megajoule, a gigajoule, a cubic ~~metre~~metre (m<sup>3</sup>) or one thousand cubic metres (10<sup>3</sup>m<sup>3</sup>) at Union's discretion.
2. Determination of Volume and Energy:
  - a. The volume and energy amounts determined under ~~this contract~~the Contract shall be determined in accordance with the Electricity and Gas Inspection Act, ~~assented to 31 March, 1982 (Canada), RSC 1985, c E-4- (the "Act")~~ and the Electricity and Gas Inspection Regulations, ~~P.C. 1986-116, 16 January, 1986, SOR 86/131 (the "Regulations")~~, and any documents issued under the authority of the Act and Regulations and any amendments thereto.
  - 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, ~~all as amended from time to time.~~
  - c. The volume and/or energy of the gas delivered to/by Union hereunder shall be determined by the measurement equipment designated in Article ~~V—Measuring Equipment, of this schedule.~~VII herein.
  - d. Upon request by Union, Shipper shall obtain measurement of the total quantity of gas received by Union hereunder from the Interconnecting Pipeline. Such measurement shall be done in accordance with established practices between Union and the Interconnecting Pipeline.

### IV. ~~POINT OF RECEIPT POINT AND POINT OF DELIVERY POINT~~

- ~~1. Unless otherwise specified in the Contract, the point or points of receipt for all gas to be covered thereunder shall be on the outlet side of the measuring stations located at or near the point or points of connection specified in the Contract, where Union takes possession of the gas. Whenever the phrase "receipt point" appears herein, it shall mean Point of Receipt as defined in this Article IV.~~
- ~~2. Unless otherwise specified in the Contract, the point or points of delivery for all gas to be covered hereunder shall be on the outlet side of the measuring stations located at or near the point or points of connection as specified in the Contract, where Shipper takes possession of the gas. Whenever the phrase "delivery point" shall appear hereon, it shall mean Point of Delivery as defined in this Article IV.~~

The point or points of receipt and point or points of delivery for all gas to be covered hereunder shall be on the outlet side of the measuring stations located at or near the point or points of connection specified in Schedule 1 of the Contract, where possession of the gas changes from one party to the other.

### V. POSSESSION OF AND RESPONSIBILITY FOR GAS

1. Union accepts no responsibility for any gas prior to such gas being delivered to Union at the Receipt Point or after its delivery by Union at the Delivery Point. As between the parties hereto, Union shall be deemed to be in control and possession of and responsible for all such gas from the time that such gas enters Union's system until such gas is delivered to Shipper.
2. Shipper agrees that Union is not a common carrier and is not an insurer of Shipper's gas, and that Union shall not be liable to Shipper or any third party for loss of gas in Union's possession, except to the extent such loss is caused entirely by Union's negligence or wilful misconduct.

## VI. FACILITIES ON SHIPPER'S PROPERTY

1. All of the Union Expansion Facilities shall remain the property of Union. Union shall be entitled to remove said equipment at any time within a period of sixty (60) days from any termination or expiry of the Contract. Shipper shall take all necessary steps to ensure Union may enter the Pool Station to remove such equipment for a period of sixty (60) days after termination or expiry of the Contract.
2. Shipper shall, at Shipper's own cost and expense:
  - a. obtain the Pool Station Land Rights; and
  - b. furnish, install, set, and maintain suitable pressure and quantity control equipment and such additional equipment as required on Shipper's delivery system, to protect against the over pressuring of Union's facilities as set out in Article VI of the Contract and Schedule 1 of the Contract, protect Union from receiving gas not meeting the quality specification as set out in Article II herein, and to limit the daily flow of gas to the corresponding parameters as set out in the Article II of the Contract.
3. Shipper shall within thirty (30) days of the delivery of an invoice by Union, reimburse Union for any actual costs reasonably incurred by Union for any repair, replacement, relocation, or upgrading of any meter station or any Union Expansion Facilities requested by Shipper, or as required by law or by duly constituted regulatory body, or through good engineering practice. Union shall be responsible for any costs incurred by Union to correct an error made by Union.
4. Operation and Maintenance: Subject to this Article VI Section 3, each party shall be fully responsible for the continued operation, maintenance, repair and replacement of its respective facilities. Both parties agree to maintain cathodic protection on their respective facilities.
5. Inspection: Each party shall inspect its facilities as required by industry standards or by the appropriate regulatory body.
6. Each party shall decide, in its sole discretion, whether its facilities need to be repaired or replaced. In the event that repair or replacement is needed, the party undertaking such work will, to the extent possible, give the other party sixty (60) days' notice and will ensure that the work be done in a manner so as to minimize the amount of time the pipeline has restricted flows.

## VII. MEASURING EQUIPMENT

1. Metering by Union: Union will install and operate meters and related equipment as required and in accordance with the Act and Regulations referenced in Article III ~~2-a~~ herein.
2. Metering by Others: In the event that all or any gas delivered to/by Union hereunder is measured by a meter that is owned and operated by ~~a pipeline company whose facilities interconnect with Union's~~ an Interconnecting Pipeline, then Union and Shipper agree to accept that metering for the purpose of determining the volume and energy of gas delivered to/by Union on behalf of the Shipper. The standard of measurement and tests for the gas delivered to/by Union hereunder shall be in accordance with the ~~General Terms & Conditions~~ general terms and conditions as incorporated in that ~~pipeline~~ Interconnecting Pipeline company's gas tariff as approved by ~~their Regulatory Body~~ its regulatory body.
3. Check Measuring Equipment: Shipper may install, maintain and operate, at the ~~redelivery point~~ Custody Transfer Point, at its own expense, such check measuring equipment as desired, provided that such equipment shall be so installed as not to interfere with the operation of Union's measuring equipment at or near the ~~delivery point~~ Custody Transfer Point, and shall be installed, maintained and operated in conformity with the same standards and specifications applicable to Union's metering facilities.
4. Rights of Parties: The measuring equipment installed by either party, together with any building erected by it for such equipment, shall be and remain its property. However, Union and Shipper shall have the right 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 used in measuring or checking the measurement of

deliveries of gas to/by Union under ~~this~~the Contract. Either party will give the other party reasonable notice of its intention to carry out the acts herein specified. The records from such measuring equipment shall remain the property of their owner, but upon request each will submit to the other its records and charts, together with calculations therefrom, for inspection and verification, subject to return within ten (10) days after receipt thereof.

5. Calibration and Test of Measuring Equipment: The accuracy of Union's measuring equipment shall be verified by Union at reasonable intervals, and if requested, in the presence of representatives of Shipper, but Union shall not be required to verify the accuracy of such equipment more frequently than once in any thirty (30) day period. In the event either party ~~shall notify~~notifies the other that it desires a special test of any measuring equipment, the parties shall co-operate to secure a prompt verification of the accuracy of such equipment. The expense of any such special test, if called for by Shipper, shall be borne by Shipper if the measuring equipment tested is found to be in error ~~by~~ not more than two per cent (2%). If, upon test, any measuring equipment is found to be in error by not more than two per cent (2%), previous recordings of such equipment shall be considered accurate in computing ~~redeliveries receipts and deliveries~~ of gas, but such equipment shall be adjusted at once to record as near to absolute accuracy as possible. If the test conducted shows a percentage of inaccuracy greater than two percent (2%), the financial adjustment, if any, shall be calculated in accordance with the ~~Electricity and Gas Inspection Act (1982) and regulations thereunder~~Act and Regulations, as may be amended from time to time and in accordance with any successor statutes and regulations.
6. Preservation of Metering Records: Union and Shipper shall each preserve for a period of at least six (6) years all test data, and other relevant records.
7. Error in Metering or Meter Failure: In the event of an error in metering or a meter failure, (such error or failure being determined through check measurement by Union or any other available method), then Shipper shall enforce its rights as Shipper with the Interconnecting Pipeline(s) to remedy such error or failure including enforcing any inspection and/or verification rights and procedures.

#### **VIII. BILLING**

1. Monthly Billing Date: Union shall render bills on or before the ~~tenth~~ (10<sup>th</sup>) day of each month for all ~~services~~Services furnished during the preceding ~~month~~Month. Such charges may be based on estimated quantities, if actual quantities are unavailable in time to prepare the billing. Union shall provide, in a succeeding ~~month's~~Month's billing, an adjustment based on any difference between actual quantities and estimated quantities, ~~without any interest charge~~. If presentation of a bill to Shipper is delayed after the ~~tenth~~ (10<sup>th</sup>) day of the month, then the time of payment shall be extended accordingly, unless Shipper is responsible for such delay.
2. Right of Examination: Both Union and Shipper shall have the right to examine at any reasonable time 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 the Contract.
3. Amendment of Statements: For the purpose of completing a final determination of the actual quantities of gas handled under the Contract, Union shall have the right to amend its statements for a period equal to the time during which the Interconnecting Pipeline retains the right to amend their statements, which period shall not exceed three (3) years from the date of termination of the Contract.

#### **IX. PAYMENTS**

1. Monthly ~~payments~~Payments: Shipper shall pay the invoiced amount directly into Union's bank account as directed on the invoice on or before the twentieth (20<sup>th</sup>) day of each month. If the payment date is not a ~~business day~~Business Day, then payment must be received in Union's account on the first ~~business day~~Business Day preceding the twentieth (20<sup>th</sup>) day of the month.
2. Remedies for ~~nonpayment~~Non-payment: Should Shipper fail to pay all of the amount of any bill as herein provided when such amount is due,
  - a. Shipper shall pay to Union interest on the unpaid portion of the bill accruing at a rate per annum equal to the minimum commercial lending rate of Union's principal banker in effect from time to time from the due date until the date of payment—; and,

- b. If such failure to pay continues for thirty (30) days after payment is due, Union, in addition to any other remedy it may have under the Contract, may suspend ~~service(s)~~Services until such amount is paid, ~~provided however, that~~. Notwithstanding such suspension, all demand charges shall continue to accrue hereunder as if such suspension were not in place.

If Shipper, in good faith ~~shall dispute~~disputes the amount of any such bill or part thereof ~~and~~Shipper shall pay to Union such amounts as it concedes to be correct ~~and at~~. At any time thereafter, within twenty (20) days of a demand made by Union, Shipper shall furnish ~~good and sufficient surety bond~~financial assurances satisfactory to Union, guaranteeing payment to Union of the amount ultimately found due upon such bill after a final determination ~~which~~. Such a final determination may be reached either by agreement, arbitration decision or judgement of the courts, as may be the case, ~~then~~. Union shall not be entitled to suspend ~~service(s)~~Services because of such ~~nonpayment~~non-payment unless and until default ~~be made~~occurs in the conditions of such ~~bond~~financial assurances or default occurs in payment ~~for~~of any ~~further service(s)~~other amount due to ~~Shipper~~Union hereunder.

Notwithstanding the foregoing ~~paragraph, this does not relieve~~, Shipper is not relieved from the obligation to continue its deliveries of gas to Union under the terms of any agreement, where Shipper has contracted to deliver specified quantities of gas to Union.

3. Billing Adjustments: If it shall be found that at any time or times Shipper has been overcharged or undercharged in any form whatsoever under the provisions of the Contract and Shipper shall have actually paid the bills containing such overcharge or undercharge, Union shall refund the amount of any such overcharge and interest shall accrue from and including the first day of such overcharge as paid to the date of refund and shall be calculated but not compounded at a rate per annum determined each day during the calculation period to be equal to the minimum commercial lending rate of Union's principal banker, and the Shipper shall pay the amount of any such undercharge, but without interest. In the event Union renders a bill to Shipper based upon measurement estimates, the required adjustment to reflect actual measurement shall be made on the bill next following the determination of such actual measurement, without any charge of interest. In the event an error is discovered in the amount billed in any statement rendered by Union, such error shall be adjusted by Union. Such overcharge, undercharge or error shall be adjusted by Union on the bill next following its determination (where the term "~~bill~~" next following" shall mean a bill rendered at least fourteen (14) days after the day of its determination), provided that claim therefore shall have been made within ~~six (6)~~three (3) years from the date of the incorrect billing. In the event any refund is issued with Shipper's bill, the aforesaid date of refund shall be deemed to be the date of the issue of ~~invoice~~bill.
4. Taxes: In addition to the charges and rates as per the applicable rate schedules and price schedules, Shipper shall pay all Taxes which are imposed currently or subsequent to the execution of the Contract by any legal authority having jurisdiction and any amount in lieu of such Taxes paid or payable by Union.
5. Set Off: If Shipper shall, at any time, be in arrears under any of its payment obligations to Union under the Contract, then Union shall be entitled to reduce the amount payable by Union to Shipper under the Contract or any other contract by an amount equal to the amount of such arrears or other indebtedness to Union. In addition to the foregoing remedy, Union may, upon forty-eight (48) hours verbal notice, to be followed by written notice, take possession of any or all of Shipper's gas under the Contract, which shall be deemed to have been assigned to Union, to reduce such arrears or other indebtedness to Union.
6. Aid to Construction: Shipper agrees to reimburse Union for the Aid to Construction.

In the event Union has incurred costs, as set out herein, relative to the construction, installation or connection of the gas metering station prior to being notified by Shipper of Shipper's intention to terminate the Contract, Shipper shall promptly remit to Union such actual costs on presentation to Shipper of an invoice for same from Union.

All applicable Taxes will be applied to all amounts to be paid under this Section. Shipper warrants and represents that no payment to be made by Shipper under the Contract is subject to any withholding tax.

#### ~~VIII~~. ARBITRATION

If and when any dispute, difference or question shall arise between the parties hereto touching the Contract or anything herein contained, or the construction hereof, or the rights, duties or liabilities of the parties in relation to any matter



hereunder, the matter in dispute shall be submitted and referred to arbitration within ten (10) days after written request of either party. Upon such request each party shall appoint an arbitrator, and the two so appointed shall appoint a third. A majority decision of the arbitrators shall be final and binding upon both parties. In all other respects the provisions of the Arbitration Act ~~of the Province of Ontario, 1991~~, or any ~~Act~~act passed in amendment thereof or substitution ~~therefor~~therefore, shall apply to each such submission. Operations under ~~this~~the Contract shall continue, without prejudice, during any such arbitration and the costs attributable to such arbitration shall be shared equally by the parties hereto.

## **XI. FORCE MAJEURE**

1. The term "**force majeure**" as used herein shall mean acts of God, strikes, lockouts or any other industrial disturbance, acts of the public enemy, sabotage, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of governments and people, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, freezing of wells or lines of pipe, inability to obtain materials, supplies, permits or labour, any laws, orders, rules, regulations, acts or restraints of any governmental body or authority (civil or military), any act or omission that is excused by any event or occurrence of the character herein defined as constituting force majeure, any act or omission by parties not controlled by the party having the difficulty and any other similar cases not within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome.
2. In the event that either the Shipper or Union is rendered unable, in whole or in part, by force majeure, to perform or comply with any obligation or condition of the Contract, such party shall give notice and full particulars of such force majeure in writing delivered by hand, fax or other direct written electronic means to the other party as soon as possible after the occurrence of the cause relied on and subject to the provision of this Article.
3. Neither party shall be entitled to the benefit of the provisions of force majeure hereunder if any or all of the following circumstances prevail: the failure resulting in a condition of force majeure was caused by the negligence of the party claiming suspension; the failure was caused by the party claiming suspension where such party failed to remedy the condition by making all reasonable efforts (short of litigation, if such remedy would require litigation); the party claiming suspension failed to resume the performance of such condition obligations with reasonable dispatch; the failure was caused by lack of funds; the party claiming suspension did not, as soon as possible after determining, or within a period within which it should acting reasonably have determined, that the occurrence was in the nature of force majeure and would affect its ability to observe or perform any of its conditions or obligations under the Contract, give to the other party the notice required hereunder.
4. The party claiming suspension shall likewise give notice as soon as possible after the force majeure condition is remedied, to the extent that the same has been remedied, and that such party has resumed or is then in a position to resume the performance of the obligations and conditions of the Contract.
5. An event of force majeure on Union's system will excuse the failure to deliver gas by Union or the failure to accept gas by Union hereunder, and both parties shall be excused from performance of their obligations hereunder, except for payment obligations, to the extent of and for the duration of the force majeure.
6. Upstream or Downstream Force Majeure: An event of force majeure upstream or downstream of Union's system shall not relieve Shipper of any payment obligations.
7. Delay of Firm Transportation Services: Despite Article XI herein, if Union is prevented, by reason of an event of force majeure on Union's system from delivering gas on the Day or Days upon which Union has accepted gas from Shipper, Union shall thereafter make all reasonable efforts to deliver such quantities as soon as practicable and on such Day or Days as are agreed to by Shipper and Union. If Union accepts such gas on this basis, Shipper shall not receive any demand charge relief as contemplated under Article XI herein.
8. Demand Charge Relief for Firm Transportation Services: Despite Article XI herein, if on any Day Union fails to accept gas from Shipper by reason of an event of force majeure on Union's system and fails to deliver the quantity of gas nominated hereunder by Shipper up to the firm contract demand for the Contract, then for that Day the Monthly demand charge shall be reduced by an amount equal to the applicable Daily Demand Rate, as defined in this paragraph, multiplied by the difference between the quantity of gas actually delivered by Union during such Day and the quantity of gas which Shipper in good faith nominated on such Day. The term "**Daily Demand Rate**" shall mean



the Monthly demand charge or equivalent pursuant to the C1 Rate Schedule divided by the number of days in the month for which such rate is being calculated.

9. In addition to the definition of force majeure in Article XI, Section 1 herein, for the purposes of the Contract, it shall also include the unforeseen reduction in natural gas usage and/or capacity of the local transmission system as described in Schedule 1 of the Contract, regardless of the duration of such unforeseen reduction, or any other cause, whether of the kind herein enumerated or otherwise, not within the reasonable control of the party claiming relief hereunder and which, by the exercise of due diligence, such party is unable to prevent or overcome.

## **XII. DEFAULT AND TERMINATION**

In case of the breach or non-observance or non-performance on the part of either party hereto of any covenant, proviso, condition, restriction or stipulation contained in the Contract (but not including herein failure to take or make delivery in whole or in part of the gas delivered to/by Union hereunder occasioned by any of the reasons provided for in Article XI herein) which has not been waived by the other party, then and in every such case and as often as the same may happen, the non-defaulting party may give written notice to the defaulting party requiring it to remedy such default and in the event of the defaulting party failing to remedy the same within a period of thirty (30) days from receipt of such notice, the non-defaulting party may at its sole option declare the Contract to be terminated and thereupon the Contract shall be terminated and be null and void for all purposes other than and except as to any liability of the parties under the same incurred before and subsisting as of termination. The right hereby conferred upon each party 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.

## **XIII. AMENDMENT**

Subject to Article XV herein and the ability of Union to amend the applicable rate schedules and price schedules, with the approval of the OEB (if required), no amendment or modification of the Contract shall be effective unless the same shall be in writing and signed by each of the Shipper and Union.

## **XIV. NON-WAIVER AND FUTURE DEFAULT**

No waiver of any provision of the Contract shall be effective unless the same shall be in writing and signed by the party entitled to the benefit of such provision and then such waiver shall be effective only in the specific instance and for the specified purpose for which it was given. No failure on the part of Shipper or Union to exercise, and no course of dealing with respect to, and no delay in exercising, any right, power or remedy under the Contract shall operate as a waiver thereof.

## **~~XXV.~~ LAWS, REGULATIONS AND ORDERS**

The Contract and the respective rights and obligations of the parties hereto are subject to all present and future valid laws, orders, rules and regulations of any competent legislative body, or duly constituted authority now or hereafter having jurisdiction and the 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 the Contract.

## **XVI. RESERVED FOR FUTURE USE**

N/A

## **XVII. RENEWALS**

The Contract will continue in full force and effect beyond the Initial Term, automatically renewing for a period of one (1) year, and every one (1) year thereafter. Shipper or Union may reduce the contract demands or terminate the Contract, with notice in writing to the other party, at least two (2) years prior to the expiration thereof.

## **XVIII. SERVICE CURTAILMENT**

1. Capacity Sharing: Where requests for interruptible service hereunder exceed the capacity available for such Service, Union will authorize nominations from shippers and allocate capacity as per Union's procedures and policies and shippers shall be so advised. Any interruptible service provided herein are subordinate to any and all firm service supplied by Union, and subordinate to Union's own operational or system requirements.
2. Capacity Procedures: Union reserves the right to change its procedures and policies for sharing interruptible capacity and will provide Shipper with two (2) months' notice of any such change.
3. Maintenance: Union's facilities from time to time may require maintenance or construction. In the event that such event occurs and in Union's sole opinion, acting reasonably, may impact its ability to meet Shipper's requirements, Union shall provide at least ten (10) days' notice to the Shipper, except in the case of emergencies. In the event the maintenance impacts Union's ability to meet Shipper's requirements, Union shall not be liable for any damages and shall not be deemed to be in breach of the Contract. To the extent that Union's ability to receive or deliver gas is impaired, Demand Charge Relief shall be calculated and credited to Shipper's invoice in accordance with Article XI, Section 8 herein. Union shall use reasonable efforts to determine a mutually acceptable period during which such maintenance or construction will occur and also to limit the extent and duration of any impairments. Union will endeavour to schedule and complete the maintenance and construction, that can be scheduled and completed, and which would normally be expected to impact on Union's ability to meet its obligations of any Contract Year, during the period from April 1 through to October 31.
4. Shipper's Facilities: Shipper shall complete and maintain a plan which depicts all of Shipper's production storage facilities including all emergency shut off valves and emergency equipment and provide a copy to Union upon Union's request. Shipper shall provide to Union the names and telephone numbers of those persons whom Union may contact in the event of an emergency situation arising within the Shipper's facilities.

## **XIX. SHIPPER'S REPRESENTATIONS AND WARRANTIES**

1. Shipper's Warranty: Shipper warrants that it will, if required, maintain, or have maintained on its behalf, all external approvals including the governmental, regulatory, import/export permits and other approvals or authorizations that are required from any federal, state or provincial authorities for the gas quantities to be handled under the Contract. Shipper further warrants that it shall maintain in effect the Facilitating Agreements.
2. Financial Representations: Shipper represents and warrants that the financial assurances (including the Initial Financial Assurances and Security), if any, shall remain in place throughout the term hereof unless Shipper and Union agree otherwise. Shipper shall notify Union in the event of any change to the financial assurances (including the Initial Financial Assurances and Security), if any, throughout the term hereof. Should Union have reasonable grounds to believe that Shipper will not be able to perform or continue to perform any of its obligations under the Contract for any reason (a "Material Event"), then Shipper shall within fourteen (14) days of receipt of written notice by Union, obtain and provide to Union a letter of credit or other security in the form and amount reasonably required by Union (the "Security"). In the event that Shipper does not provide to Union such Security, Union may deem a default in accordance with the provisions of Article XII herein.

In the event that Shipper in good faith, reasonably believes that it should be entitled to reduce the amount of or value of the Security previously provided, it may request such a reduction from Union and to the extent that the Material Event has been mitigated or eliminated, Union shall return all or a portion of the Security to Shipper within fourteen (14) Business Days after receipt of the request.

3. Regulatory Approval: Shipper represents and warrants to Union that Shipper possesses all licenses and permits needed to inject gas into, store gas in, and remove gas from the pool.

## **XX. MISCELLANEOUS PROVISIONS**

1. Assignment: Shipper may not assign the Contract without the written consent of Union and, if required, the approval of

the OEB. Should Union consent to the assignment, and if OEB approval is needed, Union will apply for OEB approval with all costs of the application to be paid by Shipper.

2. Title to Gas: Shipper represents and warrants to Union that Shipper shall have good and marketable title to, or legal authority to deliver to Union, all gas delivered to Union hereunder. Furthermore, Shipper hereby agrees to indemnify and save Union harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of claims of any or all third parties to such gas or on account of Taxes, or other charges thereon.

## XXI. PRECONDITIONS TO TRANSPORTATION SERVICES

1. The obligations of Union to provide Services hereunder are subject to the following conditions precedent, which are for the sole benefit of Union and which may be waived or extended in whole or in part in the manner provided in the 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 provide the Services; and,
  - b. Union shall have obtained all internal approvals that are necessary or appropriate to provide the Services; and,
  - c. Union shall have received from Shipper the requisite financial assurances reasonably necessary to ensure Shipper's ability to honour the provisions of the Contract (the "**Initial Financial Assurances**"). The Initial Financial Assurances, if required, will be as determined solely by Union; and,
  - d. Shipper and Union shall have entered into the Interruptible HUB Service Contract or equivalent (the "**Facilitating Agreement**") with Union; and,
  - e. Shipper shall have paid any amounts owing pursuant to Schedule 1 Aid to Construction; and,
  - f. With regard to the Union Expansion Facilities:
    - i. 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 required to construct the Union Expansion Facilities;
    - ii. Union shall have obtained all internal approvals that are necessary or appropriate to construct the Union Expansion Facilities;
    - iii. Union shall have completed and placed into service the Union Expansion Facilities; and,

Shipper shall, at Shipper's own cost and expense, have obtained a registered lease or freehold ownership in Union's favour for the Union Expansion Facilities located at the Pool Station satisfactory to Union and sufficient to provide Union with free uninterrupted access to, from, under and above the Pool Station for a term (and extended terms) identical to the Contract, plus sixty (60) days (such land rights being referred to as the "**Pool Station Land Rights**"), and shall provide Union with a bona fide copy of such agreements prior to Union commencing the construction of the Union Expansion Facilities. The obligations of Shipper hereunder are subject to the following conditions precedent, which are for the sole benefit of Shipper and which may be waived or extended in whole or in part in the manner provided in the Contract:

- a. Shipper shall, as required, have entered into the necessary contracts with Union and/or others to facilitate the Services contemplated herein, including contracts for upstream and downstream transportation, and shall specifically have an executed and valid Facilitating Agreement; and shall, as required, have entered into the necessary contracts to purchase the gas quantities handled under the Contract; and,
- b. Shipper shall have obtained, in form and substance satisfactory to Shipper, and all conditions shall have been satisfied under, all governmental, regulatory and other third party approvals, consents, orders and

authorizations, that are required from federal, state, or provincial authorities for the gas quantities handled under the Contract; and,

- c. Shipper shall have obtained all internal approvals that are necessary or appropriate for the Shipper to execute the Contract.
3. Union and Shipper shall each use due diligence and reasonable efforts to satisfy and fulfil the conditions precedent specified in this Article XXI Section 1 a, c, d, e, f i., f iii., and g and Section 2 a and b. Each party shall notify the other forthwith in writing of the satisfaction or waiver of each condition precedent for such party's benefit. If a party concludes that it will not be able to satisfy a condition precedent that is for its benefit, such party may, upon written notice to the other party, terminate the Contract and upon the giving of such notice, the Contract shall be of no further force and effect and each of the parties shall be released from all further obligations thereunder.
4. If any of the conditions precedent in this Article XXI Section 1 c or Section 2 are not satisfied or waived by the party entitled to the benefit of that condition by the Conditions Date as such term is defined in the Contract, then either party may, upon written notice to the other party, terminate the Contract and upon the giving of such notice, the Contract shall be of no further force and effect and each of the parties shall be released from all further obligations hereunder, provided that any rights or remedies that a party may have for breaches of the Contract prior to such termination and any liability a party may have incurred before such termination shall not thereby be released.

RATE ~~C4M16~~  
GENERAL TERMS & CONDITIONS

I. DEFINITIONS

Except where the context expressly requires or states another meaning, the following terms, when used in these General Terms & Conditions and in any contract into which these General Terms & Conditions are incorporated, shall be construed to have the following meanings:

**"Aid to Construction"** shall include any and all costs, expenses, amounts, damages, obligations, or other liabilities (whether of a capital or operating nature, and whether incurred before or after the date of the Contract) actually paid by Union (including amounts paid to affiliates for services rendered in accordance with the Affiliate Relationships Code as established by the OEB) in connection with or in respect of satisfying the conditions precedent set out in Article XXI herein (including without limitation the construction and placing into service of the Union Expansion Facilities, the obtaining of all governmental, regulatory and other third party approvals, and the obtaining of rights of way) whether resulting from Union's negligence or not, except for any costs that have arisen from the gross negligence, fraud, or wilful misconduct of Union;

**"Authorized Overrun"** shall mean the amount by which Shipper's Authorized Quantity exceeds the ~~Contract Demand~~ firm and interruptible contract demands;

~~"Available Capacity" shall mean at any time, Union's remaining available capacity to provide Transportation Services;~~

**"Authorized Quantity"** shall have the meaning given thereto in Schedule "B 2010" of the C1 Rate Schedule;

**"Business Day"** shall mean any day, other than Saturday, Sunday or any days on which national banks in the Province of Ontario are authorized to close;

**"Contract"** shall refer to the Contract to which these General Terms & Conditions shall apply, and into which they are incorporated;

**"Contract Year"** shall mean a period of three hundred and sixty-five (365) consecutive days, ~~beginning on the Commencement Date or on any anniversary of such date;~~ provided, however, that any such period which contains a date of February 29 shall consist of three hundred and sixty-six (366) consecutive days, ~~commencing on November 1 of each year; except for the first Contract Year which shall commence on the Commencement Date and end on the first October 31 that follows such date;~~ six (366) consecutive days;

**"cricondentherm hydrocarbon dewpoint"** shall mean the highest hydrocarbon dewpoint temperature on the phase envelope;

**"cubic metre"** shall mean the volume of gas which occupies one cubic metre when such gas is at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;

**"Custody Transfer Point"** That point on the piping system at the Pool Station which is at the Shipper side of the insulating flange on the Union Expansion Facilities, and which point shall serve as the point of custody transfer;

**"Day"** shall mean a period of twenty-four (24) consecutive hours beginning at 10:00 a.m. Eastern Clock Time. The reference date for any Day shall be the calendar date upon which the twenty-four (24) hour period shall commence;

**"Dehydration Contract"** shall mean the contract for Dehydration Service between Union and the Shipper as detailed in Schedule 1 of the Contract;

~~"delivery" shall mean any gas that is delivered by Union into Shipper's possession, or to the possession of Shipper's agent;~~

**"Delivery Point"** shall mean the point(s) where Union shall deliver gas to Shipper as defined in Schedule 1 of the Contract;

"Eastern Clock Time" shall mean the local clock time in the Eastern Time Zone on any Day;

~~"Expansion Facilities" shall mean any new facilities to be constructed by Union in order to provide Transportation Services;~~

"firm" shall mean service not subject to curtailment or interruption except under Articles XI, XII and XVIII herein;

"gas" shall mean gas as defined in the Ontario Energy Board Act, 1998, S.O. 1998, c. 15, Sch. B, as amended, supplemented or re-enacted from time to time;

"gross heating value" shall mean the total heat expressed in megajoules per cubic metre (MJ/m<sup>3</sup>) produced by the complete combustion at constant pressure of one (1) cubic metre of gas with air, with the gas free of water vapour and the temperature of the gas, air and products of combustion at standard temperature and all water formed by the combustion reaction condensed to the liquid state;

"hydrocarbon dewpoint" shall mean temperature at a specific pressure where hydrocarbon vapour condensation begins;

~~"Interruptible HUB Service Contract" shall mean a contract between Shipper and Union under which Union provides interruptible HUB service;~~

~~"interruptible service" or "Interruptible" shall mean service subject to curtailment or interruption, after notice, at any time;~~

"Interconnecting Pipeline" shall mean a pipeline that directly connects to the Union pipeline system;

~~"interruptible" shall mean service subject to curtailment or interruption, after notice, at any time;~~

"joule" (J) shall mean 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;

~~"Limited Firm" shall mean gas service subject to interruption or curtailment on a limited number of Days as specified in the Contract;~~

~~"Loaned Quantities" shall mean those quantities of gas loaned to Shipper under the Facilitating Agreement;~~

"m<sup>3</sup>" shall mean cubic metre of gas and "10<sup>3</sup>m<sup>3</sup>" shall mean 1,000 cubic metres of gas;

"Month" shall mean the period beginning at 10:00 a.m. Eastern Clock Time on the first day of a calendar month and ending at 10:00 a.m. Eastern Clock Time on the first day of the following calendar month;

~~"NAESB" shall mean North American Energy Standards Board;~~

"OEB" means the Ontario Energy Board;

~~"Open Season" or "open season" shall mean an open access auction or bidding process held by Union as a method of allocating capacity;~~

~~"pascal" or "(Pa)" shall mean the pressure produced when a force of one (1) newton is applied to an area of one (1) square metre. The term "kilopascal" ~~"(kPa)"~~ shall mean 1,000 pascals;~~

~~"Pool Quantity" shall mean the actual daily quantity of gas delivered to or received from Shipper at the Custody Transfer Point;~~

~~"Pool Station" shall mean the physical location of Union's measurement and control facilities to the pool; the pool name as detailed in Schedule 1 of the Contract;~~

~~"receipt" shall mean any gas that is delivered into Union's possession, or the possession of Union's agent;~~

~~"Receipt Point" shall mean any one of the points where Union shall receive gas from Shipper as detailed in Schedule 1 of the Contract;~~

~~"Shipper" shall have the meaning as defined in the Contract, and shall also include Shipper's agent(s);~~

~~"Shipper Quantity" shall, on any Day, be equal to the greater of: (i) the Authorized Quantity for that Day; and (ii) the nomination duly made by Shipper in good faith prior to the nomination deadline for the first nomination window applicable for that Day; provided that in no event shall the Shipper Quantity exceed the firm contract demand;~~

~~"specific gravity" shall mean density of the gas divided by density of air, with both at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;~~

~~"Taxes" shall mean any tax (other than tax on income or tax on property), duty, royalty, levy, license, fee or charge not included in the charges and rates as per the applicable rate schedule (including but not limited to charges under any form of cap and trade, carbon tax, or similar system) and that is levied, assessed or made by any governmental authority on the gas itself, or the act, right, or privilege of producing, severing, gathering, storing, transporting, handling, selling or delivering gas under the Contract;~~

~~"TCPL" means TransCanada PipeLines Limited;~~

~~"Union Expansion Facilities" shall mean any facilities necessary for Union to provide the Services, including without limiting the generality of the foregoing:~~

- ~~a. a meter and any associated recording gauges as are necessary;~~
- ~~b. pressure and/or flow control devices, over pressure protection and telemetry equipment as are necessary;~~
- ~~c. a suitable gas odourizing injection facility if Union deems such a facility to be necessary~~
- ~~d. piping, fittings, material, filtration facilities, cathodic protection and insulating flanges;~~
- ~~e. gas chromatograph, moisture analyzer, piping, fittings, material, filtration facilities, cathodic protection and insulating flanges;~~

~~"Wobbe Number" shall mean gross heating value of the gas divided by the square root of its specific gravity.~~

## II. GAS QUALITY

1. Natural Gas: The minimum gross heating value of the gas delivered to/by Union hereunder, shall be thirty-six (36) megajoules per cubic metre. The maximum gross heating value of the gas delivered to/by Union hereunder shall be forty point two (40.2) megajoules per cubic metre. The gas to be delivered hereunder to Union may be a commingled supply from Shipper's gas sources of supply. The gas to be delivered by Union may be a commingled supply from Union's sources of gas supply; provided, however, that helium, natural gasoline, butane, propane and other hydrocarbons, except methane, may be removed prior to delivery to Shipper. Further, Union may subject, or permit the subjection of, the gas to compression, dehydration, cooling, cleaning and other processes.
2. Freedom from objectionable matter: The gas to be delivered to ~~by~~ Union ~~at the Receipt Point(s)~~ hereunder,
  - a. shall be commercially free from bacteria, sand, dust, gums, crude oils, lubricating oils, liquids, chemicals or compounds used in the production, treatment, compression or dehydration of the gas or any other objectionable substance in sufficient quantity so as to render the gas toxic, unmerchantable or cause injury to, or interference with, the proper operation of the lines, regulators, meters or other appliances through which it flows,
  - b. shall not contain more than seven (7) milligrams of hydrogen sulphide per cubic metre of gas, nor more than

~~four~~one hundred ~~and sixty (460)~~(100) milligrams of total sulphur per cubic metre of gas,

- c. shall not contain more than five (5) milligrams of mercaptan sulphur per cubic metre of gas,
- d. shall not contain more than two point zero (2.0) molar percent by volume of carbon dioxide in the gas,
- e. shall not contain more than zero point four (0.4) molar percent by volume of oxygen in the gas,
- f. shall not contain more than zero point five (0.5) molar percent by volume of carbon monoxide in the gas,
- g. shall not contain more than four point zero (4.0) molar percent by volume of hydrogen in the gas,
- h. shall not contain more than sixty-five (65) milligrams of water vapour per cubic metre of gas,
- i. shall not have a cricondenthem hydrocarbon dewpoint exceeding minus eight (-8) degrees Celsius,
- j. shall have Wobbe Number from forty seven point fifty (47.50) megajoules per cubic metre of gas to fifty one point forty six (51.46) megajoules per cubic metre of gas, maximum of one point five (1.5) mole percent by volume of butane plus (C4+) in the gas, and maximum of four point zero (4.0) mole percent by volume of total inerts in the gas in order to be interchangeable with other Interconnecting Pipeline gas-;
- k. shall not exceed forty-three degrees Celsius (43°C), and,
- l. shall not be odourized by Shipper.

3. Non-conforming Gas:

- a. In the event that the quality of the gas does not conform or if Union, acting reasonably, suspects the quality of the gas may not conform to the specifications herein, then Shipper shall, if so directed by Union acting reasonably, forthwith carry out, at Shipper's cost, whatever field testing of the gas quality as may be required to ensure that the quality requirements set out herein are met, and to provide Union with a certified copy of such tests. If Shipper does not carry out such tests forthwith, Union may conduct such test and Shipper shall reimburse Union for all costs incurred by Union for such testing.
- b. If Shipper's gas fails at any time to conform to the requirements of this Article II, Union, in addition to its other remedies, may refuse to accept delivery of gas at the Receipt Points hereunder until such deficiency has been remedied by Shipper. Each Party agrees to notify the other verbally, followed by written notification, of any such deficiency of quality.
- c. With respect to Article II 2. h. herein, Union may accept the gas subject to Shipper's obligations under the Dehydration Contract, if applicable.

4. Quality of Gas Received: The quality of the gas to be received by Union at the Receipt Point(s) hereunder is to be of a merchantable quality and in accordance with the quality standards as set out by Union in this Article II.

5. Quality of Gas at Dawn: The quality of the gas to be delivered to Union at Dawn (Facilities) or the gas to be delivered by Union to Shipper at Dawn (Facilities) hereunder is to be of a merchantable quality and in accordance with the quality standards and measurement standards as set out by Union in this Article II, except that total sulphur limit shall be not more than four hundred and sixty (460) milligrams per cubic metre of gas. In addition to any other right or remedy of a party, each party shall be entitled to refuse to accept delivery of any gas which does not conform to any of the specifications set out in this Article II.

~~4. Quality of Gas Received: The quality of the gas to be received by Union hereunder is to be of a merchantable quality and in accordance with the quality standards as set out by Union in this Article II, but, Union will also accept gas of a quality as set out in any other Interconnecting Pipeline's general terms and conditions, provided that all Interconnecting Pipelines accept such quality of gas. In addition to any other right or remedy of a party, each party shall be entitled to refuse to accept delivery of any gas which does not conform to any of the specifications set out in Union's G1 Rate Schedule.~~



6. Odourization of Gas:

- a. Union may odourize or deliver odourized gas under the Contract,
- b. Shipper shall if requested by Union monitor the mercaptan sulphur content of the gas delivered to Union under the Contract and shall provide at no cost to Union a continuous signal quantifying the mercaptan sulphur content in milligrams per cubic metre.

III. MEASUREMENTS

1. Storage, Transportation, and/or Sales Unit: The unit of the gas delivered to Union shall be a megajoule or a gigajoule. The unit of gas transported or stored by Union shall be a megajoule or a gigajoule. The unit of gas delivered by Union shall be a megajoule, a gigajoule, a cubic metre (m<sup>3</sup>) or one thousand cubic metres (10<sup>3</sup>m<sup>3</sup>) at Union's discretion.
2. Determination of Volume and Energy:
  - a. The volume and energy amounts determined under the Contract shall be determined in accordance with the Electricity and Gas Inspection Act (Canada), RSC 1985, c E-4- (the "Act") and the Electricity and Gas Inspection Regulations, SOR 86/131 (the "Regulations"), and any documents issued under the authority of the Act and Regulations and any amendments thereto.
  - 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, all as amended from time to time.
  - c. The volume and/or energy of the gas delivered to/by Union hereunder shall be determined by the measurement equipment designated in Article VII herein.
  - d. Upon request by Union, Shipper shall obtain measurement of the total quantity of gas received by Union hereunder from the Interconnecting Pipeline. Such measurement shall be done in accordance with established practices between Union and the Interconnecting Pipeline.

IV. RECEIPT POINT AND DELIVERY POINT

~~1. Unless otherwise specified in the Contract, the~~The point or points of receipt and point or points of delivery for all gas to be covered hereunder shall be on the outlet side of the measuring stations located at or near the point or points of connection specified in Schedule 1 of the Contract, where possession of the gas changes from one party to the other, ~~and as per Schedule "C-2010".~~

V. POSSESSION OF AND RESPONSIBILITY FOR GAS

1. Union accepts no responsibility for any gas prior to such gas being delivered to Union at the Receipt Point or after its delivery by Union at the Delivery Point. As between the parties hereto, Union shall be deemed to be in control and possession of and responsible for all such gas from the time that such gas enters Union's system until such gas is delivered to Shipper.
2. Shipper agrees that Union is not a common carrier and is not an insurer of Shipper's gas, and that Union shall not be liable to Shipper or any third party for loss of gas in Union's possession, except to the extent such loss is caused entirely by Union's negligence or wilful misconduct.

VI. FACILITIES ON SHIPPER'S PROPERTY

~~Except under those conditions where Union is delivering to TCPL for TCPL or Shipper at Parkway (TCPL), or to an Interconnecting Pipeline, or where otherwise specified in the Contract, the following will apply:~~

- ~~1. Construction and Maintenance: Union, at its own expense may construct, maintain and operate on Shipper's property at the delivery point a measuring station properly equipped with a meter or meters and any other necessary measuring equipment for properly measuring the gas redelivered under the Contract. Shipper will grant to Union a lease and/or rights-of way over property of Shipper as required by Union to install such facilities and to connect same to Union's pipeline.~~
- ~~2. Entry: Union, its servants, agents and each of them may at any reasonable time on notice (except in cases of emergency) to Shipper or his duly authorized representative enter Shipper's property for the purpose of constructing, maintaining, removing, operating and/or repairing station equipment.~~
- ~~3. Property: The said station and equipment will be and remain the property of Union notwithstanding it is constructed on and attached to the realty of Shipper, and Union may at its own expense remove it upon termination of the Contract and will do so if so requested by Shipper.~~

1. All of the Union Expansion Facilities shall remain the property of Union. Union shall be entitled to remove said equipment at any time within a period of sixty (60) days from any termination or expiry of the Contract. Shipper shall take all necessary steps to ensure Union may enter the Pool Station to remove such equipment for a period of sixty (60) days after termination or expiry of the Contract.
2. Shipper shall, at Shipper's own cost and expense:
  - a. obtain the Pool Station Land Rights; and
  - b. furnish, install, set, and maintain suitable pressure and quantity control equipment and such additional equipment as required on Shipper's delivery system, to protect against the over pressuring of Union's facilities as set out in Article VI of the Contract and Schedule 1 of the Contract, protect Union from receiving gas not meeting the quality specification as set out in Article II herein, and to limit the daily flow of gas to the corresponding parameters as set out in the Article II of the Contract.
3. Shipper shall within thirty (30) days of the delivery of an invoice by Union, reimburse Union for any actual costs reasonably incurred by Union for any repair, replacement, relocation, or upgrading of any meter station or any Union Expansion Facilities requested by Shipper, or as required by law or by duly constituted regulatory body, or through good engineering practice. Union shall be responsible for any costs incurred by Union to correct an error made by Union.
4. Operation and Maintenance: Subject to this Article VI Section 3, each party shall be fully responsible for the continued operation, maintenance, repair and replacement of its respective facilities. Both parties agree to maintain cathodic protection on their respective facilities.
5. Inspection: Each party shall inspect its facilities as required by industry standards or by the appropriate regulatory body.
6. Each party shall decide, in its sole discretion, whether its facilities need to be repaired or replaced. In the event that repair or replacement is needed, the party undertaking such work will, to the extent possible, give the other party sixty (60) days' notice and will ensure that the work be done in a manner so as to minimize the amount of time the pipeline has restricted flows.

## **VII. MEASURING EQUIPMENT**

1. Metering by Union: Union will install and operate meters and related equipment as required and in accordance with the Act and Regulations referenced in Article III herein.

2. Metering by Others: In the event that all or any gas delivered to/by Union hereunder is measured by a meter that is owned and operated by an Interconnecting Pipeline, then Union and Shipper agree to accept that metering for the purpose of determining the volume and energy of gas delivered to/by Union on behalf of the Shipper. The standard of measurement and tests for the gas delivered to/by Union hereunder shall be in accordance with the general terms and conditions as incorporated in that Interconnecting Pipeline company's gas tariff as approved by its regulatory body.
3. Check Measuring Equipment: Shipper may install, maintain and operate, at the ~~redelivery point~~Custody Transfer Point, at its own expense, such check measuring equipment as desired, provided that such equipment shall be so installed as not to interfere with the operation of Union's measuring equipment at or near the ~~delivery point~~Custody Transfer Point, and shall be installed, maintained and operated in conformity with the same standards and specifications applicable to Union's metering facilities.
4. Rights of Parties: The measuring equipment installed by either party, together with any building erected by it for such equipment, shall be and remain its property. However, Union and Shipper shall have the right 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 used in measuring or checking the measurement of deliveries of gas to/by Union under the Contract. Either party will give the other party reasonable notice of its intention to carry out the acts herein specified. The records from such measuring equipment shall remain the property of their owner, but upon request each will submit to the other its records and charts, together with calculations therefrom, for inspection and verification, subject to return within ten (10) days after receipt thereof.
5. Calibration and Test of Measuring Equipment: The accuracy of Union's measuring equipment shall be verified by Union at reasonable intervals, and if requested, in the presence of representatives of Shipper, but Union shall not be required to verify the accuracy of such equipment more frequently than once in any thirty (30) day period. In the event either party notifies the other that it desires a special test of any measuring equipment, the parties shall co-operate to secure a prompt verification of the accuracy of such equipment. The expense of any such special test, if called for by Shipper, shall be borne by Shipper if the measuring equipment tested is found to be in error by not more than two per cent (2%). If, upon test, any measuring equipment is found to be in error by not more than two per cent (2%), previous recordings of such equipment shall be considered accurate in computing receipts and deliveries of gas, but such equipment shall be adjusted at once to record as near to absolute accuracy as possible. If the test conducted shows a percentage of inaccuracy greater than two percent (2%), the financial adjustment, if any, shall be calculated in accordance with the Act and Regulations, as may be amended from time to time and in accordance with any successor statutes and regulations.
6. Preservation of Metering Records: Union and Shipper shall each preserve for a period of at least six (6) years all test data, and other relevant records.
7. Error in Metering or Meter Failure: In the event of an error in metering or a meter failure, (such error or failure being determined through check measurement by Union or any other available method), then Shipper shall enforce its rights as Shipper with the Interconnecting Pipeline(s) to remedy such error or failure including enforcing any inspection and/or verification rights and procedures.

## VIII. BILLING

1. Monthly Billing Date: Union shall render bills on or before the tenth (10<sup>th</sup>) day of each month for all ~~Transportation~~ Services furnished during the preceding Month. Such charges may be based on estimated quantities, if actual quantities are unavailable in time to prepare the billing. Union shall provide, in a succeeding Month's billing, an adjustment based on any difference between actual quantities and estimated quantities, without any interest charge. If presentation of a bill to Shipper is delayed after the tenth (10<sup>th</sup>) day of the month, then the time of payment shall be extended accordingly, unless Shipper is responsible for such delay.
2. Right of Examination: Both Union and Shipper shall have the right to examine at any reasonable time 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 the Contract.
3. Amendment of Statements: For the purpose of completing a final determination of the actual quantities of gas handled ~~in any of under the Transportation Services to Shipper, the parties~~Contract, Union shall have the right to amend ~~their~~

~~statements~~ its statements for a period equal to the time during which the Interconnecting Pipeline retains the right to amend their statements, which period shall not exceed three (3) years from the date of termination of the Contract.

## IX. PAYMENTS

1. Monthly Payments: Shipper shall pay the invoiced amount directly into Union's bank account as directed on the invoice on or before the twentieth (20<sup>th</sup>) day of each month. If the payment date is not a Business Day, then payment must be received in Union's account on the first Business Day preceding the twentieth (20<sup>th</sup>) day of the month.
2. Remedies for Non-payment: Should Shipper fail to pay all of the amount of any bill as herein provided when such amount is due,
  - a. Shipper shall pay to Union interest on the unpaid portion of the bill accruing at a rate per annum equal to the minimum commercial lending rate of Union's principal banker in effect from time to time from the due date until the date of payment; and,
  - b. If such failure to pay continues for thirty (30) days after payment is due, Union, in addition to any other remedy it may have under the Contract, may suspend Services until such amount is paid. Notwithstanding such suspension, all demand charges shall continue to accrue hereunder as if such suspension were not in place.

If Shipper in good faith disputes the amount of any such bill or part thereof Shipper shall pay to Union such amounts as it concedes to be correct. At any time thereafter, within twenty (20) days of a demand made by Union, Shipper shall furnish financial assurances satisfactory to Union, guaranteeing payment to Union of the amount ultimately found due upon such bill after a final determination. Such a final determination may be reached either by agreement, arbitration decision or judgement of the courts, as may be the case. Union shall not be entitled to suspend Services because of such non-payment unless and until default occurs in the conditions of such financial assurances or default occurs in payment of any other amount due to Union hereunder.

Notwithstanding the foregoing, Shipper is not relieved from the obligation to continue its deliveries of gas to Union under the terms of any agreement, where Shipper has contracted to deliver specified quantities of gas to Union.

3. Billing Adjustments: If it shall be found that at any time or times Shipper has been overcharged or undercharged in any form whatsoever under the provisions of the Contract and Shipper shall have actually paid the bills containing such overcharge or undercharge, Union shall refund the amount of any such overcharge and interest shall accrue from and including the first day of such overcharge as paid to the date of refund and shall be calculated but not compounded at a rate per annum determined each day during the calculation period to be equal to the minimum commercial lending rate of Union's principal banker, and the Shipper shall pay the amount of any such undercharge, but without interest. In the event Union renders a bill to Shipper based upon measurement estimates, the required adjustment to reflect actual measurement shall be made on the bill next following the determination of such actual measurement, without any charge of interest. In the event an error is discovered in the amount billed in any statement rendered by Union, such error shall be adjusted by Union. Such overcharge, undercharge or error shall be adjusted by Union on the bill next following its determination (where the term "**bill next following**" shall mean a bill rendered at least fourteen (14) days after the day of its determination), provided that claim therefore shall have been made within three (3) years from the date of the incorrect billing. In the event any refund is issued with Shipper's bill, the aforesaid date of refund shall be deemed to be the date of the issue of bill.
4. Taxes: In addition to the charges and rates as per the applicable rate schedules and price schedules, Shipper shall pay all Taxes which are imposed currently or subsequent to the execution of the Contract by any legal authority having jurisdiction and any amount in lieu of such Taxes paid or payable by Union.
5. Set Off: If ~~either party~~ Shipper shall, at any time, be in arrears under any of its payment obligations to ~~the other party~~ Union under the Contract, then ~~the party not in arrears~~ Union shall be entitled to reduce the amount payable by ~~Union to the other party in arrears~~ Shipper under the Contract, or any other contract, by an amount equal to the amount of such arrears or other indebtedness to ~~the other party~~ Union. In addition to the foregoing remedy, Union may, upon forty-eight (48) hours verbal notice, to be followed by written notice, take possession of any or all of Shipper's gas under the Contract ~~or any enhancement to the Contract~~, which shall be deemed to have been assigned to Union, to

reduce such arrears or other indebtedness to Union.

6. Aid to Construction: Shipper agrees to reimburse Union for the Aid to Construction.

In the event Union has incurred costs, as set out herein, relative to the construction, installation or connection of the gas metering station prior to being notified by Shipper of Shipper's intention to terminate the Contract, Shipper shall promptly remit to Union such actual costs on presentation to Shipper of an invoice for same from Union.

All applicable Taxes will be applied to all amounts to be paid under this Section. Shipper warrants and represents that no payment to be made by Shipper under the Contract is subject to any withholding tax.

X. ARBITRATION

If and when any dispute, difference or question shall arise between the parties hereto touching the Contract or anything herein contained, or the construction hereof, or the rights, duties or liabilities of the parties in relation to any matter hereunder, the matter in dispute shall be submitted and referred to arbitration within ten (10) days after written request of either party. Upon such request each party shall appoint an arbitrator, and the two so appointed shall appoint a third. A majority decision of the arbitrators shall be final and binding upon both parties. In all other respects the provisions of the Arbitration Act, 1991, or any act passed in amendment thereof or substitution thereof, shall apply to each such submission. Operations under the Contract shall continue, without prejudice, during any such arbitration and the costs attributable to such arbitration shall be shared equally by the parties hereto.

XI. FORCE MAJEURE

1. The term "**force majeure**" as used herein shall mean acts of God, strikes, lockouts or any other industrial disturbance, acts of the public enemy, sabotage, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of governments and people, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, freezing of wells or lines of pipe, inability to obtain materials, supplies, permits or labour, any laws, orders, rules, regulations, acts or restraints of any governmental body or authority (civil or military), any act or omission that is excused by any event or occurrence of the character herein defined as constituting force majeure, any act or omission by parties not controlled by the party having the difficulty and any other similar cases not within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome.
2. In the event that either the Shipper or Union is rendered unable, in whole or in part, by force majeure, to perform or comply with any obligation or condition of the Contract, such party shall give notice and full particulars of such force majeure in writing delivered by hand, fax or other direct written electronic means to the other party as soon as possible after the occurrence of the cause relied on and subject to the provision of this Article.
3. Neither party shall be entitled to the benefit of the provisions of force majeure hereunder if any or all of the following circumstances prevail: the failure resulting in a condition of force majeure was caused by the negligence of the party claiming suspension; the failure was caused by the party claiming suspension where such party failed to remedy the condition by making all reasonable efforts (short of litigation, if such remedy would require litigation); the party claiming suspension failed to resume the performance of such condition obligations with reasonable dispatch; the failure was caused by lack of funds; the party claiming suspension did not, as soon as possible after determining, or within a period within which it should acting reasonably have determined, that the occurrence was in the nature of force majeure and would affect its ability to observe or perform any of its conditions or obligations under the Contract, give to the other party the notice required hereunder.
4. The party claiming suspension shall likewise give notice as soon as possible after the force majeure condition is remedied, to the extent that the same has been remedied, and that such party has resumed or is then in a position to resume the performance of the obligations and conditions of the Contract.
5. An event of force majeure on Union's system will excuse the failure to deliver gas by Union or the failure to accept gas by Union hereunder, and both parties shall be excused from performance of their obligations hereunder, except for payment obligations, to the extent of and for the duration of the force majeure.

6. Upstream or Downstream Force Majeure: An event of force majeure upstream or downstream of Union's system shall not relieve Shipper of any payment obligations.
7. Delay of Firm Transportation Services: Despite Article XI herein, if Union is prevented, by reason of an event of force majeure on Union's system from delivering gas on the Day or Days upon which Union has accepted gas from Shipper, Union shall thereafter make all reasonable efforts to deliver such quantities as soon as practicable and on such Day or Days as are agreed to by Shipper and Union. If Union accepts such gas on this basis, Shipper shall not receive any demand charge relief as contemplated under Article XI herein.
8. Demand Charge Relief for Firm Transportation Services: Despite Article XI herein, if on any Day Union fails to accept gas from Shipper by reason of an event of force majeure on Union's system and fails to deliver the quantity of gas nominated hereunder by Shipper up to the firm ~~Contract Demand~~ contract demand for ~~that~~ the Contract, then for that Day the Monthly demand charge shall be reduced by an amount equal to the applicable Daily Demand Rate, as defined in this paragraph, multiplied by the difference between the quantity of gas actually delivered by Union during such Day and the quantity of gas which Shipper in good faith nominated on such Day. The term "Daily Demand Rate" shall mean the Monthly demand charge or equivalent pursuant to the C1 Rate Schedule divided by the number of days in the month for which such rate is being calculated.

~~9. If, due to the occurrence of an event of force majeure as outlined above, the capacity for gas deliveries by Union is impaired, it will be necessary for Union to curtail Shipper's gas receipts to Union hereunder, via proration based on utilization of such facilities for the Day. This proration shall be determined by multiplying the capability of such facilities as available downstream of the impairment on the Day, by a fraction where the numerator is Shipper's nominated firm quantity and the denominator is the total of all such nominated firm quantities for nominated services and planned consumption for in franchise customers on the Day. For the purposes of this Article XI, firm services shall mean all firm services provided by Union to in franchise customers and ex franchise shippers.~~

9. In addition to the definition of force majeure in Article XI, Section 1 herein, for the purposes of the Contract, it shall also include the unforeseen reduction in natural gas usage and/or capacity of the local transmission system as described in Schedule 1 of the Contract, regardless of the duration of such unforeseen reduction, or any other cause, whether of the kind herein enumerated or otherwise, not within the reasonable control of the party claiming relief hereunder and which, by the exercise of due diligence, such party is unable to prevent or overcome.

## **XII. DEFAULT AND TERMINATION**

In case of the breach or non-observance or non-performance on the part of either party hereto of any covenant, proviso, condition, restriction or stipulation contained in the Contract (but not including herein failure to take or make delivery in whole or in part of the gas delivered to/by Union hereunder occasioned by any of the reasons provided for in Article XI herein) which has not been waived by the other party, then and in every such case and as often as the same may happen, the non-defaulting party may give written notice to the defaulting party requiring it to remedy such default and in the event of the defaulting party failing to remedy the same within a period of thirty (30) days from receipt of such notice, the non-defaulting party may at its sole option declare the Contract to be terminated and thereupon the Contract shall be terminated and be null and void for all purposes other than and except as to any liability of the parties under the same incurred before and subsisting as of termination. The right hereby conferred upon each party 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.

## **XIII. AMENDMENT**

Subject to Article XV herein and the ability of Union to amend the applicable rate schedules and price schedules, with the approval of the OEB (if required), no amendment or modification of the Contract shall be effective unless the same shall be in writing and signed by each of the Shipper and Union.

## **XIV. NON-WAIVER AND FUTURE DEFAULT**

No waiver of any provision of the Contract shall be effective unless the same shall be in writing and signed by the party entitled to the benefit of such provision and then such waiver shall be effective only in the specific instance and for the specified purpose for which it was given. No failure on the part of Shipper or Union to exercise, and no course of dealing with respect to, and no delay in exercising, any right, power or remedy under the Contract shall operate as a waiver thereof.

#### XV. LAWS, REGULATIONS AND ORDERS

The Contract and the respective rights and obligations of the parties hereto are subject to all present and future valid laws, orders, rules and regulations of any competent legislative body, or duly constituted authority now or hereafter having jurisdiction and the 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 the Contract.

#### XVI. ALLOCATION OF CAPACITY RESERVED FOR FUTURE USE

- ~~1. A potential shipper may request transportation service on Union's system at any time. Any request for C1 transportation service must include: potential shipper's legal name, Receipt Point(s), Delivery Point(s), Commencement Date, Initial Term, Contract Demand, proposed payment, and type of transportation service requested.~~
- ~~2. If requests for firm transportation services cannot be met through existing capacity such that the only way to satisfy the requests for transportation service would require the construction of Expansion Facilities which create new capacity, Union shall allocate any such new capacity by open season, subject to the terms of the open season, and these General Terms and Conditions.~~
- ~~3. If requests for long term transportation service can be met through existing facilities upon which long term capacity is becoming available, Union shall allocate such long term capacity by open season, subject to the terms of the open season, and these General Terms and Conditions. "Long term", for the purposes of this Article XVI, means, in the case of a transportation service, a service that has a term of one year or greater.~~
- ~~4. Capacity requests received during an open season shall be awarded starting with those bids with the highest economic value. If the economic values of two or more independent bids are equal, then service shall be allocated on a pro-rata basis. The economic value shall be based on the net present value which shall be calculated based on the proposed per-unit rate and the proposed term of the contract and without regard to the proposed Contract Demand ("NPV").~~
- ~~5. Union may at any time allocate capacity to respond to any C1 transportation service request through an open season. If a potential shipper requests C1 transportation service that can be provided through Available Capacity that was previously offered by Union in an open season but was not awarded, then:~~
  - ~~a. Any such request must conform to the requirements of Section 1 of this Article XVI;~~
  - ~~b. Union shall allocate capacity to serve such request pursuant to this Section 5, and subject to these General Terms and Conditions and Union's standard form C1 transportation contract;~~
  - ~~c. Union may reject a request for C1 transportation service for any of the following reasons:~~
    - ~~i) if there is insufficient Available Capacity to fully meet the request, but if that is the only reason for rejecting the request for service, Union must offer to supply the Available Capacity to the potential shipper;~~
    - ~~ii) if the proposed monthly payment is less than Union's Monthly demand charge plus fuel requirements for the applicable service;~~
    - ~~iii) if prior to Union accepting the request for transportation service Union receives a request for transportation service from one or more other potential shippers and there is, as a result, insufficient~~



~~Available Capacity to service all the requests for service, in which case Union shall follow the procedure in Section 5-d hereof;~~

~~iv) if Union does not provide the type of transportation service requested; or~~

~~v) if all of the conditions precedent specified in Article XXI Sections 1 and 2 herein have not been satisfied or waived.~~

~~d. Union will advise the potential shipper in writing whether Union accepts or rejects the request for service, subject to Article XVI 5(c) within 5 calendar days of receiving a request for C1 transportation service. If Union rejects a request for service, Union shall inform the potential shipper of the reasons why its request is being rejected; and~~

~~e. If Union has insufficient Available Capacity to service all pending requests for transportation service Union may:~~

~~i) Reject all the pending requests for transportation service and conduct an open season; or~~

~~ii) Union shall inform all the potential shippers who have submitted a pending request for transportation service that it does not have sufficient capacity to service all pending requests for service, and Union shall provide all such potential shippers with an equal opportunity to submit a revised request for service. Union shall then allocate the Available Capacity to the request for transportation service with the highest economic value to Union. If the economic values of two or more requests are equal, then service shall be allocated on a pro-rata basis. The economic value of any request shall be based on the NPV.~~

N/A

## **XVII. RENEWALS**

~~Contracts with an Initial Term of five (5) years or greater, with Receipt Points and Delivery Points of Parkway or Kirkwall or Dawn (Facilities), The Contract will continue in full force and effect beyond the Initial Term, automatically renewing for a period of one (1) year, and every one (1) year thereafter. Shipper or Union may reduce the Contract Demand contract demands or terminate the Contract, with notice in writing by Shipper to the other party, at least two (2) years prior to the expiration thereof.~~

~~For all other contracts, the Contract will continue in full force and effect until the end of the Initial Term, but shall not renew.~~

## **XVIII. SERVICE CURTAILMENT**

~~1. Union shall have the right to curtail or not to schedule part or all of Transportation Services, in whole or in part, on all or a portion of its pipeline system at any time for reasons of Force Majeure or when, in Union sole discretion, acting reasonably, capacity or operating conditions so require or it is desirable or necessary to make modifications, repairs or operating changes to its pipeline system. Union shall provide Shipper such notice of such curtailment as is reasonable under the circumstances. If due to any cause whatsoever Union is unable to receive or deliver the quantities of Gas which Shipper has requested, then Union shall order curtailment by all Shippers affected and to the extent necessary to remove the effect of the disability. Union has a priority of service policy to determine the order of service curtailment. In order to place services on the priority of service list, Union considers the following business principles: appropriate level of access to core services, customer commitment, encouraging appropriate contracting, materiality, price and term, and promoting and enabling in franchise consumption.~~

~~The Priority ranking for all services utilizing Union Gas' storage, transmission and distribution system as applied to both in franchise and ex-franchise services are as follows; with number 1 having the highest priority and the last interrupted.~~

- ~~1. Firm In franchise Transportation and Distribution services and firm Ex franchise services (Note 1)~~
- ~~2. In franchise Interruptible Distribution services~~
- ~~3. C1/M12 IT Transport and IT Exchanges with Take or Pay rates~~



- ~~4. Balancing (Hub Activity) <= 100 GJ/d; Balancing (Direct Purchase) <= 500 GJ/d; In franchise distribution authorized overrun (Note 3)~~
- ~~5. C1/M12 IT Transport and IT Exchanges at premium rates~~
- ~~6. C1/M12 Overrun <= 20% of CD (Note 4)~~
- ~~7. Balancing (Direct Purchase) > 500 GJ/d~~
- ~~8. Balancing (Hub Activity) > 100 GJ/d; C1/M12 IT Transport and IT Exchanges~~
- ~~9. C1/M12 Overrun > 20% of CD~~
- ~~10. C1/M12 IT Transport and IT Exchanges at a discount~~
- ~~11. Late Nominations~~

~~Notes:~~

- ~~1. Nominated services must be nominated on the NAESB Timely Nomination Cycle otherwise they are considered to be late nomination and are therefore interruptible.~~
- ~~2. Higher value or more reliable IT is contemplated in the service and contract, when purchase at market competitive prices.~~
- ~~3. Captures the majority of customers that use Direct Purchase balancing transactions.~~
- ~~4. Captures the majority of customers that use overrun.~~

~~2. Union reserves the right to change its procedures for sharing interruptible capacity and will provide Shipper with two (2) months prior notice of any such change.~~

~~3. Maintenance: Union's facilities from time to time may require maintenance or construction. If such maintenance or construction is required, and in Union's sole opinion, acting reasonably, such maintenance or construction may impact Union's ability to meet Shipper's requirements, Union shall provide at least ten (10) days notice to Shipper, except in the case of an emergency. In the event the maintenance impacts on Union's ability to meet Shipper's requirements, Union shall not be liable for any damages and shall not be deemed in breach of the Contract. To the extent that Union's ability to accept and/or deliver Shipper's gas is impaired, the Monthly demand charge shall be reduced in accordance with Article XI Section 8 and available capacity allocated in accordance with Article XI Section 9 herein.~~

~~Union shall use reasonable efforts to determine a mutually acceptable period during which such maintenance or construction will occur and also to limit the extent and duration of any impairments. Union will endeavour to schedule and complete the maintenance and construction, which would normally be expected to impact on Union's ability to meet Shipper's requirements, during the period from April 1 through to November 1.~~

1. Capacity Sharing: Where requests for interruptible service hereunder exceed the capacity available for such Service, Union will authorize nominations from shippers and allocate capacity as per Union's procedures and policies and shippers shall be so advised. Any interruptible service provided herein are subordinate to any and all firm service supplied by Union, and subordinate to Union's own operational or system requirements.
2. Capacity Procedures: Union reserves the right to change its procedures and policies for sharing interruptible capacity and will provide Shipper with two (2) months' notice of any such change.
3. Maintenance: Union's facilities from time to time may require maintenance or construction. In the event that such event occurs and in Union's sole opinion, acting reasonably, may impact its ability to meet Shipper's requirements, Union shall provide at least ten (10) days' notice to the Shipper, except in the case of emergencies. In the event the maintenance impacts Union's ability to meet Shipper's requirements, Union shall not be liable for any damages and shall not be deemed to be in breach of the Contract. To the extent that Union's ability to receive or deliver gas is impaired, Demand Charge Relief shall be calculated and credited to Shipper's invoice in accordance with Article XI, Section 8 herein. Union shall use reasonable efforts to determine a mutually acceptable period during which such maintenance or construction will occur and also to limit the extent and duration of any impairments. Union will endeavour to schedule and complete the maintenance and construction, that can be scheduled and completed, and which would normally be expected to impact on Union's ability to meet its obligations of any Contract Year, during the period from April 1 through to October 31.
4. Shipper's Facilities: Shipper shall complete and maintain a plan which depicts all of Shipper's production storage facilities including all emergency shut off valves and emergency equipment and provide a copy to Union upon Union's request. Shipper shall provide to Union the names and telephone numbers of those persons whom Union may contact in the event of an emergency situation arising within the Shipper's facilities.

## **XIX. SHIPPER'S REPRESENTATIONS AND WARRANTIES**

1. Shipper's Warranty: Shipper warrants that it will, if required, maintain, or have maintained on its behalf, all external approvals including the governmental, regulatory, import/export permits and other approvals or authorizations that are required from any federal, state or provincial authorities for the gas quantities to be handled under the Contract. Shipper further warrants that it shall maintain in effect the Facilitating Agreements.
2. Financial Representations: Shipper represents and warrants that the financial assurances (including the Initial Financial Assurances and Security), ~~(if any)~~ shall remain in place throughout the term hereof, unless Shipper and Union agree otherwise. Shipper shall notify Union in the event of any change to the financial assurances ~~(including the Initial Financial Assurances and Security)~~, if any, throughout the term hereof. Should Union have reasonable grounds to believe that Shipper will not be able to perform or continue to perform any of its obligations under the Contract ~~for any reason as a result of one of the following events~~ (a "Material Event");

~~a. Shipper is in default, which default has not been remedied, of the Contract or is in default of any other material contract with Union or another party; or,~~

~~b. Shipper's corporate or debt rating falls below investment grade according to at least one nationally recognized rating agency; or,~~

~~c. Shipper ceases to be rated by a nationally recognized agency; or,~~

~~d. Shipper has exceeded credit available as determined by Union from time to time;~~

then Shipper shall within fourteen (14) days of receipt of written notice by Union, obtain and provide to Union a letter of credit or other security in the form and amount reasonably required by Union (the "Security"). ~~The Security plus the Initial Financial Assurances shall not exceed twelve (12) months of Monthly demand charges (in accordance with Article IX herein) multiplied by Contract Demand.~~ In the event that Shipper does not provide to Union such Security, ~~within such fourteen (14) day period,~~ Union may deem a default ~~in accordance with the under the Default and Termination~~ provisions of Article XII herein.

In the event that Shipper in good faith, reasonably believes that it should be entitled to reduce the amount of or value of the Security previously provided, it may request such a reduction from Union and to the extent that the Material Event has been mitigated or eliminated, Union shall return all or a portion of the Security to Shipper within fourteen (14) Business Days after receipt of the request.

- ~~3. Regulatory Approval: Shipper represents and warrants to Union that Shipper possesses all licenses and permits needed to inject gas into, store gas in, and remove gas from the pool.~~

~~—The following paragraphs 3 and/or 4 are only applicable if indicated in Schedule 1 of the Contract.~~

- ~~3. Point of Consumption Warranty: Shipper represents and warrants that, throughout the term of this Contract, all quantities of gas received by Union hereunder at the Receipt Point and/or all Loaned Quantities will be consumed in the U.S.A. Should any quantities of gas hereunder be directed to an end user in Canada, Shipper shall immediately notify Union that such quantities of gas will be consumed in Canada, as failure to do so will make Shipper liable to Union for any Taxes and related interest and penalties thereon, made as a result of such change.~~

- ~~4. Tax Registration re GST: Shipper warrants and represents that it is unregistered and a Non Resident for purposes of the Excise Tax Act. Shipper agrees to notify Union within ten (10) working days if it becomes registered. "GST/HST" shall mean the Government of Canada's Goods and Services Tax or Harmonized Sales Tax as legislated under The Excise Tax Act, as may be amended from time to time.~~

## **XX. MISCELLANEOUS PROVISIONS**

- ~~1. **Permanent Assignment:** Shipper may assign the Contract to a third party ("Assignee"), up to the Contract Demand, (the "Capacity Assigned"). Such assignment shall require the prior written consent of Union and release of obligations by Union for the Capacity Assigned from the date of assignment. Such consent and release shall not be unreasonably withheld and shall be conditional upon the Assignee providing, amongst other things, financial assurances as per Article XXI herein. Any such assignment will be for the full rights, obligations and remaining term of the Contract as relates to the Capacity Assigned.~~
- ~~2. **Temporary Assignment:** Shipper may, upon notice to Union, assign all or a part of its service entitlement under the Contract (the "Assigned Quantity") and the corresponding rights and obligations to an Assignee on a temporary basis for not less than one calendar month. Such assignment shall not be unreasonably withheld and shall be conditional upon the Assignee executing the Facilitating Agreement as per Article XXI herein. Notwithstanding such assignment, Shipper shall remain obligated to Union to perform and observe the covenants and obligations contained herein in regard to the Assigned Quantity to the extent that Assignee fails to do so.~~
1. **Assignment:** Shipper may not assign the Contract without the written consent of Union and, if required, the approval of the OEB. Should Union consent to the assignment, and if OEB approval is needed, Union will apply for OEB approval with all costs of the application to be paid by Shipper.
32. **Title to Gas:** Shipper represents and warrants to Union that Shipper shall have good and marketable title to, or legal authority to deliver to Union, all gas delivered to Union hereunder. Furthermore, Shipper hereby agrees to indemnify and save Union harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of claims of any or all third parties to such gas or on account of Taxes, or other charges thereon.

## XXI. PRECONDITIONS TO TRANSPORTATION SERVICES

1. The obligations of Union to provide ~~Transportation~~ Services hereunder are subject to the following conditions precedent, which are for the sole benefit of Union and which may be waived or extended in whole or in part in the manner provided in the 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 provide the ~~Transportation~~ Services; and,
  - b. Union shall have obtained all internal approvals that are necessary or appropriate to provide the ~~Transportation~~ Services; and,
  - c. Union shall have received from Shipper the requisite financial assurances reasonably necessary to ensure Shipper's ability to honour the provisions of the Contract (the "**Initial Financial Assurances**"). The Initial Financial Assurances, if required, will be as determined solely by Union; and,
  - d. Shipper and Union shall have entered into the Interruptible HUB Service Contract or equivalent (the "**Facilitating Agreement**") with Union-; and,
  - e. Shipper shall have paid any amounts owing pursuant to Schedule 1 Aid to Construction; and,
  - f. With regard to the Union Expansion Facilities:
    - i. 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 required to construct the Union Expansion Facilities;
    - ii. Union shall have obtained all internal approvals that are necessary or appropriate to construct the Union Expansion Facilities;
    - iii. Union shall have completed and placed into service the Union Expansion Facilities; and,

- g. Shipper shall, at Shipper's own cost and expense, have obtained a registered lease or freehold ownership in Union's favour for the Union Expansion Facilities located at the Pool Station satisfactory to Union and sufficient to provide Union with free uninterrupted access to, from, under and above the Pool Station for a term (and extended terms) identical to the Contract, plus sixty (60) days (such land rights being referred to as the "**Pool Station Land Rights**"), and shall provide Union with a bona fide copy of such agreements prior to Union commencing the construction of the Union Expansion Facilities.
- 2. The obligations of Shipper hereunder are subject to the following conditions precedent, which are for the sole benefit of Shipper and which may be waived or extended in whole or in part in the manner provided in the Contract:
  - a. Shipper shall, as required, have entered into the necessary contracts with Union and/or others to facilitate the ~~Transportation~~ Services contemplated herein, including contracts for upstream and downstream transportation, and shall specifically have an executed and valid Facilitating Agreement; and shall, as required, have entered into the necessary contracts to purchase the gas quantities handled under the Contract; and,
  - b. Shipper shall have obtained, in form and substance satisfactory to Shipper, and all conditions shall have been satisfied under, all governmental, regulatory and other third party approvals, consents, orders and authorizations, that are required from federal, state, or provincial authorities for the gas quantities handled under the Contract; and,
  - c. Shipper shall have obtained all internal approvals that are necessary or appropriate for the Shipper to execute the Contract.
- 3. Union and Shipper shall each use due diligence and reasonable efforts to satisfy and fulfil the conditions precedent specified in this Article XXI Section 1 a, c, **d, e, f i., f iii., and dg** and Section 2 a and b. Each party shall notify the other forthwith in writing of the satisfaction or waiver of each condition precedent for such party's benefit. If a party concludes that it will not be able to satisfy a condition precedent that is for its benefit, such party may, upon written notice to the other party, terminate the Contract and upon the giving of such notice, the Contract shall be of no further force and effect and each of the parties shall be released from all further obligations thereunder.
- 4. If any of the conditions precedent in this Article XXI Section 1 c or Section 2 are not satisfied or waived by the party entitled to the benefit of that condition by the Conditions Date as such term is defined in the Contract, then either party may, upon written notice to the other party, terminate the Contract and upon the giving of such notice, the Contract shall be of no further force and effect and each of the parties shall be released from all further obligations hereunder, provided that any rights or remedies that a party may have for breaches of the Contract prior to such termination and any liability a party may have incurred before such termination shall not thereby be released.

**RATE C1  
GENERAL TERMS & CONDITIONS**

**I. DEFINITIONS**

Except where the context expressly requires or states another meaning, the following terms, when used in these General Terms & Conditions and in any contract into which these General Terms & Conditions are incorporated, shall be construed to have the following meanings:

1. "Contract" shall refer to the ~~contract~~Contract to which these General Terms & Conditions shall apply, and into which they are incorporated;
2. "cubic metre" shall mean the volume of gas which occupies one cubic metre when such gas is at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;
3. "day" shall mean a period of twenty-four (24) consecutive hours beginning at 9:00 a.m. Central Standard time. The reference date for any day shall be the calendar date upon which the twenty-four (24) hour period shall commence;
4. "delivery" shall mean any gas that is delivered by Union into Shipper's possession, or to the possession of Shipper's agent;
5. "firm" shall mean service not subject to curtailment or interruption except under Articles XI and XII of this Schedule "A";
6. "gas" shall mean gas as defined in the Ontario Energy Board Act, 1998, S.O. 1998, c.15, Sch. B, as amended, supplemented or re-enacted from time to time;
7. "gross heating value" shall mean the total heat expressed in megajoules per cubic metre (MJ/m<sup>3</sup>) produced by the complete combustion at constant pressure of one (1) cubic metre of gas with air, with the gas free of water vapour and the temperature of the gas, air and products of combustion at standard temperature and all water formed by the combustion reaction condensed to the liquid state;
8. "interruptible service" shall mean service subject to curtailment or interruption, after notice, at any time;
9. "Interconnecting Pipeline" shall mean a pipeline that directly connects to the Union pipeline system;
10. "joule" (J) shall mean 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;
11. "limited interruptible service" shall mean gas service subject to interruption or curtailment on a limited number of days as specified in the Contract;
12. "m<sup>3</sup>" shall mean cubic metre of gas and "10<sup>3</sup>m<sup>3</sup>" shall mean 1,000 cubic metres of gas;
13. "month" shall mean the period beginning at 9:00 a.m. Central Standard time on the first day of a calendar month and ending at 9:00 a.m. Central Standard time on the first day of the following calendar month;
14. "OEB" means the Ontario Energy Board;
15. "pascal" (Pa) shall mean the pressure produced when a force of one (1) newton is applied to an area of one (1) square metre. The term "kilopascal" (kPa) shall mean 1,000 pascals;
16. "receipt" shall mean any gas that is delivered into Union's possession, or the possession of Union's agent;
17. "Shipper~~ing~~" shall have the meaning as defined in the Contract and shall also include Shipper's agent(s);
18. "TCPL" means TransCanada PipeLines Limited;

19. "cricondenthm hydrocarbon dewpoint" shall mean the highest hydrocarbon dewpoint temperature on the phase envelope;
20. "hydrocarbon dewpoint" shall mean temperature at a specific pressure where hydrocarbon vapour condensation begins;
21. "specific gravity" shall mean density of the gas divided by density of air, with both at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;
22. "Wobbe Number" shall mean gross heating value of the gas divided by the square root of its specific gravity.

## II. GAS QUALITY

1. Natural Gas: The minimum gross heating value of the gas delivered to/by Union hereunder, shall be thirty-six (36) megajoules per cubic metre. The maximum gross heating value of the gas delivered to/by Union hereunder shall be forty point two (40.2) megajoules per cubic metre. The gas to be delivered hereunder to Union may be a commingled supply from Shipper's ~~natural~~ gas sources of supply. The gas to be delivered by Union may be a commingled supply from Union's sources of gas supply; provided, however, that helium, natural gasoline, butane, propane and other hydrocarbons, except methane, may be removed prior to delivery to Shipper. Further, Union may subject, or permit the subjection of, the gas to compression, dehydration, cooling, cleaning and other processes.
2. Freedom from objectionable matter: The gas to be delivered to/by Union hereunder,
  - a. shall be commercially free from ~~bacteria~~, sand, dust, gums, crude oils, lubricating oils, liquids, chemicals or compounds used in the production, treatment, compression or dehydration of the gas or any other objectionable substance in sufficient quantity so as to render the gas toxic, unmerchantable or cause injury to, or interference with, the proper operation of the lines, regulators, meters or other appliances through which it flows,
  - b. shall not contain more than seven (7) milligrams of hydrogen sulphide per cubic metre of gas, nor more than four hundred and sixty (460) milligrams of total sulphur per cubic metre of gas ~~as determined by standard methods of testing,~~
  - c. shall not contain more than five (5) milligrams of mercaptan sulphur per cubic metre of gas,
  - d. shall not contain more than two point zero (2.0) molar percent by volume of carbon dioxide in the gas,
  - e. shall not contain more than zero point four (0.4) molar percent by volume of oxygen in the gas,
  - f. shall not contain more than zero point five (0.5) molar percent by volume of carbon monoxide in the gas,
  - ~~f. shall not contain more than zero point four (0.4) molar percent by volume of oxygen in the gas,~~
  - g. shall not contain more than four point zero (4.0) molar percent by volume of hydrogen in the gas,
  - h. shall not contain more than sixty-five (65) milligrams of water vapour per cubic metre of ~~the~~ gas,
  - i. shall not have a cricondenthm hydrocarbon dewpoint exceeding minus ~~ten (-10)~~ eight (-8) degrees Celsius ~~at five thousand five hundred (5500) kPa pressure,~~
  - ~~j. shall not contain less than one point zero (1.0) molar percent by volume of ethane in the gas,~~
  - ~~k. shall at all times be interchangeable with other pipeline gas such that the yellow tipping, flashback and lifting factors shall be within the range permitted for gas according to AGA Research Bulletin No. 36.~~

- j. shall have Wobbe Number from forty seven point fifty (47.50) megajoules per cubic metre of gas to fifty one point forty six (51.46) megajoules per cubic metre of gas, maximum of one point five (1.5) mole percent by volume of butane plus (C4+) in the gas, and maximum of four point zero (4.0) mole percent by volume of total inerts in the gas in order to be interchangeable with other Interconnecting Pipeline gas.
3. Non-conforming Gas: In addition to any other right or remedy of a party, each party shall be entitled to refuse to accept delivery of any gas which does not conform to any of the specifications set out in ~~Section 2~~ this Article II.
4. Quality of Gas Received: The quality of the gas to be received by Union hereunder is to be of a merchantable quality and in accordance with the quality standards as set out by Union in this Article II, but, Union will also accept gas of a quality as set out in any other Interconnecting Pipeline's general terms and conditions, provided that all Interconnecting Pipelines accept such quality of gas. In addition to any other right or remedy of a party, each party shall be entitled to refuse to accept delivery of any gas which does not conform to any of the specifications set out in Union's C1 Rate Schedule.

### III. MEASUREMENTS

1. Storage, Transportation, and/or Sales Unit: ~~("The Unit") The Unit~~ of the gas delivered to Union shall be a megajoule or a gigajoule. The unit of gas transported or stored by Union shall be a megajoule or a gigajoule. The unit of gas delivered by Union shall be a megajoule, a gigajoule, a cubic metre (m<sup>3</sup>) or one thousand cubic metres (10<sup>3</sup>m<sup>3</sup>) at Union's discretion.
2. Determination of Volume and Energy:
  - a. The volume and energy amounts determined under the Contract shall be determined in accordance with the Electricity and Gas Inspection Act (Canada), ~~assented to 31 March, 1982~~RSC 1985, c E-4- (the "Act") and the Electricity and Gas Inspection Regulations, ~~P.C. 1986-116, 16 January, 1986~~,SOR 86/131 (the "Regulations"), and any documents issued under the authority of the Act and Regulations and any amendments thereto.
  - 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, all as amended from time to time.
  - c. The volume and/or energy of the gas delivered to/by Union hereunder shall be determined by the measurement equipment designated in Article VII ~~Measuring Equipment, of this schedule~~herein.
  - d. Upon request by Union, Shipper shall obtain measurement of the total quantity of gas received by Union hereunder from the Interconnecting Pipeline. Such measurement shall be done in accordance with established practices between Union and the Interconnecting Pipeline.

### IV. RECEIPT POINT AND DELIVERY POINT

1. Unless otherwise specified in the Contract, the point or points of receipt for all gas to be covered hereunder shall be on the outlet side of the measuring stations located at or near the point or points of connection specified in the Contract, where Union takes possession of the gas.
2. Unless otherwise specified in the Contract, the point or points of delivery for all gas to be covered hereunder shall be on the outlet side of the measuring stations located at or near the point or points of connection as specified in the Contract where Shipper takes possession of the gas.

### V. POSSESSION OF AND RESPONSIBILITY FOR GAS

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## **VI. FACILITIES ON SHIPPER'S PROPERTY**

Except under those conditions where Union is delivering to TCPL for TCPL or Shipper at Union's Parkway Point of Delivery, or to an Interconnecting Pipeline, or where otherwise specified in the Contract, the following will apply:

1. Construction and Maintenance: Union, at its own expense may construct, maintain and operate on Shipper's property at the delivery point a measuring station properly equipped with a meter or meters and any other necessary measuring equipment for properly measuring the gas redelivered under the Contract. Shipper will grant to Union a lease and/or rights-of-way over property of Shipper as required by Union to install such facilities and to connect same to Union's pipeline.
2. Entry: Union, its servants, agents and each of them may at any reasonable time on notice (except in cases of emergency) to Shipper or his duly authorized representative enter Shipper's property for the purpose of constructing, maintaining, removing, operating and/or repairing station equipment.
3. Property: The said station and equipment will be and remain the property of Union notwithstanding it is constructed on and attached to the realty of Shipper, and Union may at its own expense remove it upon termination of the Contract and will do so if so requested by Shipper.

## **VII. MEASURING EQUIPMENT**

1. Metering by Union: Union will install and operate meters and related equipment as required and in accordance with the Act and Regulations referenced in Article III ~~subparagraph 2-a. herein.~~
2. Metering by Others: In the event that all or any gas delivered to/by Union hereunder is measured by a meter that is owned and operated by an Interconnecting Pipeline, then Union and Shipper agree to accept that metering for the purpose of determining the volume and energy of gas delivered to/by Union on behalf of the Shipper. The standard of measurement and tests for the gas delivered to/by Union hereunder shall be in accordance with the general terms and conditions as incorporated in that Interconnecting Pipeline company's gas tariff as approved by their regulatory body.
3. Check Measuring Equipment: Shipper may install, maintain and operate, at the redelivery point, at its own expense, such check measuring equipment as desired, provided that such equipment shall be so installed as not to interfere with the operation of Union's measuring equipment at or near the delivery point, and shall be installed, maintained and operated in conformity with the same standards and specifications applicable to Union's metering facilities.
4. Rights of Parties: The measuring equipment installed by either party, together with any building erected by it for such equipment, shall be and remain its property. However, Union and Shipper shall have the right 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 used in measuring or checking the measurement of deliveries of gas to/by Union under the Contract. Either party will give the other party reasonable notice of its intention to carry out the acts herein specified. The records from such measuring equipment shall remain the property of their owner, but upon request each will submit to the other its records and charts, together with calculations therefrom, for inspection and verification, subject to return within ten (10) days after receipt thereof.
5. Calibration and Test of Measuring Equipment: The accuracy of Union's measuring equipment shall be verified by Union at reasonable intervals, and if requested, in the presence of representatives of Shipper, but Union shall not be required to verify the accuracy of such equipment more frequently than once in any thirty (30) day period. In the event either party ~~shall notify~~ notifies the other that it desires a special test of any measuring equipment, the parties shall co-operate to secure a prompt verification of the accuracy of such equipment. The expense of any such special test, if called for by Shipper, shall be borne by Shipper if the measuring equipment tested is found to be in error by not more than two per cent (2%). If, upon test, any measuring equipment is found to be in error by not more than two per cent (2%), previous recordings of such equipment shall be considered accurate in computing ~~redeliveries~~ receipts and deliveries of gas, but such equipment shall be adjusted at once to record as near to absolute accuracy as possible. If



the test conducted shows a percentage of inaccuracy greater than two percent (2%), the financial adjustment, if any, shall be calculated in accordance with the ~~Electricity and Gas Inspection Act (1982) and regulations thereunder~~ Act and Regulations, as may be amended from time to time and in accordance with any successor statutes and regulations.

6. Preservation of Metering Records: Union and Shipper shall each preserve for a period of at least six (6) years all test data, and other relevant records.
7. Error in Metering or Meter Failure: In the event of an error in metering or a meter failure, (such error or failure being determined through check measurement by Union or any other available method), then Shipper shall enforce its rights as Shipper with the Interconnecting Pipeline(s) to remedy such error or failure including enforcing any inspection and/or verification rights and procedures.

## VIII. BILLING

1. Monthly Billing Date: Union shall render bills on or before the 10th day of each month for all services furnished during the preceding month. Such charges may be based on estimated quantities, if actual quantities are unavailable in time to prepare the billing. Union shall provide, in a succeeding month's billing, an adjustment based on any difference between actual quantities and estimated quantities, without any interest charge. If presentation of a bill to Shipper is delayed after the 10th day of the month, then the time of payment shall be extended accordingly, unless Shipper is responsible for such delay.
2. Right of Examination: Both Union and Shipper shall have the right to examine at any reasonable time 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 the Contract.

## IX. PAYMENTS

1. Monthly ~~payments~~ Payments: Shipper shall pay the invoiced amount directly into Union's bank account as directed on the invoice on or before the twentieth (20<sup>th</sup>) day of each month. If the payment date is not a business day, then payment must be received in Union's account on the first business day preceding the twentieth (20<sup>th</sup>) day of the month.
2. Remedies for ~~non~~Non-payment: Should Shipper fail to pay all of the amount of any bill as herein provided when such amount is due,
  - a. Shipper shall pay to Union interest on the unpaid portion of the bill accruing at a rate per annum equal to the minimum commercial lending rate of Union's principal banker in effect from time to time from the due date until the date of payment.
  - b. If such failure to pay continues for thirty (30) days after payment is due, Union, in addition to any other remedy it may have under the Contract, may suspend service(s) until such amount is paid. Notwithstanding such suspension, all demand charges shall continue to accrue hereunder as if such suspension were not in place.

If Shipper in good faith disputes the amount of any such bill or part thereof Shipper shall pay to Union such amounts as it concedes to be correct. At any time thereafter, within twenty (20) days of a demand made by Union, Shipper shall furnish financial assurances satisfactory to Union, guaranteeing payment to Union of the amount ultimately found due upon such bill after a final determination. Such a final determination may be reached either by agreement, arbitration decision or judgement of the courts, as may be the case. Union shall not be entitled to suspend service(s) because of such non-payment unless and until default occurs in the conditions of such financial assurances or default occurs in payment of any other amount due to Union hereunder.

Notwithstanding the foregoing paragraph(s), Shipper is not relieved from the obligation to continue its deliveries of gas to Union under the terms of any agreement, where Shipper has contracted to deliver specified quantities of gas to Union.

3. **Billing Adjustments:** If it shall be found that at any time or times Shipper has been overcharged or undercharged in any form whatsoever under the provisions of the Contract and Shipper shall have actually paid the bills containing such overcharge or undercharge, Union shall refund the amount of any such overcharge and interest shall accrue from and including the first day of such overcharge as paid to the date of refund and shall be calculated but not compounded at a rate per annum determined each day during the calculation period to be equal to the minimum commercial lending rate of Union's principal banker, and the Shipper shall pay the amount of any such undercharge, but without interest. In the event Union renders a bill to Shipper based upon measurement estimates, the required adjustment to reflect actual measurement shall be made on the bill next following the determination of such actual measurement, without any charge of interest. In the event an error is discovered in the amount billed in any statement rendered by Union, such error shall be adjusted by Union. Such overcharge, undercharge or error shall be adjusted by Union on the bill next following its determination (where the term "bill" next following shall mean a bill rendered at least fourteen (14) days after the day of its determination), provided that claim therefore shall have been made within six (6) years from the date of the incorrect billing. In the event any refund is issued with Shipper's gas bill, the aforesaid date of refund shall be deemed to be the date of the issue of bill.

## **X. ARBITRATION**

If and when any dispute, difference or question shall arise between the parties hereto touching the Contract or anything herein contained, or the construction hereof, or the rights, duties or liabilities of the parties in relation to any matter hereunder, the matter in dispute shall be submitted and referred to arbitration within ten (10) days after written request of either party. Upon such request each party shall appoint an arbitrator, and the two so appointed shall appoint a third. A majority decision of the arbitrators shall be final and binding upon both parties. In all other respects the provisions of the Arbitration Act of the Province of Ontario, or any ~~Aetact~~ passed in amendment thereof or substitution therefore, shall apply to each such submission. Operations under the Contract shall continue, without prejudice, during any such arbitration and the costs attributable to such arbitration shall be shared equally by the parties hereto.

## **XI. FORCE MAJEURE**

1. The term "force majeure" as used herein shall mean acts of God, strikes, lockouts or any other industrial disturbance, acts of the public enemy, sabotage, wars, blockades, insurrections, riots, epidemics, landslides, ~~lightening~~ lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of governments and people, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, freezing of wells or lines of pipe, inability to obtain materials, supplies, permits or labour, any laws, orders, rules, regulations, acts or restraints of any governmental body or authority (civil or military), any act or omission that is excused by any event or occurrence of the character herein defined as constituting force majeure, any act or omission by parties not controlled by the party having the difficulty and any other similar cases not within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome.
2. In the event that either the Shipper or Union is rendered unable, in whole or in part, by force majeure, to perform or comply with any obligation or condition of the Contract, such party shall give notice and full particulars of such force majeure in writing delivered by hand, fax or other direct written electronic means to the other party as soon as possible after the occurrence of the cause relied on and subject to the provision of this Article.
3. Neither party shall be entitled to the benefit of the provisions of force majeure hereunder if any or all of the following circumstances prevail: the failure resulting in a condition of force majeure was caused by the negligence of the party claiming suspension; the failure was caused by the party claiming suspension where such party failed to remedy the condition by making all reasonable efforts (short of litigation, if such remedy would require litigation); the party claiming suspension failed to resume the performance of such condition obligations with reasonable dispatch; the failure was caused by lack of funds; the party claiming suspension did not, as soon as possible after determining, or within a period within which it should acting reasonably have determined, that the occurrence was in the nature of force

majeure and would affect its ability to observe or perform any of its conditions or obligations under the Contract, give to the other party the notice required hereunder.

4. The party claiming suspension shall likewise give notice as soon as possible after the force majeure condition is remedied, to the extent that the same has been remedied, and that such party has resumed or is then in a position to resume the performance of the obligations and conditions of the Contract.
5. An event of force majeure on Union's system will excuse the failure to deliver gas by Union or the failure to accept gas by Union hereunder, and both parties shall be excused from performance of their obligations hereunder, except for payment obligations, to the extent of and for the duration of the force majeure.
6. Upstream or Downstream Force Majeure: An event of force majeure upstream or downstream of Union's system shall not relieve Shipper of any payment obligations.
7. Delay of Firm Transportation Services: Despite Article XI herein, if Union is prevented, by reason of an event of force majeure on Union's system from delivering gas on the Day or Days upon which Union has accepted gas from Shipper, Union shall thereafter make all reasonable efforts to deliver such quantities as soon as practicable and on such Day or Days as are agreed to by Shipper and Union. If Union accepts such gas on this basis, Shipper shall not receive any demand charge relief as contemplated under Article XI herein.
8. Demand Charge Relief for Firm Transportation Services: Despite Article XI herein, if on any Day Union fails to accept gas from Shipper by reason of an event of force majeure on Union's system and fails to deliver the quantity of gas nominated hereunder by Shipper up to the firm Contract Demand for that Contract, then for that Day the Monthly demand charge shall be reduced by an amount equal to the applicable Daily Demand Rate, as defined in this paragraph, multiplied by the difference between the quantity of gas actually delivered by Union during such Day and the quantity of gas which Shipper in good faith nominated on such Day. The term "**Daily Demand Rate**" shall mean the Monthly demand charge or equivalent pursuant to the C1 Rate Schedule divided by the number of days in the month for which such rate is being calculated.
9. If, due to the occurrence of an event of force majeure as outlined above, the capacity for gas deliveries by Union is impaired, it will be necessary for Union to curtail Shipper's gas receipts to Union hereunder, via proration based on utilization of such facilities for the Day. This prorating shall be determined by multiplying the capability of such facilities as available downstream of the impairment on the Day, by a fraction where the numerator is Shipper's nominated firm quantity and the denominator is the total of all such nominated firm quantities for nominated services and planned consumption for in-franchise customers on the Day. For the purposes of this Article XI, firm services shall mean all firm services provided by Union to in-franchise customers and ex-franchise shippers.

## **XII. DEFAULT AND TERMINATION**

In case of the breach or non-observance or non-performance on the part of either party hereto of any covenant, proviso, condition, restriction or stipulation contained in the Contract (but not including herein failure to take or make delivery in whole or in part of the gas delivered to/by Union hereunder occasioned by any of the reasons provided for in Article XI hereof) which has not been waived by the other party, then and in every such case and as often as the same may happen, the Non-defaulting party may give written notice to the Defaulting party requiring it to remedy such default and in the event of the Defaulting party failing to remedy the same within a period of thirty (30) days from receipt of such notice, the Non-defaulting party may at its sole option declare the Contract to be terminated and thereupon the Contract shall be terminated and be null and void for all purposes other than and except as to any liability of the parties under the same incurred before and subsisting as of termination. The right hereby conferred upon each party 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.

## **XIII. MODIFICATION**

Subject to Union's C1 Rate Schedule, Schedule A, Article XV and the ability of Union to amend the C1 Rate Schedule with the approval of the OEB, no amendment or modification of the Contract shall be effective unless the same shall be in writing and signed by each of the Shipper and Union.

**XIV. NON-WAIVER AND FUTURE DEFAULT**

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**XV. LAWS, REGULATIONS AND ORDERS**

The Contract and the respective rights and obligations of the parties hereto are subject to all present and future valid laws, orders, rules and regulations of any competent legislative body, or duly constituted authority now or hereafter having jurisdiction and the 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 the Contract.

RATE C1  
GENERAL TERMS & CONDITIONS

I. DEFINITIONS

Except where the context expressly requires or states another meaning, the following terms, when used in these General Terms & Conditions and in any contract into which these General Terms & Conditions are incorporated, shall be construed to have the following meanings:

"Authorized Overrun" shall mean the amount by which Shipper's Authorized Quantity exceeds the Contract Demand;

"Available Capacity" shall mean at any time, Union's remaining available capacity to provide Transportation Services;

~~"Eastern Clock Time" shall mean the local clock time in the Eastern Time Zone on any Day;~~

"Business Day" shall mean any day, other than Saturday, Sunday or any days on which national banks in the Province of Ontario are authorized to close;

"Contract" shall refer to the ~~contract~~Contract to which these General Terms & Conditions shall apply, and into which they are incorporated;

"Contract Year" shall mean a period of three hundred and sixty-five (365) consecutive days; provided however, that any such period which contains a date of February 29 shall consist of three hundred and sixty-six (366) consecutive days, commencing on November 1 of each year; except for the first Contract Year which shall commence on the Commencement Date and end on the first October 31 that follows such date;

"~~cricondenthem~~ hydrocarbon dewpoint" shall mean the highest hydrocarbon dewpoint temperature on the phase envelope;

"cubic metre" shall mean the volume of gas which occupies one cubic metre when such gas is at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;

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

"delivery" shall mean any gas that is delivered by Union into Shipper's possession, or to the possession of Shipper's agent;

~~"Eastern Clock Time" shall mean the local clock time in the Eastern Time Zone on any Day;~~

"Expansion Facilities" shall mean any new facilities to be constructed by Union in order to provide Transportation Services;

~~"firm" or "Firm"~~ shall mean service not subject to curtailment or interruption except under Articles XI, XII and XVIII herein;

"gas" ~~or "Gas"~~ shall mean gas as defined in the Ontario Energy Board Act, 1998, S.O. 1998, c.15, Sch. B, as amended, supplemented or re-enacted from time to time;

"gross heating value" shall mean the total heat expressed in megajoules per cubic metre (MJ/m<sup>3</sup>) produced by the complete combustion at constant pressure of one (1) cubic metre of gas with air, with the gas free of water vapour and the temperature of the gas, air and products of combustion at standard temperature and all water formed by the combustion reaction condensed to the liquid state;

~~"hydrocarbon dewpoint" shall mean temperature at a specific pressure where hydrocarbon vapour condensation begins;~~

"Interruptible HUB Service Contract" shall mean a contract between Shipper and Union under which Union provides interruptible HUB service;

"interruptible service" or "Interruptible" shall mean service subject to curtailment or interruption, after notice, at any time;

"Interconnecting Pipeline" shall mean a pipeline that directly connects to the Union pipeline system;

"joule" (J) shall mean 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;

"Limited Firm" shall mean gas service subject to interruption or curtailment on a limited number of ~~days~~Days as specified in the Contract-;

"Loaned Quantities" shall mean those quantities of gas loaned to Shipper under the Facilitating Agreement;

"m<sup>3</sup>" shall mean cubic metre of gas and "10<sup>3</sup>m<sup>3</sup>" shall mean 1,000 cubic metres of gas;

~~"month"~~ or "Month" shall mean the period beginning at 10:00 a.m. Eastern Clock Time on the first day of a calendar month and ending at 10:00 a.m. Eastern Clock Time on the first day of the following calendar month;

"NAESB" shall mean North American Energy Standards Board-;

"OEB" means the Ontario Energy Board;

"Open Season" or "open season" shall mean an open access auction or bidding process held by Union as a method of allocating capacity;

"pascal" (~~"(Pa)"~~) shall mean the pressure produced when a force of one (1) newton is applied to an area of one (1) square metre. The term "kilopascal" (~~"(kPa)"~~) shall mean 1,000 pascals;

"receipt" shall mean any gas that is delivered into Union's possession, or the possession of Union's agent;

"Shipper"-, shall have the meaning as defined in the Contract, and shall also include Shipper's agent(s);

"specific gravity" shall mean density of the gas divided by density of air, with both at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;

"Taxes" shall mean any tax (other than tax on income or tax on property), duty, royalty, levy, license, fee or charge not included in the charges and rates as per the applicable rate schedule (including but not limited to charges under any form of cap and trade, carbon tax, or similar system) and that is levied, assessed or made by any governmental authority on the gas itself, or the act, right, or privilege of producing, severing, gathering, storing, transporting, handling, selling or delivering gas under the Contract;

"TCPL" means TransCanada PipeLines Limited-;

"Wobbe Number" shall mean gross heating value of the gas divided by the square root of its specific gravity.

## II. GAS QUALITY

1. Natural Gas: The minimum gross heating value of the gas delivered to/by Union hereunder, shall be thirty-six (36) megajoules per cubic metre. The maximum gross heating value of the gas delivered to/by Union hereunder shall be forty point two (40.2) megajoules per cubic metre. The gas to be delivered hereunder to Union may be a commingled supply from Shipper's ~~natural~~ gas sources of supply. The gas to be delivered by Union may be a commingled supply from Union's sources of gas supply; provided, however, that helium, natural gasoline, butane, propane and other hydrocarbons, except methane, may be removed prior to delivery to Shipper. Further, Union may subject, or permit the subjection of, the gas to compression, dehydration, cooling, cleaning and other processes.

2. Freedom from objectionable matter: The gas to be delivered to/by Union hereunder,
  - a. shall be commercially free from **bacteria**, sand, dust, gums, crude oils, lubricating oils, liquids, chemicals or compounds used in the production, treatment, compression or dehydration of the gas or any other objectionable substance in sufficient quantity so as to render the gas toxic, unmerchantable or cause injury to, or interference with, the proper operation of the lines, regulators, meters or other appliances through which it flows,
  - b. shall not contain more than seven (7) milligrams of hydrogen sulphide per cubic metre of gas, nor more than four hundred and sixty (460) milligrams of total sulphur per cubic metre of gas ~~as determined by standard methods of testing,~~
  - c. shall not contain more than five (5) milligrams of mercaptan sulphur per cubic metre of gas,
  - d. shall not contain more than two point zero (2.0) molar percent by volume of carbon dioxide in the gas,
  - e. **shall not contain more than zero point four (0.4) molar percent by volume of oxygen in the gas,**
  - f. shall not contain more than zero point five (0.5) molar percent by volume of carbon monoxide in the gas,
  - ~~f. shall not contain more than zero point four (0.4) molar percent by volume of oxygen in the gas,~~
  - g. shall not contain more than four point zero (4.0) molar percent by volume of hydrogen in the gas,
  - h. shall not contain more than sixty-five (65) milligrams of water vapour per cubic metre of ~~the~~ gas,
  - i. shall not have a **cricondentherm** hydrocarbon dewpoint exceeding minus ~~ten (-10)~~ **eight (-8)** degrees Celsius ~~at five thousand five hundred (5500) kPa pressure,~~
  - ~~j. shall not contain less than one point zero (1.0) molar percent by volume of ethane in the gas,~~
  - ~~k. shall at all times be interchangeable with other pipeline gas such that the yellow tipping, flashback and lifting factors shall be within the range permitted for gas according to AGA Research Bulletin No. 36.~~
  - j. shall have Wobbe Number from forty seven point fifty (47.50) megajoules per cubic metre of gas to fifty one point forty six (51.46) megajoules per cubic metre of gas, maximum of one point five (1.5) mole percent by volume of butane plus (C4+) in the gas, and maximum of four point zero (4.0) mole percent by volume of total inerts in the gas in order to be interchangeable with other Interconnecting Pipeline gas.**
3. Non-conforming Gas: In addition to any other right or remedy of a party, each party shall be entitled to refuse to accept delivery of any gas which does not conform to any of the specifications set out in ~~Section 2~~ **this Article II.**
4. Quality of Gas Received: The quality ~~of the gas and the measurement~~ of the gas to be received by Union hereunder is to be of a merchantable quality and in accordance with the quality standards ~~and measurement standards~~ as set out by Union in this Article II, but, Union will also accept gas of a quality as set out in any other Interconnecting Pipeline's general terms and conditions, provided that all Interconnecting Pipelines accept such quality of gas. In addition to any other right or remedy of a party, each party shall be entitled to refuse to accept delivery of any gas which does not conform to any of the specifications set out in Union's C1 Rate Schedule.

### III. MEASUREMENTS

1. Storage, Transportation, and/or Sales Unit: The unit of the gas delivered to Union shall be a megajoule or a gigajoule. The unit of gas transported or stored by Union shall be a megajoule or a gigajoule. The unit of gas delivered by Union shall be a megajoule, a gigajoule, a cubic metre (m<sup>3</sup>) or one thousand cubic metres (10<sup>3</sup>m<sup>3</sup>) at Union's discretion.
2. Determination of Volume and Energy:

- a. The volume and energy amounts determined under the Contract shall be determined in accordance with the Electricity and Gas Inspection Act (Canada), ~~assented to 31 March, 1982~~RSC 1985, c E-4- (the "Act") and the Electricity and Gas Inspection Regulations, ~~P.C. 1986-116, 16 January, 1986~~SOR 86/131 (the "Regulations"), and any documents issued under the authority of the Act and Regulations and any amendments thereto.
- 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, all as amended from time to time.
- c. The volume and/or energy of the gas delivered to/by Union hereunder shall be determined by the measurement equipment designated in Article VII herein.
- d. Upon request by Union, Shipper shall obtain measurement of the total quantity of gas received by Union hereunder from the Interconnecting Pipeline. Such measurement shall be done in accordance with established practices between Union and the Interconnecting Pipeline.

#### IV. RECEIPT POINT AND DELIVERY POINT

1. Unless otherwise specified in the Contract, the point or points of receipt and point or points of delivery for all gas to be covered hereunder shall be on the outlet side of the measuring stations located at or near the point or points of connection specified in the Contract, where possession of the gas changes from one party to the other, and as per Schedule "C 2010".

#### V. POSSESSION OF AND RESPONSIBILITY FOR GAS

1. Union accepts no responsibility for any gas prior to such gas being delivered to Union at the Receipt Point or after its delivery by Union at the Delivery Point. As between the parties hereto, Union shall be deemed to be in control and possession of and responsible for all such gas from the time that such gas enters Union's system until such gas is delivered to Shipper.
2. Shipper agrees that Union is not a common carrier and is not an insurer of Shipper's gas, and that Union shall not be liable to Shipper or any third party for loss of gas in Union's possession, except to the extent such loss is caused entirely by Union's negligence or wilful misconduct.

#### VI. FACILITIES ON SHIPPER'S PROPERTY

Except under those conditions where Union is delivering to TCPL for TCPL or Shipper at Parkway (TCPL), or to an Interconnecting Pipeline, or where otherwise specified in the Contract, the following will apply:

1. Construction and Maintenance: Union, at its own expense may construct, maintain and operate on Shipper's property at the delivery point a measuring station properly equipped with a meter or meters and any other necessary measuring equipment for properly measuring the gas redelivered under the Contract. Shipper will grant to Union a lease and/or rights-of-way over property of Shipper as required by Union to install such facilities and to connect same to Union's pipeline.
2. Entry: Union, its servants, agents and each of them may at any reasonable time on notice (except in cases of emergency) to Shipper or his duly authorized representative enter Shipper's property for the purpose of constructing, maintaining, removing, operating and/or repairing station equipment.
3. Property: The said station and equipment will be and remain the property of Union notwithstanding it is constructed on and attached to the realty of Shipper, and Union may at its own expense remove it upon termination of the Contract and will do so if so requested by Shipper.



## VII. MEASURING EQUIPMENT

1. Metering by Union: Union will install and operate meters and related equipment as required and in accordance with the Act and Regulations referenced in Article III herein.
2. Metering by Others: In the event that all or any gas delivered to/by Union hereunder is measured by a meter that is owned and operated by an Interconnecting Pipeline, then Union and Shipper agree to accept that metering for the purpose of determining the volume and energy of gas delivered to/by Union on behalf of the Shipper. The standard of measurement and tests for the gas delivered to/by Union hereunder shall be in accordance with the general terms and conditions as incorporated in that Interconnecting Pipeline company's gas tariff as approved by ~~their~~its regulatory body.
3. Check Measuring Equipment: Shipper may install, maintain and operate, at the redelivery point, at its own expense, such check measuring equipment as desired, provided that such equipment shall be so installed as not to interfere with the operation of Union's measuring equipment at or near the delivery point, and shall be installed, maintained and operated in conformity with the same standards and specifications applicable to Union's metering facilities.
4. Rights of Parties: The measuring equipment installed by either party, together with any building erected by it for such equipment, shall be and remain its property. However, Union and Shipper shall have the right 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 used in measuring or checking the measurement of deliveries of gas to/by Union under the Contract. Either party will give the other party reasonable notice of its intention to carry out the acts herein specified. The records from such measuring equipment shall remain the property of their owner, but upon request each will submit to the other its records and charts, together with calculations therefrom, for inspection and verification, subject to return within ten (10) days after receipt thereof.
5. Calibration and Test of Measuring Equipment: The accuracy of Union's measuring equipment shall be verified by Union at reasonable intervals, and if requested, in the presence of representatives of Shipper, but Union shall not be required to verify the accuracy of such equipment more frequently than once in any thirty (30) day period. In the event either party ~~shall notify~~notifies the other that it desires a special test of any measuring equipment, the parties shall co-operate to secure a prompt verification of the accuracy of such equipment. The expense of any such special test, if called for by Shipper, shall be borne by Shipper if the measuring equipment tested is found to be in error by not more than two per cent (2%). If, upon test, any measuring equipment is found to be in error by not more than two per cent (2%), previous recordings of such equipment shall be considered accurate in computing ~~redeliveries~~receipts and deliveries of gas, but such equipment shall be adjusted at once to record as near to absolute accuracy as possible. If the test conducted shows a percentage of inaccuracy greater than two percent (2%), the financial adjustment, if any, shall be calculated in accordance with the Act and Regulations, as may be amended from time to time and in accordance with any successor statutes and regulations.
6. Preservation of Metering Records: Union and Shipper shall each preserve for a period of at least six (6) years all test data, and other relevant records.
7. Error in Metering or Meter Failure: In the event of an error in metering or a meter failure, (such error or failure being determined through check measurement by Union or any other available method), then Shipper shall enforce its rights as Shipper with the Interconnecting Pipeline(s) to remedy such error or failure including enforcing any inspection and/or verification rights and procedures.

## VIII. BILLING

1. Monthly Billing Date: Union shall render bills on or before the ~~tenth~~ (10<sup>th</sup>) day of each month for all ~~services~~Transportation Services furnished during the preceding ~~month~~Month. Such charges may be based on estimated quantities, if actual quantities are unavailable in time to prepare the billing. Union shall provide, in a succeeding ~~month's~~Month's billing, an adjustment based on any difference between actual quantities and estimated quantities, without any interest charge. If presentation of a bill to Shipper is delayed after the ~~tenth~~ (10<sup>th</sup>) day of the month, then the time of payment shall be extended accordingly, unless Shipper is responsible for such delay.

2. Right of Examination: Both Union and Shipper shall have the right to examine at any reasonable time 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 the Contract.
3. Amendment of Statements: For the purpose of completing a final determination of the actual quantities of gas handled in any of the Transportation Services to Shipper, the parties shall have the right to amend their statement for a period equal to the time during which the Interconnecting Pipeline retains the right to amend their statements, which period shall not exceed three (3) years from the date of termination of the Contract.

## IX. PAYMENTS

1. Monthly ~~payments~~Payments: Shipper shall pay the invoiced amount directly into Union's bank account as directed on the invoice on or before the twentieth (20<sup>th</sup>) day of each month. If the payment date is not a ~~business-day~~Business Day, then payment must be received in ~~Union's~~Union's account on the first ~~business-day~~Business Day preceding the twentieth (20<sup>th</sup>) day of the month.
2. Remedies for ~~non~~Non-payment: Should Shipper fail to pay all of the amount of any bill as herein provided when such amount is due,
  - a. Shipper shall pay to Union interest on the unpaid portion of the bill accruing at a rate per annum equal to the minimum commercial lending rate of Union's principal banker in effect from time to time from the due date until the date of payment-; and,
  - b. If such failure to pay continues for thirty (30) days after payment is due, Union, in addition to any other remedy it may have under the Contract, may suspend ~~service(s)~~Services until such amount is paid. Notwithstanding such suspension, all demand charges shall continue to accrue hereunder as if such suspension were not in place.

If Shipper in good faith disputes the amount of any such bill or part thereof Shipper shall pay to Union such amounts as it concedes to be correct. At any time thereafter, within twenty (20) days of a demand made by Union, Shipper shall furnish financial assurances satisfactory to Union, guaranteeing payment to Union of the amount ultimately found due upon such bill after a final determination. Such a final determination may be reached either by agreement, arbitration decision or judgement of the courts, as may be the case. Union shall not be entitled to suspend ~~service(s)~~Services because of such non-payment unless and until default occurs in the conditions of such financial assurances or default occurs in payment of any other amount due to Union hereunder.

Notwithstanding the foregoing ~~paragraph(s)~~, Shipper is not relieved from the obligation to continue its deliveries of gas to Union under the terms of any agreement, where Shipper has contracted to deliver specified quantities of gas to Union.

3. Billing Adjustments: If it shall be found that at any time or times Shipper has been overcharged or undercharged in any form whatsoever under the provisions of the Contract and Shipper shall have actually paid the bills containing such overcharge or undercharge, Union shall refund the amount of any such overcharge and interest shall accrue from and including the first day of such overcharge as paid to the date of refund and shall be calculated but not compounded at a rate per annum determined each day during the calculation period to be equal to the minimum commercial lending rate of Union's principal banker, and the Shipper shall pay the amount of any such undercharge, but without interest. In the event Union renders a bill to Shipper based upon measurement estimates, the required adjustment to reflect actual measurement shall be made on the bill next following the determination of such actual measurement, without any charge of interest. In the event an error is discovered in the amount billed in any statement rendered by Union, such error shall be adjusted by Union. Such overcharge, undercharge or error shall be adjusted by Union on the bill next following its determination (where the term "~~bill~~ next following" shall mean a bill rendered at least fourteen (14) days after the day of its determination), provided that claim therefore shall have been made within ~~six (6)~~three (3) years from the date of the incorrect billing. In the event any refund is issued with Shipper's ~~gas~~ bill, the aforesaid date of refund shall be deemed to be the date of the issue of bill.
4. Taxes ~~and Levies~~:

In addition to the charges and rates as per the ~~C1 Rate Schedule~~, Shipper is responsible for any applicable ~~Goods and~~

~~Services Tax, Harmonized Sales Tax, or other taxes, royalties, charges, duties or levies, (including but not limited to charges under any form of cap and trade, carbon tax, or similar system)~~ rate schedules and price schedules, Shipper shall pay all Taxes which are imposed currently or subsequent to the execution of the Contract by any legal authority having jurisdiction and any amount in lieu of such Taxes paid or payable by Union.

5. Set Off:

If either party shall, at any time, be in arrears under any of its payment obligations to the other party under the Contract, then the party not in arrears shall be entitled to reduce the amount payable by it to the other party in arrears under the Contract, or any other contract, by an amount equal to the amount of such arrears or other indebtedness to the other party. In addition to the foregoing remedy, Union may, upon forty-eight (48) hours verbal notice, to be followed by written notice, take possession of any or all of Shipper's gas under the Contract or any enhancement to the Contract, which shall be deemed to have been assigned to Union, to reduce such arrears or other indebtedness to Union.

X. ARBITRATION

If and when any dispute, difference or question shall arise between the parties hereto touching the Contract or anything herein contained, or the construction hereof, or the rights, duties or liabilities of the parties in relation to any matter hereunder, the matter in dispute shall be submitted and referred to arbitration within ten (10) days after written request of either party. Upon such request each party shall appoint an arbitrator, and the two so appointed shall appoint a third. A majority decision of the arbitrators shall be final and binding upon both parties. In all other respects the provisions of the Arbitration Act, 1991, or any ~~Act~~ passed in amendment thereof or substitution therefore, shall apply to each such submission. Operations under the Contract shall continue, without prejudice, during any such arbitration and the costs attributable to such arbitration shall be shared equally by the parties hereto.

XI. FORCE MAJEURE

1. The term "force majeure" as used herein shall mean acts of God, strikes, lockouts or any other industrial disturbance, acts of the public enemy, sabotage, wars, blockades, insurrections, riots, epidemics, landslides, ~~lightening~~ lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of governments and people, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, freezing of wells or lines of pipe, inability to obtain materials, supplies, permits or labour, any laws, orders, rules, regulations, acts or restraints of any governmental body or authority (civil or military), any act or omission that is excused by any event or occurrence of the character herein defined as constituting force majeure, any act or omission by parties not controlled by the party having the difficulty and any other similar cases not within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome.
2. In the event that either the Shipper or Union is rendered unable, in whole or in part, by force majeure, to perform or comply with any obligation or condition of the Contract, such party shall give notice and full particulars of such force majeure in writing delivered by hand, fax or other direct written electronic means to the other party as soon as possible after the occurrence of the cause relied on and subject to the provision of this Article.
3. Neither party shall be entitled to the benefit of the provisions of force majeure hereunder if any or all of the following circumstances prevail: the failure resulting in a condition of force majeure was caused by the negligence of the party claiming suspension; the failure was caused by the party claiming suspension where such party failed to remedy the condition by making all reasonable efforts (short of litigation, if such remedy would require litigation); the party claiming suspension failed to resume the performance of such condition obligations with reasonable dispatch; the failure was caused by lack of funds; the party claiming suspension did not, as soon as possible after determining, or within a period within which it should acting reasonably have determined, that the occurrence was in the nature of force majeure and would affect its ability to observe or perform any of its conditions or obligations under the Contract, give to the other party the notice required hereunder.
4. The party claiming suspension shall likewise give notice as soon as possible after the force majeure condition is remedied, to the extent that the same has been remedied, and that such party has resumed or is then in a position to resume the performance of the obligations and conditions of the Contract.

5. An event of force majeure on Union's system will excuse the failure to deliver gas by Union or the failure to accept gas by Union hereunder, and both parties shall be excused from performance of their obligations hereunder, except for payment obligations, to the extent of and for the duration of the force majeure.
6. Upstream or Downstream Force Majeure: An event of force majeure upstream or downstream of Union's system shall not relieve Shipper of any payment obligations.
7. Delay of Firm Transportation Services: Despite Article XI herein, if Union is prevented, by reason of an event of force majeure on Union's system from delivering gas on the ~~dayDay~~ or ~~daysDays~~ upon which Union has accepted gas from Shipper, Union shall thereafter make all reasonable efforts to deliver such quantities as soon as practicable and on such ~~dayDay~~ or ~~daysDays~~ as are agreed to by Shipper and Union. If Union accepts such gas on this basis, Shipper shall not receive any demand charge relief as contemplated under Article XI herein.
8. Demand Charge Relief for Firm Transportation Services: Despite Article XI herein, if on any ~~dayDay~~ Union fails to accept gas from Shipper by reason of an event of force majeure on Union's system and fails to deliver the quantity of gas nominated hereunder by Shipper up to the firm Contract Demand for that Contract, then for that ~~dayDay~~ the ~~monthlyMonthly~~ demand charge shall be reduced by an amount equal to the applicable Daily Demand Rate, as defined in this paragraph, multiplied by the difference between the quantity of gas actually delivered by Union during such ~~dayDay~~ and the quantity of gas which Shipper in good faith nominated on such ~~dayDay~~. The term "Daily Demand Rate" shall mean the ~~monthlyMonthly~~ demand charge or equivalent pursuant to the C1 Rate Schedule divided by the number of days in the month for which such rate is being calculated.
9. If, due to the occurrence of an event of force majeure as outlined above, the capacity for gas deliveries by Union is impaired, ~~making it will be necessary for Union to curtail Shipper's gas receipts to Union hereunder, then Union agrees that the firm Contract Demand for Transportation Services under the Contract shall be combined with the firm contract demand set out in other Union contracts then in effect with Union's customers utilizing via proration based on utilization of such facilities as well as quantities set out in Union's peak day requirements for such facilities, and Shipper's service entitlement during such period of impairment, shall be pro-rated for the Day.~~ This ~~pro-rationing~~prorating shall be determined by multiplying the ~~daily~~ capability of such facilities, as available downstream of the impairment on the Day, by a fraction, where the numerator ~~of which is Shipper's nominated firm Contract Demand quantity~~ and the denominator ~~of which is the total of all such firm contract demands, including the firm Contract Demand hereunder and Union's said peak day requirements downstream of the impairment nominated firm quantities for nominated services and planned consumption for in-franchise customers on the Day.~~ For the purposes of this Article XI, firm ~~contract demands~~services shall mean all firm services provided by Union ~~, including firm service under Rate Schedules M2, M4, M5A, M6A, M7, M9, M10, M12, C1, T1, T3, U2, U5, and U7, plus any new firm service that may be created in the future to in-franchise customers and ex-franchise shippers.~~

## **XII. DEFAULT AND TERMINATION**

In case of the breach or non-observance or non-performance on the part of either party hereto of any covenant, proviso, condition, restriction or stipulation contained in the Contract (but not including herein failure to take or make delivery in whole or in part of the gas delivered to/by Union hereunder occasioned by any of the reasons provided for in Article XI herein) which has not been waived by the other party, then and in every such case and as often as the same may happen, the non-defaulting party may give written notice to the defaulting party requiring it to remedy such default and in the event of the defaulting party failing to remedy the same within a period of thirty (30) days from receipt of such notice, the non-defaulting party may at its sole option declare the Contract to be terminated and thereupon the Contract shall be terminated and be null and void for all purposes other than and except as to any liability of the parties under the same incurred before and subsisting as of termination. The right hereby conferred upon each party 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.

## **XIII. AMENDMENT**

Subject to Article XV herein and the ability of Union to amend the ~~C1 Rate Schedule~~applicable rate schedules and price schedules, with the approval of the OEB, (if required), no amendment or modification of the Contract shall be effective unless the same shall be in writing and signed by each of the Shipper and Union.

**XIV. NON-WAIVER AND FUTURE DEFAULT**

No waiver of any provision of the Contract shall be effective unless the same shall be in writing and signed by the party entitled to the benefit of such provision and then such waiver shall be effective only in the specific instance and for the specified purpose for which it was given. No failure on the part of Shipper or Union to exercise, and no course of dealing with respect to, and no delay in exercising, any right, power or remedy under the Contract shall operate as a waiver thereof.

**XV. LAWS, REGULATIONS AND ORDERS**

The Contract and the respective rights and obligations of the parties hereto are subject to all present and future valid laws, orders, rules and regulations of any competent legislative body, or duly constituted authority now or hereafter having jurisdiction and the 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 the Contract.

**XVI. ALLOCATION OF CAPACITY**

1. A potential shipper may request transportation service on Union's system at any time. Any request for C1 transportation service must include: potential shipper's legal name, Receipt Point(s), Delivery Point(s), Commencement Date, Initial Term, Contract Demand, proposed payment, and ~~and~~ type of transportation service requested.
2. If requests for firm transportation services cannot be met through existing capacity such that the only way to satisfy the requests for transportation service would require the construction of Expansion Facilities which create new capacity, Union shall allocate any such new capacity by open season, subject to the terms of the open season, and these General Terms and Conditions.
3. If requests for long-term transportation service can be met through existing facilities upon which long-term capacity is becoming available, Union shall allocate such long-term capacity by open season, subject to the terms of the open season, and these General Terms and Conditions. "Long-term", for the purposes of this Article XVI, means, in the case of a transportation service, a service that has a term of one year or greater.
4. Capacity requests received during an open season shall be awarded starting with those bids with the highest economic value. If the economic values of two or more independent bids are equal, then service shall be allocated on a pro-rata basis. The economic value shall be based on the net present value which shall be calculated based on the proposed per-unit rate and the proposed term of the contract and without regard to the proposed Contract Demand ("NPV").
5. Union may at any time allocate capacity to respond to any C1 transportation service request through an open season. If a potential shipper requests C1 transportation service that can be provided through Available Capacity that was previously offered by Union in an open season but was not awarded, then:
  - a. ~~(a)~~ Any such request must conform to the requirements of Section 1 of this Article XVI;
  - b. ~~(b)~~ Union shall allocate capacity to serve such request pursuant to this Section 5, and subject to these General Terms and Conditions and Union's standard form C1 transportation contract;
  - c. ~~(c)~~ Union may reject a request for C1 transportation service for any of the following reasons:
    - i) if there is insufficient Available Capacity to fully meet the request, but if that is the only reason for rejecting the request for service, Union must offer to supply the Available Capacity to the potential shipper;

- ii) if the proposed monthly payment is less than Union's ~~monthly~~Monthly demand charge plus fuel requirements for the applicable service;
  - iii) if prior to Union accepting the request for transportation service Union receives a request for transportation service from one or more other potential shippers and there is, as a result, insufficient Available Capacity to service all the requests for service, in which case Union shall follow the procedure in Section 5 ~~(d)~~ hereof; -
  - iv) if Union does not provide the type of transportation service requested; or
  - v) if all of the conditions precedent specified in Article XXI Sections 1 and 2 herein have not been satisfied or waived.
- d. ~~(d)~~ Union will advise the potential shipper in writing whether Union accepts or rejects the request for service, subject to Article XVI 5(c) within 5 calendar days of receiving a request for C1 transportation service. If Union rejects a request for service, Union shall inform the potential shipper of the reasons why its request is being rejected; and
- e. ~~(e)~~ If Union has insufficient Available Capacity to service all pending requests for transportation service Union may:
- i) Reject all the pending requests for transportation service and conduct an open season; or
  - ii) Union shall inform all the potential shippers who have submitted a pending request for transportation service that it does not have sufficient capacity to service all pending requests for service, and Union shall provide all such potential shippers with an equal opportunity to submit a revised request for service. Union shall then allocate the Available Capacity to the request for transportation service with the highest economic value to Union. If the economic values of two or more requests are equal, then service shall be allocated on a pro-rata basis. The economic value of any request shall be based on the NPV.

## XVII. RENEWALS

~~For contracts~~Contracts with an Initial Term of five (5) years or greater, with ~~(a) a Receipt Point~~Points and Delivery Points of Parkway or Kirkwall ~~and a Delivery Point of or Dawn (Facilities), or (b) a Receipt Point of Dawn (Facilities) and a Delivery Point of Parkway or Kirkwall, or (c) a Receipt Point of Parkway and a Delivery Point of Kirkwall, the Contract~~ will continue in full force and effect beyond the Initial Term, automatically renewing for a period of one (1) year, and every one (1) year thereafter, ~~subject to. Shipper may reduce the Contract Demand or terminate the Contract with notice in writing by Shipper of termination~~ at least two (2) years prior to the expiration thereof.

For all other contracts, the Contract will continue in full force and effect until the end of the Initial ~~term~~Term, but shall not renew.

## XVIII. SERVICE CURTAILMENT

1. Union shall have the right to curtail or not to schedule part or all of Transportation Services, in whole or in part, on all or a portion of its pipeline system at any time for reasons of Force Majeure or when, in Union sole discretion, acting reasonably, capacity or operating conditions so require or it is desirable or necessary to make modifications, repairs or operating changes to its pipeline system. Union shall provide Shipper such notice of such curtailment as is reasonable under the circumstances. If due to any cause whatsoever Union is unable to receive or deliver the quantities of Gas which Shipper has requested, then Union shall order curtailment by all Shippers affected and to the extent necessary to remove the effect of the disability. Union has a priority of service policy to determine the order of service curtailment. In order to place services on the priority of service list, Union considers the following business principles: appropriate level of access to core services, customer commitment, encouraging appropriate contracting, materiality, price and term, and promoting and enabling in-franchise consumption.

The Priority ranking for all services utilizing Union Gas' storage, transmission and distribution system as applied to both in-franchise and ex-franchise services are as follows; with number 1 having the highest priority and the last interrupted.



1. Firm In-franchise Transportation and Distribution services and firm Ex-franchise services (Note 1)
2. In-franchise Interruptible Distribution services
3. C1/M12 IT Transport and IT Exchanges with Take or Pay rates
4. Balancing (Hub Activity)  $\leq 100$  GJ/d; Balancing (Direct Purchase)  $\leq 500$  GJ/d; In-franchise distribution authorized overrun (Note 3)
5. C1/M12 IT Transport and IT Exchanges at premium rates
6. C1/M12 Overrun  $\leq 20\%$  of CD (Note 4)
7. Balancing (Direct Purchase)  $> 500$  GJ/d
8. Balancing (Hub Activity)  $> 100$  GJ/d; C1/M12 IT Transport and IT Exchanges
9. C1/M12 Overrun  $> 20\%$  of CD
10. C1/M12 IT Transport and IT Exchanges at a discount
11. Late Nominations

Notes:

1. Nominated services must be nominated on the NAESB Timely Nomination Cycle otherwise they are considered to be late nomination and are therefore interruptible.
2. Higher value or more reliable IT is contemplated in the service and contract, when purchase at market competitive prices.
3. Captures the majority of customers that use Direct Purchase balancing transactions.
4. Captures the majority of customers that use overrun.

2. Union reserves the right to change its procedures for sharing interruptible capacity and will provide Shipper with two (2) months prior notice of any such change.

3. Maintenance: Union's facilities from time to time may require maintenance or construction. If such maintenance or construction is required, and in Union's sole opinion, acting reasonably, such maintenance or construction may impact Union's ability to meet Shipper's requirements, Union shall provide at least ten (10) days notice to Shipper, except in the case of an emergency. In the event the maintenance impacts on Union's ability to meet Shipper's requirements, Union shall not be liable for any damages and shall not be deemed in breach of the Contract. To the extent that Union's ability to accept and/or deliver Shipper's gas is impaired, the ~~monthly~~Monthly demand charge shall be reduced in accordance with Article XI Section 8 and available capacity allocated in accordance with Article XI Section 9 herein.

Union shall use reasonable efforts to determine a mutually acceptable period during which such maintenance or construction will occur and also to limit the extent and duration of any impairments. Union will endeavour to schedule and complete the maintenance and construction, which would normally be expected to impact on Union's ability to meet Shipper's requirements, during the period from April 1 through to November 1.

## **XIX. SHIPPER'S REPRESENTATIONS AND WARRANTIES**

1. Shipper's Warranty: Shipper warrants that it will, if required, maintain, or have maintained on its behalf, all external approvals including the governmental, regulatory, import/export permits and other approvals or authorizations that are required from any federal, state or provincial authorities for the gas quantities to be handled under the Contract. Shipper further warrants that it shall maintain in effect the Facilitating Agreements.
2. Financial Representations: Shipper represents and warrants that the financial assurances (including the Initial Financial Assurances and Security) (if any) shall remain in place throughout the term hereof, unless Shipper and Union agree otherwise. Shipper shall notify Union in the event of any ~~changes~~change to the financial assurances throughout the term hereof. Should Union have reasonable grounds to believe that Shipper will not be able to perform or continue to perform any of its obligations under the Contract as a result of one of the following events ("Material Event");
  - a. Shipper is in default, which default has not been remedied, of the Contract or is in default of any other material contract with Union or another party; or,
  - b. Shipper's corporate or debt rating falls below investment grade according to at least one nationally recognized rating agency; or,

- c. Shipper ceases to be rated by a nationally recognized agency; or,
- d. Shipper has exceeded credit available as determined by Union from time to time,

then Shipper shall within fourteen (14) days of receipt of ~~such~~ written notice by Union, obtain and provide to Union a letter of credit or other security in the form and amount reasonably required by Union (the "Security"). The Security plus the Initial Financial Assurances shall not exceed twelve (12) months of ~~monthly~~ Monthly demand charges (in accordance with Article IX herein) multiplied by Contract Demand. In the event that Shipper does not provide to Union such Security within such fourteen (14) day period, Union may deem a default under the Default and Termination provisions of Article XII herein.

In the event that Shipper in good faith, reasonably believes that it should be entitled to reduce the amount of or value of the Security previously provided, it may request such a reduction from Union and to the extent that the Material Event has been mitigated or eliminated, Union shall return all or a portion of the Security to Shipper within fourteen (14) ~~business days~~ Business Days after receipt of the request.

*The following paragraphs 3 and/or 4 are only applicable if indicated in Schedule 1 of the Contract.*

- 3. Point of Consumption Warranty: Shipper represents and warrants that, throughout the term of this Contract, all quantities of gas received by Union hereunder at the Receipt Point and/or all Loaned Quantities will be consumed in the U.S.A. Should any quantities of gas hereunder be directed to an end user in Canada, Shipper shall immediately notify Union that such quantities of gas will be consumed in Canada, as failure to do so will make Shipper liable to Union for any ~~government taxes or levies~~ Taxes and related interest and penalties thereon, made as a result of such change.
- 4. Tax Registration re GST: Shipper warrants and represents that it is unregistered and a Non-Resident for purposes of the Excise Tax Act. Shipper agrees to notify Union within ten (10) working days if it becomes registered. "GST/HST" shall mean the Government of Canada's Goods and Services Tax or Harmonized Sales Tax as legislated under The Excise Tax Act, as may be amended from time to time.

## XX. MISCELLANEOUS PROVISIONS

- 1. Permanent Assignment: Shipper may assign the Contract to a third party ("Assignee"), up to the Contract Demand, (the "Capacity Assigned"). Such assignment shall require the prior written consent of Union and release of obligations by Union for the Capacity Assigned from the date of assignment. Such consent and release shall not be unreasonably withheld and shall be conditional upon the Assignee providing, amongst other things, financial assurances as per Article XXI herein. Any such assignment will be for the full rights, obligations and remaining term of the Contract as relates to the Capacity Assigned.
- 2. Temporary Assignment: Shipper may, upon notice to Union, assign all or a part of its service entitlement under the Contract (the "Assigned Quantity") and the corresponding rights and obligations to an Assignee on a temporary basis for not less than one calendar month. ~~Such assignment shall not be unreasonably withheld and shall be conditional upon the Assignee executing the Facilitating Agreement as per Article XXI herein.~~ Notwithstanding such assignment, Shipper shall remain obligated to Union to perform and observe the covenants and obligations contained herein in regard to the Assigned Quantity to the extent that Assignee fails to do so.
- 3. Title to Gas: Shipper represents and warrants to Union that Shipper shall have good and marketable title to, or legal authority to deliver to Union, all gas delivered to Union hereunder. Furthermore, Shipper hereby agrees to indemnify and save Union harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of claims of any or all third parties to such gas or on account of ~~royalties, taxes, license fees~~ Taxes, or other charges thereon.

## XXI. PRECONDITIONS TO TRANSPORTATION SERVICES

- 1. The obligations of Union to provide Transportation Services hereunder are subject to the following conditions precedent, which are for the sole benefit of Union and which may be waived or extended in whole or in part in the manner provided in the 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 provide the Transportation Services; and,
  - b. Union shall have obtained all internal approvals that are necessary or appropriate to provide the transportation Services; and,
  - c. Union shall have received from Shipper the requisite financial assurances reasonably necessary to ensure Shipper's ability to honour the provisions of ~~this~~the Contract (the "Initial Financial Assurances"). The Initial Financial Assurances, if required, will be as determined solely by Union; and,
  - d. Shipper and Union shall have entered into the Interruptible HUB Service Contract or equivalent (the "Facilitating Agreement") with Union.
2. The obligations of Shipper hereunder are subject to the following conditions precedent, which are for the sole benefit of Shipper and which may be waived or extended in whole or in part in the manner provided in the Contract:
    - a. Shipper shall, as required, have entered into the necessary contracts with Union and/or others to facilitate the Transportation Services contemplated herein, including contracts for upstream and downstream transportation, and shall specifically have an executed and valid Facilitating Agreement; and shall, as required, have entered into the necessary contracts to purchase the gas quantities handled under the Contract; and,
    - b. Shipper shall have obtained, in form and substance satisfactory to Shipper, and all conditions shall have been satisfied under, all governmental, regulatory and other third party approvals, consents, orders and authorizations, that are required from federal, state, or provincial authorities for the gas quantities handled under the Contract; and,
    - c. Shipper shall have obtained all internal approvals that are necessary or appropriate for the Shipper to execute the Contract.
  3. Union and Shipper shall each use due diligence and reasonable efforts to satisfy and fulfil the conditions precedent specified in this Article XXI Section 1 a, c, and d and Section 2 a and b. Each party shall notify the other forthwith in writing of the satisfaction or waiver of each condition precedent for such party's benefit. If a party concludes that it will not be able to satisfy a condition precedent that is for its benefit, such party may, upon written notice to the other party, terminate the Contract and upon the giving of such notice, the Contract shall be of no further force and effect and each of the parties shall be released from all further obligations thereunder.
  4. If any of the conditions precedent in this Article XXI Section 1 ~~dc~~ or Section 2 are not satisfied or waived by the party entitled to the benefit of that condition by the Conditions Date as such term is defined in the Contract, then either party may, upon written notice to the other party, terminate the Contract and upon the giving of such notice, the Contract shall be of no further force and effect and each of the parties shall be released from all further obligations hereunder, provided that any rights or remedies that a party may have for breaches of the Contract prior to such termination and any liability a party may have incurred before such termination shall not thereby be released.

**RATE M12  
NOMINATIONS**

- a) For Services provided either under this rate schedule or referenced to this rate schedule:
  - i) For Services required on any day Shipper shall provide Union with a nomination (the "Shipper's Nomination") of the quantity it desires to be handled at the applicable Receipt Point and/or Delivery Point. Such Shipper's Nomination is to be provided in writing so as to be received by Union's Gas Management Services on or before 1230 hours in the Eastern time zone, unless agreed to otherwise in writing by the parties, on the business day immediately preceding the day for which service is requested.
  - ii) If, in Union's sole opinion, operating conditions permit, a change in Shipper's Nomination may be accepted after 1230 hours in the Eastern time zone.
  - iii) For customers electing firm all day transportation service, nominations shall be provided to Union's Gas Management Services as outlined in the F24 –T Agreement.
- b) Union shall determine whether or not all or any portion of Shipper's Nomination will be accepted. In the event Union determines that it will not accept such nomination, Union shall advise Shipper, on or before 1730 hours in the Eastern time zone on the business day immediately preceding the day for which service is requested, of the reduced quantity (the "Quantity Available") for Services at the applicable points. Forthwith after receiving such advice from Union but no later than 1800 hours in the Eastern time zone on the same day, Shipper shall provide a "Revised Nomination" to Union which shall be no greater than the Quantity Available. If such Revised Nomination is not provided within the time allowed as required above or such Revised Nomination is greater than the Quantity Available, then the Revised Nomination shall be deemed to be the Quantity Available. If the Revised Nomination (delivered within the time allowed as required above) is less than the Quantity Available, then such lesser amount shall be the Revised Nomination.
- c) That portion of a Shipper's Nomination or Revised Nomination, as set out in (a) and (b), above, which Union shall accept for Services hereunder, shall be known as Shipper's "Authorized Quantity".
- d) If on any day the actual quantities handled by Union, for each of the Services authorized, exceed Shipper's Authorized Quantity, and such excess was caused by either Shipper's incorrect nomination or by its delivering or receiving too much gas, then the amount by which the actual quantities handled for each of the Services exceed Shipper's Authorized Quantity, such excess shall be deemed "Unauthorized Overrun".
- e) The daily quantity of gas nominated by Shipper will be delivered by Shipper at rates of flow that are as nearly constant as possible, however, Union shall use reasonable efforts to take receipt of gas on any day at an hourly rate of flow up to one twentieth (1/20) of the quantity received for that day. Union shall have the right to limit Services when on any day the cumulative hourly imbalance between receipts and deliveries exceeds one twentieth (1/20) of the quantity handled for that day, for each applicable Service.
- f) A nomination for a daily quantity of gas on any day shall remain in effect and apply to subsequent days unless and until Union receives a new nomination from Shipper or unless Union gives Shipper written notice that it is not acceptable in accordance with either (a) or (b) of this schedule.
- g) Except for periods of gas or quantity balancing as provided in the Contract, nominations by Shipper for deliveries to Union and redeliveries by Union shall be the same delivery of gas by Union either to Shipper or a Shipper's Account with Union.

RATE M12  
NOMINATIONS

1. For Transportation Services required on any Day under the Contract, Shipper shall provide Union with a nomination(s) providing the Shipper's requested Receipt Point(s), contract numbers, the applicable service, the quantity of Gas to be transported, the requested Delivery Point(s), and such additional information as Union determines to be necessary (a "**Nomination**").
2. All Nominations shall be submitted by electronic means via *Unionline*. Union, in its sole discretion, may amend or modify the nominating procedures or *Unionline* at any time. Nominations shall be submitted so as to be received by Union in accordance with timelines established by Union, which reflect the NAESB standard nomination cycles. Union will accept all nominations on each of the nomination cycles. Nominations made after the applicable deadline shall not be accepted except at the sole discretion of Union. All times referred to herein are Eastern Clock Time. For greater certainty, NAESB nomination cycle timelines are as follows:
  - a. The Timely Nomination Cycle: 12:45 pm for Nominations leaving control of the nominating party; 3:30 pm for receipt of Quantities Available by Shipper; 4:30 pm for receipt of completed confirmations by Union from upstream and downstream connected parties; 5:30 pm for receipt of Scheduled Quantities by Shipper (Day prior to flow).
  - b. The Evening Nomination Cycle: 7:00 pm for Nominations leaving control of the nominating party; 9:00 pm for receipt of Quantities Available by Shipper; 10:00 pm for receipt of completed confirmations by Union from upstream and downstream connected parties; 11:00 pm for receipt of Scheduled Quantities by Shipper (Day prior to flow).
  - c. The Intra-day 1 Nomination Cycle: 11:00 am for Nominations leaving control of the nominating party; 1:00 pm for receipt of Quantities Available by Shipper; 2:00 pm for receipt of completed confirmations by Union from upstream and downstream connected parties; 3:00 pm for receipt of Scheduled Quantities Available by Shipper, on Day. Quantities Available resulting from Intra-day 1 Nominations should be effective at 6:00 pm on same Day.
  - d. The Intra-day 2 Nomination Cycle: 6:00 pm for Nominations leaving control of the nominating party; 8:00 pm for receipt of Quantities Available by Shipper; 9:00 pm for receipt of completed confirmations by Union from upstream and downstream connected parties; 10:00 pm for receipt of Scheduled Quantities by Shipper on Day. Quantities Available resulting from Intra-day 2 Nominations should be effective at 10:00 pm on same Day.
3. Union shall determine whether or not all or any portion of the Nomination will be scheduled at each nomination cycle. With respect to each nomination cycle, in the event Union determines that it will not schedule such Nomination, Union shall advise Shipper of the reduced quantity (the "**Quantities Available**") for Transportation Services at the applicable points as outlined in each nomination cycle. After receiving such advice from Union, but no later than one half hour after the Quantities Available deadline as outlined in each nomination cycle, Shipper shall provide a revised nomination ("**Revised Nomination**") to Union which shall be no greater than the Quantity Available. If such Revised Nomination is not provided within the time allowed as required above or such Revised Nomination is greater than the Quantities Available, then the Revised Nomination shall be deemed to be the Quantities Available. If the Revised Nomination (delivered with the time allowed as required above) is less than the Quantity Available, then such lesser amount shall be the Revised Nomination.
4. For Shippers electing firm all day transportation service, nominations shall be provided to Union's Gas Management Services as outlined in the F24 –T Agreement.
5. For Transportation Services requiring Shipper to provide compressor fuel in kind, the nominated fuel requirements will be calculated by rounding to the nearest whole GJ.

6. All Timely Nominations shall have rollover options. Specifically, Shippers shall have the ability to nominate for several days, months or years, provided the Nomination start date and end date are both within the term of the Transportation Agreement.
7. Nominations received after the nomination deadline shall, if accepted by Union, be scheduled after Nominations received before the nomination deadline.
8. All Services are required to be nominated in whole Gigajoules (GJ).
9. To the extent Union is unable to complete a Nomination confirmation due to inaccurate, untimely or incomplete data involving an Interconnecting Pipeline entity, Union shall undertake reasonable efforts to confirm the transaction on a non-discriminatory basis until such time that the transaction is adequately verified by the parties, or until such time that Union determines that the Nomination is invalid at which time the Union shall reject the Nomination.
10. That portion of a Shipper's Nomination or Revised Nomination, as set out in paragraphs 1 and 3 above, which Union shall schedule for Transportation Services hereunder, shall be known as Shipper's **"Authorized Quantity"**.
11. If on any day the actual quantities handled by Union, for each of the Transportation Services authorized, exceed Shipper's Authorized Quantity, and such excess was caused by either Shipper's incorrect nomination or by its delivering or receiving too much gas, then the amount by which the actual quantities handled for each of the Transportation Services exceed Shipper's Authorized Quantity shall be deemed **"Unauthorized Overrun"**.
12. The daily quantity of gas nominated by Shipper will be delivered by Shipper at rates of flow that are as nearly constant as possible, however, Union shall use reasonable efforts to take receipt of gas on any day at an hourly rate of flow up to one twentieth (1/20<sup>th</sup>) of the quantity received for that day. Union shall have the right to limit Transportation Services when on any day the cumulative hourly imbalance between receipts and deliveries exceeds one twentieth (1/20<sup>th</sup>) of the quantity handled for that day, for each applicable Transportation Service.
13. The parties hereto recognize that with respect to Transportation Services, on any day, receipts of gas by Union and deliveries of gas by Union may not always be exactly equal, but each party shall cooperate with the other in order to balance as nearly as possible the quantities transacted on a daily basis, and any imbalances arising shall be allocated to the Facilitating Agreement and shall be subject to the respective terms and charges contained therein, and shall be resolved in a timely manner.
14. Shipper may designate a third party as agent for purposes of providing a Nomination, and for giving and receiving notices related to Nominations, and Union shall only accept nominations from the agent. Shipper shall provide Union with written notice of such designation, such notice to be acceptable to Union. Any such designation, if acceptable to Union, shall be effective starting the Month following the receipt of the written notice and will remain in effect until revoked in writing by Shipper.

**RATE C1  
NOMINATIONS**

- a) For Services provided either under this rate schedule or referenced to this rate schedule:
- i) For Services required on any day Shipper shall provide Union with a nomination (the "Shipper's Nomination") of the quantity it desires to be handled at the applicable Receipt Point, and/or Delivery Point. Such Shipper's Nomination is to be provided in writing so as to be received by Union's Gas Management Services on or before 1230 hours in the Eastern time zone, unless agreed to otherwise in writing by the parties, on the business days immediately preceding the day for which service is requested.
  - ii) If, in Union's sole opinion, operating conditions permit, a change in Shipper's Nomination may be accepted after 1230 hours in the Eastern time zone.
  - iii) For customers electing firm all day transportation, nominations shall be provided to Union's Gas Management Services as outlined in the F24 –T Agreement.
- b) Union shall determine whether or not all or any portion of Shipper's Nomination will be accepted. In the event Union determines that it will not accept such nomination, Union shall advise Shipper, on or before 1730 hours in the Eastern time zone on the business day immediately preceding the day for which service is requested, of the reduced quantity (the "Quantity Available") for Services at the applicable points. Forthwith after receiving such advice from Union but no later than 1800 hours in the Eastern time zone on the same day, Shipper shall provide a "Revised Nomination" to Union which shall be no greater than the Quantity Available. If such Revised Nomination is not provided within the time allowed as required above or such Revised Nomination is greater than the Quantity Available, then the Revised Nomination shall be deemed to be the Quantity Available. If the Revised Nomination (delivered within the time allowed as required above) is less than the Quantity Available, then such lesser amount shall be the Revised Nomination.
- c) That portion of a Shipper's Nomination or Revised Nomination, as set out in (a) and (b), above, which Union shall accept for Services hereunder, shall be known as Shipper's "Authorized Quantity".
- d) If on any day the actual quantities handled by Union, for each of the Services authorized, exceed Shipper's Authorized Quantity, and such excess was caused by either Shipper's incorrect nomination or by its delivering or receiving too much gas, then the amount by which the actual quantities handled for each of the Services exceed Shipper's Authorized Quantity, such excess shall be deemed "Unauthorized Overrun".
- e) The daily quantity of gas nominated by Shipper will be delivered by Shipper at rates of flow that are as nearly constant as possible, however, Union shall use reasonable efforts to take receipt of gas on any day at an hourly rate of flow up to one twentieth (1/20) of the quantity received for that day. Union shall have the right to limit Services when on any day the cumulative hourly imbalance between receipts and deliveries exceeds one twentieth (1/20) of the quantity handled for that day, for each applicable Service.
- f) A nomination for a daily quantity of gas on any day shall remain in effect and apply to subsequent days unless and until Union receives a new nomination from the Shipper or unless Union gives Shipper written notice that it is not acceptable in accordance with either (a) or (b) of this schedule.
- g) Except for periods of gas or quantity balancing as provided in the Contract, nominations by Shipper for deliveries to Union and redeliveries by Union shall be the same delivery of gas by Union either to Shipper or a Shipper's Account with Union.

RATE C1  
NOMINATIONS

1. For Transportation Services required on any Day under the Contract, Shipper shall provide Union with a nomination(s) providing the Shipper's requested Receipt Point(s), contract numbers, the applicable service, the quantity of Gas to be transported, the requested Delivery Point(s), and such additional information as Union determines to be necessary (a "Nomination").
2. All Nominations shall be submitted by electronic means via *Unionline*. Union, in its sole discretion, may amend or modify the nominating procedures or *Unionline* at any time. Nominations shall be submitted so as to be received by Union in accordance with timelines established by Union, which reflect the NAESB standard nomination cycles. Union will accept all nominations on each of the nomination cycles. Nominations made after the applicable deadline shall not be accepted except at the sole discretion of Union. All times referred to herein are Eastern Clock Time. For greater certainty, NAESB nomination cycle timelines are as follows:
  - a. The Timely Nomination Cycle: 12:45 pm for Nominations leaving control of the nominating party; 3:30 pm for receipt of Quantities Available by Shipper; 4:30 pm for receipt of completed confirmations by Union from upstream and downstream connected parties; 5:30 pm for receipt of Scheduled Quantities by Shipper (Day prior to flow).
  - b. The Evening Nomination Cycle: 7:00 pm for Nominations leaving control of the nominating party; 9:00 pm for receipt of Quantities Available by Shipper; 10:00 pm for receipt of completed confirmations by Union from upstream and downstream connected parties; 11:00 pm for receipt of Scheduled Quantities by Shipper (Day prior to flow).
  - c. The Intra-day 1 Nomination Cycle: 11:00 am for Nominations leaving control of the nominating party; 1:00 pm for receipt of Quantities Available by Shipper; 2:00 pm for receipt of completed confirmations by Union from upstream and downstream connected parties; 3:00 pm for receipt of Scheduled Quantities Available by Shipper, on Day. Quantities Available resulting from Intra-day 1 Nominations should be effective at 6:00 pm on same Day.
  - d. The Intra-day 2 Nomination Cycle: 6:00 pm for Nominations leaving control of the nominating party; 8:00 pm for receipt of Quantities Available by Shipper; 9:00 pm for receipt of completed confirmations by Union from upstream and downstream connected parties; 10:00 pm for receipt of Scheduled Quantities by Shipper on Day. Quantities Available resulting from Intra-day 2 Nominations should be effective at 10:00 pm on same Day.
3. Union shall determine whether or not all or any portion of the Nomination will be scheduled at each nomination cycle. With respect to each nomination cycle, in the event Union determines that it will not schedule such Nomination, Union shall advise Shipper of the reduced quantity (the "Quantities Available") for Transportation Services at the applicable points as outlined in each nomination cycle. After receiving such advice from Union, but no later than one half hour after the Quantities Available deadline as outlined in each nomination cycle, Shipper shall provide a revised nomination ("Revised Nomination") to Union which shall be no greater than the Quantity Available. If such Revised Nomination is not provided within the time allowed as required above or such Revised Nomination is greater than the Quantities Available, then the Revised Nomination shall be deemed to be the Quantities Available. If the Revised Nomination (delivered with the time allowed as required above) is less than the Quantity Available, then such lesser amount shall be the Revised Nomination.
4. For Shippers electing firm all day transportation service, nominations shall be provided to Union's Gas Management Services as outlined in the F24 –T Agreement.
5. For Transportation Services requiring Shipper to provide compressor fuel in kind, the nominated fuel requirements will be calculated by rounding to the nearest whole GJ.

6. All Timely Nominations shall have rollover options. Specifically, Shippers shall have the ability to nominate for several days, months or years, provided the Nomination start date and end date are both within the term of the Transportation Agreement.
7. Nominations received after the nomination deadline shall, if accepted by Union, be scheduled after Nominations received before the nomination deadline.
8. All Services are required to be nominated in whole Gigajoules (GJ).
9. To the extent Union is unable to complete a Nomination confirmation due to inaccurate, untimely or incomplete data involving an Interconnecting Pipeline entity, Union shall undertake reasonable efforts to confirm the transaction on a non-discriminatory basis until such time that the transaction is adequately verified by the parties, or until such time that Union determines that the Nomination is invalid at which time the Union shall reject the Nomination.
10. That portion of a Shipper's Nomination or Revised Nomination, as set out in paragraphs 1 and 3 above, which Union shall schedule for Transportation Services hereunder, shall be known as Shipper's "**Authorized Quantity**".
11. If on any day the actual quantities handled by Union, for each of the Transportation Services authorized, exceed Shipper's Authorized Quantity, and such excess was caused by either Shipper's incorrect nomination or by its delivering or receiving too much gas, then the amount by which the actual quantities handled for each of the Transportation Services exceed Shipper's Authorized Quantity shall be deemed "**Unauthorized Overrun**".
12. The daily quantity of gas nominated by Shipper will be delivered by Shipper at rates of flow that are as nearly constant as possible, however, Union shall use reasonable efforts to take receipt of gas on any day at an hourly rate of flow up to one twentieth (1/20<sup>th</sup>) of the quantity received for that day. Union shall have the right to limit Transportation Services when on any day the cumulative hourly imbalance between receipts and deliveries exceeds one twentieth (1/20<sup>th</sup>) of the quantity handled for that day, for each applicable Transportation Service.
13. The parties hereto recognize that with respect to Transportation Services, on any day, receipts of gas by Union and deliveries of gas by Union may not always be exactly equal, but each party shall cooperate with the other in order to balance as nearly as possible the quantities transacted on a daily basis, and any imbalances arising shall be allocated to the Facilitating Agreement and shall be subject to the respective terms and charges contained therein, and shall be resolved in a timely manner.
14. Shipper may designate a third party as agent for purposes of providing a Nomination, and for giving and receiving notices related to Nominations, and Union shall only accept nominations from the agent. Shipper shall provide Union with written notice of such designation, such notice to be acceptable to Union. Any such designation, if acceptable to Union, shall be effective starting the Month following the receipt of the written notice and will remain in effect until revoked in writing by Shipper.

**PREFILED EVIDENCE OF**

**JIM LAFORET, MANAGER, CONTRACT BILLING & OPERATIONAL SUPPORT**

The purpose of this evidence is to propose a change to Union's Direct Purchase Distributor Consolidated Billing ("DCB") fee, and to consolidate the contract rate customer DCB fee with the general service DCB fee.

This evidence is organized under the following headings:

1/ Distributor Consolidated Billing Fee

2/ Revenue and Cost Levels

3/ Proposed Distributor Consolidated Billing Fee

**1/ DISTRIBUTOR CONSOLIDATED BILLING FEE**

The current Distributor Consolidated Billing ("DCB") service provides the opportunity for end-use customers to receive their gas supply from a Gas Vendor and enables Gas Vendors to bill their customers through Union. The DCB fee (also referred to as the Agency Billing and Collection or ABC fee) is a per customer monthly charge to the vendor. This service allows the vendor to avoid incurring their own billing, collections and commodity related bad debt costs and receive full remittance from Union for their portion of the customer's bill.

The current DCB fee of \$1.35, which went into effect on May 1, 2003, was designed to recover three cost components:



- 1       • Bad debt costs for billing done by Union on behalf of the Gas Vendor. As part of the
- 2       DCB service, Union takes on the risk of customer non-payment for the gas supply portion
- 3       of the bill.
- 4       • Program administration costs consisting of salaries and benefits for employees
- 5       performing DCB functions (contract administration, call handling, collections, and Gas
- 6       Vendor remittances), calculated on a fully allocated cost basis.
- 7       • Billing system costs.

8

9   It has been over a decade since the DCB service was first introduced and the marketplace has

10   changed and matured. The current DCB fee design is no longer appropriate and needs to better

11   reflect the cost to the utility associated with providing the DCB service. Union proposes a fee

12   design whereby the customer and utility remain cost and revenue neutral as customers choose to

13   move between sales service and direct purchase.

14

15   Union analyzed the costs that were included in the DCB fee and compared them to the costs that

16   are included in Union's gas supply administration charge which forms a part of Union's system

17   supply commodity rate. The DCB and gas supply administration charges included similar

18   components including gas supply related bad debt and program administration costs. The main

19   difference between DCB and the gas supply administration charge is that the DCB fee includes

20   an allocation of Union's billing system costs, whereas the gas supply administration charge does

21   not.

1 Union's billing system is hosted by a third party service provider that charges a single monthly  
2 fee for each billed account. This means that regardless of the customer's choice of gas supply  
3 (utility sales service, Gas Vendor that uses the DCB service, or Gas Vendor that does split-  
4 billing), the cost charged to Union by the third party service provider is the same. This means  
5 there is no incremental billing system costs when a customer switches from sales service to  
6 direct purchase (conversely there is no billing system cost savings when a customer switches  
7 from direct purchase to sales service).

8  
9 Union proposes that the billing system costs be removed from the calculation of the DCB fee as  
10 they are the direct result of the customer having an active account with Union and not their  
11 choice of gas supplier. Removing the billing system costs will ensure the DCB fee and the gas  
12 supply administration charge are better aligned, keeping the customer and the utility cost and  
13 revenue neutral as customers switch between the utility's sales service and a Gas Vendor's direct  
14 purchase offering.

15  
16 Union also provides a DCB service for its large volume contract rate customers. This service has  
17 been used by very few customers since it was established. A review of the costs to administer  
18 this service found them to be similar to those for the DCB service provided to the general service  
19 customers. Therefore, Union proposes to eliminate the current \$20 per month DCB fee and have  
20 all DCB customers (general service and contract) pay the same DCB fee.

1    **2/ REVENUE AND COST LEVELS**

2    Over the past five years Union has seen a significant reduction in the number of general service  
3    customers on direct purchase arrangements. The number of customers peaked at 486,486 in  
4    January 2007 and has steadily declined to 315,202 at January 2011.

5  
6    Since customers are very price sensitive and Union cannot predict commodity prices and service  
7    offerings of Gas Vendors, it is not feasible for the utility to forecast the number of direct  
8    purchase customers. Consistent with past forecasts, Union uses the number of direct purchase  
9    customers in place at the time the utility's gas demand forecast is produced, which for this  
10   proceeding is January 1, 2011. This methodology resulted in a forecast of 315,202 direct  
11   purchase customers in 2013. In addition, Union forecasts 313,534 DCB customers in 2013  
12   (315,202 direct purchase customers less 1,668 customers that are billed directly by a Gas  
13   Vendor).

14  
15   The current DCB fee is \$1.35 per customer per month. Based on a forecast of 313,534  
16   customers, this will generate approximately \$5.079 million in annual revenue. The cost of the  
17   DCB service is the total cost of bad debt for the gas supply portion of the bill and the program  
18   administration costs (salaries and benefits calculated on a fully allocated basis) to provide the  
19   DCB service for these customers. Table 1 summarizes the revenues and costs associated with  
20   DCB based on the existing rate.

TABLE 1

Summary of DCB Revenues and Costs at Current Rate

Line No.	Particulars	(\$000's)
	Revenues	
1	DCB Fee (\$1.35 * 313,534 * 12)	5,079
	Proposed Costs	
2	Bad Debt	1,555
3	Program Administration	<u>582</u>
4	Total Cost	2,137
5	Forecasted Revenue Surplus/ (Shortfall)	<u>2,942</u>

**3/ PROPOSED DISTRIBUTOR CONSOLIDATED BILLING FEE**

Union proposes to change the current DCB fee to \$0.57 per customer per month. This change will generate sufficient revenues to recover Union's projected costs of \$2.137 million and address the \$2.942 million revenue surplus.

Using the forecast of 313,534 customers, the proposed \$0.57 DCB fee generates a revenue forecast of \$2.145 million. Table 2 shows the impact to revenues and costs resulting from the proposed changes to Union's DCB fee.

TABLE 2

Summary of DCB Revenues and Costs at Proposed Rate

Line No.	Particulars	(\$000's)
	Revenues	
1	DCB Fee ( $\$0.57 * 313,534 * 12$ )	2,145
	Proposed Costs	
2	Bad Debt	1,555
3	Program Administration	<u>582</u>
4	Total Cost	<u>2,137</u>
5	Forecasted Revenue Surplus/ (Shortfall)	<u>8</u>

**PREFILED EVIDENCE OF**  
**PAT ELLIOTT**  
**CONTROLLER**

The purpose of this evidence is to:

- 1/ Provide an overview of Union's existing deferral accounts
- 2/ Describe the proposed changes to Gas Cost, Storage, and Other deferral accounts
- 3/ Describe the proposed new deferral accounts
- 4/ Describe the proposed account closures

**1/ EXISTING DEFERRAL ACCOUNTS**

Union's existing deferral accounts fall into three categories: Gas Cost, Storage, and Other deferral accounts. Complete descriptions of all of Union's currently approved deferral accounts can be found in Appendix A. The accounting orders for these accounts are included at Exhibit A1, Tab 6. A summary of the proposed deferral account changes is presented in Appendix B.

Union plans to file an application for final disposition of the 2011 year-end deferral account balances early in 2012 as soon as the year-end balances are known. This approach is consistent with the approach taken to dispose of the 2010 year-end deferral account balances (EB-2011-0038) and the requirements of Section 36 (4.2) of the OEB Act.

2/ **PROPOSED CHANGES TO EXISTING DEFERRAL ACCOUNTS**

**Gas Cost Deferral Accounts**

**Inventory Revaluation Account (Deferral Account No. 179-109)**

Union proposes to remove the Transmission Line Pack Gas account in the accounting order to be consistent with accounting changes and for administrative simplicity. Since Union has reclassified line pack gas from gas in inventory to property, plant and equipment Union is proposing Line Pack Gas should not be revalued quarterly as part of inventory. Further details can be found at Exhibit A2, Tab 4.

The proposed inventory revaluation deferral accounting order has been provided at Appendix C.

**Storage Deferral Accounts**

In the Natural Gas Electricity Interface Review (“NGEIR”) Decision with Reasons (EB-2005-0551) the Board approved continuation of the Short-term Storage and Other Balancing Services deferral account (No. 179-70). Although this account continues to record the same types of transactions, the names of the services have changed to align with the NGEIR decision. Storage services are no longer offered as part of the C1 or M12 service.

Union is proposing to allocate the margins associated with short-term peak storage transactions between its utility and non-utility storage operations as outlined in Exhibit C1, Tab 7.

Union proposes to change the description of the Short-term Storage and Other Balancing Services deferral account in the accounting order to update the list of revenues included in the account and the proposed short-term storage margin sharing methodology. The proposed accounting order for the Short-term Storage and Other Balancing Services allows the proper transactions to be included in the account and has been provided in Appendix C.

### **Other Deferral Accounts**

#### **Average Use Per Customer (Deferral Account No. 179-118)**

The Average Use per Customer deferral account was established in EB-2007-0606. Union proposes to continue tracking the average use per customer in the existing deferral account.

Union also proposes to change the description of AU deferral account in the accounting order to remove the limitation that makes it applicable only to the current incentive regulation plan, 2008 through 2012. The proposed accounting order for the AU deferral account will allow it to be in effect until it is changed or eliminated.

The proposed AU deferral accounting order has been provided at Appendix C.

### **3/ SPECIFIC DEFERRAL ACCOUNT PROPOSALS**

Union proposes to create the following deferral account effective January 1, 2013:



1 Technology and Innovation Canada (“ETIC”)

2 This account will track the difference between actual spending for ETIC and the amount  
3 approved for recovery in rates. Further details regarding ETIC can be found at Exhibit D1, Tab  
4 10.

5  
6 The proposed ETIC deferral accounting order has been provided at Appendix C.

7  
8 **4/ PROPOSED ACCOUNT CLOSURES**

9 Union is proposing the closure of the following accounts effective January 1, 2013:

10  
11 Late Payment Penalty Litigation (Deferral Account No.179-113)

12 The Late Payment Penalty Litigation deferral account was established in 2004 to record the costs  
13 incurred by the Company in connection with the late payment penalty litigation. This includes  
14 the Company’s legal costs, costs of actuarial advice, costs of analyzing historic billing records  
15 and the cost of any judgment against the Company. The litigation in connection to late payment  
16 is now complete. Union proposes to close this account effective January 1, 2013.

17  
18 Harmonized Sales Tax (“HST”) (Deferral Account No. 179-124)

19 This account was established to record the amount of Provincial Sales Tax previously paid and  
20 collected in approved rates that is now subject to HST tax credits (i.e. the savings to Union).

21 Also, it is used to record the amount of HST paid on taxable items for which no tax credits are

1 received (i.e. the additional costs to Union). Union has shared the net impact 50/50 between the  
2 ratepayers and the shareholders. Union does not see a need to continue with this deferral account  
3 as Union's budget includes the impact of HST. Upon settlement of the balance in the account  
4 Union proposes to close this account effective January 1, 2013.

1 **DESCRIPTION OF EXISTING DEFERRAL ACCOUNTS**

2 **GAS COST DEFERRAL ACCOUNTS**

3 TCPL Tolls and Fuel - Northern and Eastern Operations Area (Deferral Account No.  
4 179-100)

5 This deferral account was established in RP-2003-0063 to record variances in the per unit  
6 cost of firm gas purchased each month for the North and the unit cost of gas included in  
7 the gas sales rates as approved by the Board. This includes fuel on upstream pipelines,  
8 variances in TCPL tolls, the benefit derived from the temporary assignment of TCPL  
9 capacity and the costs in excess of amounts recovered from T-Service customers with  
10 respect to Union's limited balancing agreement with TCPL.

11  
12 North Purchase Gas Variance Account (Deferral Account No. 179-105)

13 This deferral account was established in RP-2003-0063 to record variances in the per unit  
14 cost of firm gas purchased each month for the North and the unit cost of gas included in  
15 approved gas sales rates.

16  
17 South Purchase Gas Variance Account (Deferral Account No. 179-106)

18 This deferral account was established in RP-2003-0063 to record variances in the per-unit  
19 cost of gas purchased each month for Union's Southern operations area and the unit cost  
20 of gas included in approved gas sales rates.

1 Spot Gas Variance Account (Deferral Account No. 179-107)

2 This deferral account was established in RP-2003-0063 to record variances in the per unit  
3 cost of spot gas purchased each month and the unit cost of gas included in approved gas  
4 sales rates for those volumes purchased in excess of plan.

6 Unabsorbed Demand Cost (“UDC”) Variance Account (Deferral Account No. 179-108)

7 This deferral account was established in RP-2003-0063 to record the difference between  
8 the actual UDC incurred and the amount of UDC included in approved rates.

10 Inventory Revaluation Account (Deferral Account No. 179-109)

11 This deferral account was established in RP-2003-0063 to record changes in the value of  
12 gas inventory available for sale to sales service customers resulting from changes in  
13 Union’s weighted average cost of gas as approved by the Board for establishing rates.

15 **STORAGE DEFERRAL ACCOUNTS**

16 Short-term Storage and Other Balancing Services (Deferral Account No. 179-70)

17 This deferral account was established to record differences between actual and forecast  
18 net revenue from short-term storage and other balancing services. These services include  
19 Enbridge LBA, balancing, peak short-term storage, off-peak short-term storage, and  
20 loans. As per the Board’s EB-2005-0551 Decision 71.1% of the balance in this account is

1 shared with ratepayers.

2

3 Long-term Peak Storage Services (Deferral Account No. 179-72)

4 This deferral account was established to record differences between actual and forecast  
5 long-term storage market premiums. Union has proposed to close this account as part of  
6 its 2012 rates application (EB-2011-0025).

7

8 **OTHER DEFERRAL ACCOUNTS**

9 Lost Revenue Adjustment Mechanism (Deferral Account No. 179-75)

10 This deferral account was established to record the difference between actual margin  
11 reductions related to Union's DSM plans and the margin reduction as approved by the  
12 Board for recovery in delivery rates. Its continued use was approved in EB-2008-0346.

13

14 Unbundled Services Unauthorized Storage Overrun (Deferral Account No. 179-103)

15 This deferral account was established in RP-1999-0017 to record unauthorized storage  
16 overrun charges incurred by customers that elect unbundled services.

17

18 Demand Side Management Variance Account (Deferral Account No.179-111)

19 This deferral account was originally established to record the difference between the  
20 actual and approved direct DSM expenditure budget currently approved for recovery in

1 rates, providing that any excess over the approved direct DSM expenditure budget does  
2 not exceed 15% of the direct DSM expenditure budget. Any excess over the approved  
3 direct DSM expenditure budget for the year must be for incremental DSM volume  
4 savings that are cost effective as determined by the Total Resource Cost Test.  
5

6 Gas Distribution Access Rule (“GDAR”) Costs (Deferral Account No.179-112)

7 This deferral account was established to record the difference between the actual costs  
8 required to implement the appropriate process and system changes required to achieve  
9 compliance with GDAR and the costs approved by the Board for recovery in rates.  
10

11 Late Payment Penalty Litigation (Deferral Account No.179-113)

12 This deferral account was established in 2004 to record the costs incurred by the  
13 Company to defend itself in late payment penalty litigation. This includes the Company’s  
14 legal costs, costs of actuarial advice, the cost of analyzing historic billing records and the  
15 cost of any judgment against the Company.  
16

17 Shared Savings Mechanism (Deferral Account No.179-115)

18 This deferral account was originally established in EB-2005-0211 to record the incentive  
19 earned by Union in relation to its Demand Side Management Programs. The incentive is  
20 earned by Union when DSM targets are achieved or exceeded in a year.

1    Carbon Dioxide Offset Credits (Deferral Account No. 179-117)

2    This deferral account was originally established in EB-2006-0021 to record the amounts  
3    representing proceeds from the sale of or other dealings in carbon dioxide offset credits  
4    earned as a result of Union's DSM activities. Its continued use was approved by the  
5    Board in EB-2008-0346.

6

7    Average Use Per Customer (Deferral Account No. 179-118)

8    This deferral account was established in EB-2007-0606 to record the margin variance  
9    resulting from the difference between the actual rate of decline in use-per-customer and  
10   the forecast rate of decline in use-per-customer included in Union's Board-approved  
11   rates.

12

13   CGAAP to IFRS Conversion Cost (Deferral Account No. 179-120)

14   This deferral account was established in EB-2009-0354 to record the difference between  
15   the actual incremental one-time administrative costs incurred to convert accounting  
16   policies and processes from their current compliance with Canadian Generally Accepted  
17   Accounting Principles to their future compliance with International Financial Reporting  
18   Standards ("IFRS") and the costs included in rates as approved by the Board. In  
19   accordance with the Board-approved Settlement Agreement in EB-2010-0039 Union  
20   agreed to remove from the deferral account the costs associated with upgrading Union's

1 accounting system in order to report results under IFRS. These capital costs were  
2 replaced by the annual revenue requirement related to those capital costs and are to be  
3 included in future deferral account disposition proceedings.

4  
5 Cumulative Under-Recovery – St. Clair Transmission Line (Deferral Account No. 179-  
6 121)

7 This deferral account was established to record the cost of removal for the St. Clair  
8 Transmission Line ordered by the Board in EB-2008-0411 to be equal to the amount of  
9 cumulative under-recovery of Union's St. Clair Pipeline, from 2003 until the time of the  
10 sale of the asset, to be refunded to ratepayers.

11  
12 Impact of Removing St. Clair Transmission Line from Rates (Deferral Account No. 179-  
13 122)

14 This deferral account was established to record the impact of removing the St. Clair  
15 Transmission Line (and related St. Clair River Crossing) from rates effective March 1,  
16 2010 through December 31, 2010 as ordered by the Board in EB-2008-0411.



1    Conservation Demand Management (“CDM”) (Deferral Account No. 179-123)

2    This deferral account was established in EB-2010-0148 to record 50% of the actual  
3    revenues generated from the CDM programs that will be paid to customers upon approval  
4    by the Board for rate making purposes.

5

6    Harmonized Sales Tax (“HST”) (Deferral Account No. 179-124)

7    This deferral account was established in EB-2010-0148 to record as a credit the amount  
8    of Provincial Sales Tax previously paid and collected in approved rates that is now  
9    subject to HST tax credits (i.e. the savings to Union). Also, it is used to debit the amount  
10   of HST paid on taxable items for which no tax credits are received (i.e. the additional  
11   costs to Union). Union shares the net impact 50/50 between the ratepayers and the  
12   shareholders.

**Deferral Account Summary**

<b>Account Name</b>	<b>Account Number</b>	<b>Proposed Changes (if any)</b>
<b><i>Gas Cost Deferral Accounts</i></b>		
TCPL Tolls and Fuel – Northern & Eastern Operations Area	179-100	Continue
North Purchase Gas Variance Account	179-105	Continue
South Purchase Gas Variance Account	179-106	Continue
Spot Gas Variance Account	179-107	Continue
Unabsorbed Demand Cost Variance Account	179-108	Continue
Inventory Revaluation Account	179-109	Continue as proposed
<b><i>Storage and Transportation Deferral Accounts</i></b>		
Short-term Storage and Other Balancing Services	179-70	Continue as proposed
Long-term Peak Storage	179-72	Continue
<b><i>Other Deferral Accounts</i></b>		
Lost Revenue Adjustment Mechanism	179-75	Continue
Unbundled Services Unauthorized Storage Overrun	179-103	Continue
Demand Side Management Variance Account	179-111	Continue
Gas Distribution Access Rule (“GDAR”) Costs	179-112	Continue
Late Payment Penalty Litigation	179-113	Close effective January 1, 2013
Shared Savings Mechanism	179-115	Continue
Carbon Dioxide Offset Credits	179-117	Continue
Average Use Per Customer	179-118	Continue as proposed
CGAAP to IFRS Conversion Cost	179-120	Continue
Cumulative Under-Recovery – St. Clair Transmission Line	179-121	Continue
Impact of Removing St. Clair Transmission Line from Rates	179-122	Continue
Conservation Demand Management	179-123	Continue
Harmonized Sales Tax	179-124	Close Effective January 1, 2013
Energy Technology and Innovation Canada (“ETIC”) Program	179-xxx	Open effective January 1, 2013

**UNION GAS LIMITED**

**Accounting Entries for  
Short-term Storage and Other Balancing Services  
Deferral Account No. 179-70**

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

Debit	-	Account No. 570 Storage and Transportation Revenue
Credit	-	Account No. 179-70 Other Deferred Charges - Short-term Storage and Other Balancing Services

To record, as a debit (credit) in Deferral Account No. 179-70 the difference between actual net revenues for Short-term Storage and Other Balancing Services including; Peak Short-Term Storage underpinned by excess utility storage assets, Off-Peak Short-Term Storage, Gas Loans and Supplemental Balancing Services and the net revenue forecast for these services as approved by the Board for ratemaking purposes.

Debit	-	Account No.179-70 Other Deferred Charges - Short-term Storage and Other Balancing Services
Credit	-	Account No. 323 Other Interest Expense

To record, as a debit (credit) in Deferral Account No. 179-70, interest on the balance in Deferral Account No. 179-70. Simple interest will be computed monthly upon finalization of the year end balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.

**UNION GAS LIMITED**

**Accounting Entries for  
Inventory Revaluation Account  
Deferral Account No. 179-109**

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A, prescribed under the Ontario Energy Board Act.

Debit	-	Account No. 179-109 Other Deferred Charges – Inventory Revaluation
Credit	-	Account No. 152 Gas Stored Underground - Available for Sales

To record, as a debit (credit) in Deferral Account No. 179-109, the decrease (increase) in the value of gas inventory available for sale to sales service customers due to changes in Union's weighted average cost of gas approved by the Board for rate making purposes.

Debit	-	Account No. 179-109 Other Deferred Charges – Inventory Revaluation Account
Credit	-	Account No. 323 Other Interest Expense

To record, as a debit (credit) in Deferral Account No. 179-109, interest expense on the balance in Deferral Account No. 179-109. Simple interest will be computed monthly on the opening balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.

**UNION GAS LIMITED**

**Accounting Entries for  
Average Use Per Customer  
Deferral Account No. 179-118**

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

Debit                -            Account No. 500  
                                 Sales Revenue

Credit               -            Account No. 179-118  
                                 Other Deferred Charges - Declining Average Use

To record as a debit (credit) in Deferral Account No. 179-118 the margin variance resulting from the difference between the actual rate of decline in use-per-customer and forecast rate of decline in use-per-customer included in gas delivery rates as approved by the Board. Actual and forecast rate of declines in use-per-customer will be calculated on a percentage and rate class specific basis for rate classes M1, M2, 01 and 10, be normalized for weather and exclude the impacts attributed to DSM which are captured in the Lost Revenue Adjustment Mechanism Deferral Account No. 179-75.

Debit                -            Account No. 179-118  
                                 Other Deferred Charges - Declining Average Use

Credit               -            Account No. 323  
                                 Other Interest Expense

To record, as a debit (credit) in Deferral Account No. 179-118, interest on the balance in Deferral Account No. 179-118. Simple interest will be computed monthly on the opening balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.

**UNION GAS LIMITED**

**Accounting Entries for  
Energy Technology and Innovation Canada (“ETIC”) Program  
Deferral Account No. 179-XXX**

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

Debit                -            Account No. 301  
   Operating Expenses

Credit                -            Account No. 179-128  
   Other Deferred Charges – Energy Technology and Innovation Canada Program

To record, as a credit in Deferral Account No. 179-128, ETIC expenditures less than the amount included in approved rates.

Debit                -            Account No. 323  
   Other Interest Expense

Credit                -            Account No. 179-128  
   Other Deferred Charges – Energy Technology and Innovation Canada Program

To record, as a credit in Deferral Account No. 179-128, interest on the balance in Deferral Account No. 179-128. Simple interest will be computed monthly on the finalization of the year end balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.

UNION GAS LIMITED  
Revenue Deficiency Recovery  
Effective January 1, 2013

Line No.	Particulars	Before Recovery			After Recovery						EB-2005-0520 Approved Revenue to Cost Ratios
		Current Approved Revenue (1) (\$000's)	Current Approved Rates (2) (cents/m <sup>3</sup> )	Revenue (Deficiency) / Sufficiency (\$000's)	Proposed Revenue Requirement (3) (\$000's)	Revenue (Deficiency) / Sufficiency (\$000's)	Proposed Revenue (4) (\$000's)	Proposed Rates (5) (cents/m <sup>3</sup> )	Revenue to Cost Ratios	Rate Change (%)	
		(a)	(b)	(c) = (a - d)	(d)	(e) = (f - d)	(f)	(g)	(h) = (f / d)	(i) = (g - b) / (b)	(j)
<u>North Delivery</u>											
1	R01	137,746	16.0994	(27,116)	164,862	(2,716)	162,145	18.9511	0.984	17.7%	0.976
2	R10	16,637	5.2606	(2,608)	19,246	(21)	19,224	6.0785	0.999	15.5%	1.058
3	R20	9,721	1.5476	(8,608)	18,330	(4,378)	13,951	2.2210	0.761	43.5%	0.597
4	R25	2,337	1.8052	(4,364)	6,701	(3,351)	3,351	2.5878	0.500	43.4%	0.467
5	R100	12,658	0.6678	(3,679)	16,337	(0)	16,337	0.8619	1.000	29.1%	0.895
6	Total North Delivery	<u>179,100</u>		<u>(46,375)</u>	<u>225,475</u>	<u>(10,467)</u>	<u>215,009</u>		<u>0.954</u>	<u>20.0%</u>	<u>0.939</u>
7	Total Recovery of North Delivery Deficiency (col. f - a)						<u>35,908</u>				
<u>South Delivery &amp; Storage</u>											
8	M1	379,511	13.2224	(25,163)	404,674	460	405,134	14.0847	1.001	6.5%	0.972
9	M2	44,036	4.6078	(9,393)	53,430	(2,493)	50,937	5.3245	0.953	15.6%	0.972
10	M4	10,841	2.8157	(5,220)	16,061	(3,078)	12,982	3.3720	0.808	19.8%	0.783
11	M5A	8,874	1.6666	(7,560)	16,434	(3,864)	12,570	2.3608	0.765	41.6%	0.824
12	M7	3,951	2.6852	(1,387)	5,338	(1,196)	4,142	2.8147	0.776	4.8%	0.697
13	M9	819	1.3486	34	786	0	786	1.2935	1.000	-4.1%	0.946
14	M10	5	2.5245	(71)	75	(71)	6	2.9772	0.075	17.9%	0.131
15	T1	57,783	1.1187	3,014	54,769	(0)	54,769	1.0604	1.000	-5.2%	0.973
16	T3	4,571	1.6762	(319)	4,890	(156)	4,735	1.7361	0.968	3.6%	0.943
17	Total South Delivery & Storage	<u>510,391</u>		<u>(46,066)</u>	<u>556,457</u>	<u>(10,398)</u>	<u>546,060</u>		<u>0.981</u>	<u>7.0%</u>	<u>0.958</u>
18	Total Recovery of South Delivery & Storage Deficiency (col. f - a)						<u>35,669</u>				
19	Total In-Franchise Delivery (line 6 + line 17)	<u>689,491</u>		<u>(92,441)</u>	<u>781,932</u>	<u>(20,864)</u>	<u>761,069</u>		<u>0.973</u>	<u>10.4%</u>	<u>0.953</u>

Notes:

- (1) EB-2011-0210, Exhibit H3, Tab 1, Schedule 2, column (b).
- (2) EB-2011-0210, Exhibit H3, Tab 1, Schedule 2, column (c).
- (3) EB-2011-0210, Exhibit H3, Tab 1, Schedule 2, column (e).
- (4) EB-2011-0210, Exhibit H3, Tab 1, Schedule 2, column (g).
- (5) EB-2011-0210, Exhibit H3, Tab 1, Schedule 2, column (h).

UNION GAS LIMITED  
Revenue Deficiency Recovery  
Effective January 1, 2013

Line No.	Particulars	Before Recovery				After Recovery					EB-2005-0520 Approved Revenue to Cost Ratios (j)
		Current Approved Revenue (1)	Current Approved Rates (2)	Revenue (Deficiency) / Sufficiency	Proposed Revenue Requirement (3)	Revenue (Deficiency) / Sufficiency	Proposed Revenue (4)	Proposed Rates (5)	Revenue to Cost	Rate Change	
		(\$000's) (a)	(cents/m <sup>3</sup> ) (b)	(\$000's) (c) = (a - d)	(\$000's) (d)	(\$000's) (e) = (f - d)	(\$000's) (f)	(cents/m <sup>3</sup> ) (g)	Ratios (h) = (f / d)	(%) (i) = (g - b) / (b)	
<u>North Transportation &amp; Storage</u>											
1	R01	68,509	8.0071	(3,265)	71,774	-	71,774	8.3888	1.000	4.8%	1.000
2	R10	22,677	7.1700	(622)	23,299	-	23,299	7.3667	1.000	2.7%	1.000
3	R20	8,815	7.2291	1,048	7,767	-	7,767	6.3699	1.000	-11.9%	1.000
4	R25	1,685	3.9269	(432)	2,117	-	2,117	4.9339	1.000	25.6%	1.000
5	R100	197	-	78	119	12	131	-	1.099		0.701
6	Total North Transportation & Storage	101,882		(3,194)	105,076	12	105,088		1.000	3.1%	0.991
7	Total Recovery of North Transport & Storage Deficiency (col. f - a)						3,206				
8	Total In-Franchise (page 1, line 19 + line 6)	791,374		(95,635)	887,008	(20,853)	866,157		0.976	9.4%	0.956
9	Total Recovery of In-Franchise Deficiency (col. f - a)						74,783				
<u>Ex-Franchise</u>											
10	M12	164,181		(4,683)	168,865	(2,612)	166,252		0.985	1.3%	0.984
11	M13	373		153	220	209	429		1.950	14.9%	1.470
12	M16	767		287	480	298	777		1.620	1.3%	1.356
13	C1	38,767		23,626	15,141	23,421	38,562		2.547	-0.5%	2.610
14	Total Ex-Franchise	204,089		19,384	184,705	21,315	206,020		1.115	0.9%	1.177
15	Total Recovery of Ex-Franchise Deficiency (col. f - a)						1,931				
16	Total Delivery, Transportation & Storage (line 8 + line 14)	995,462		(76,251)	1,071,713	463 (6)	1,072,177		1.000	7.7%	1.004
17	Total In-Franchise Commodity / Admin	610,495		5,397	605,099	1,765	606,863		1.003	-0.6%	-
18	Total Recovery of Commodity / Admin Sufficiency (col. f - a)						(3,632)				
19	Total Union Gas (line 16 + line 17)	1,605,958		(70,854)	1,676,812	2,227	1,679,040		1.001	4.6%	1.002

Notes:

- (1) EB-2011-0210, Exhibit H3, Tab 1, Schedule 2, column (b).
- (2) EB-2011-0210, Exhibit H3, Tab 1, Schedule 2, column (c).
- (3) EB-2011-0210, Exhibit H3, Tab 1, Schedule 2, column (e).
- (4) EB-2011-0210, Exhibit H3, Tab 1, Schedule 2, column (g).
- (5) EB-2011-0210, Exhibit H3, Tab 1, Schedule 2, column (h).
- (6) Includes Phase I sharing of short-term storage margin of \$0.754 million and Phase II update of a \$0.231 million decrease; and Heritage Pool sufficiency of \$0.060 million.



UNION GAS LIMITED  
Northern & Eastern Operations Area  
In-Franchise Customers  
Effective January 1, 2013

Line No.	Particulars	Billing Units	Current Approved				Proposed 2013					
			2013 Forecast Usage (1)	Revenue (\$000's)	Rates (2) (cents / m <sup>3</sup> )	Revenue (Deficiency) / Sufficiency (\$000's)	Revenue Requirement (3) (\$000's)	Revenue (Deficiency) / Sufficiency (\$000's)	Revenue (\$000's)	Rates (cents / m <sup>3</sup> )	Revenue to Cost Ratios	Rate Change (%)
			(a)	(b)	(c)	(d) = (b - e)	(e)	(f)	(g) = (e + f)	(h) = (g / a)	(i) = (g / e)	(j) = (h - c) / (c)
<u>Rate 01 - Small Volume General Firm Service</u>												
1	Monthly Charge	bills	3,832,876	76,658	\$20.00	(41,138)	117,795	(37,305)	80,490	\$21.00	0.683	
	Monthly Delivery Charge - All Zones											
2	First 100 m <sup>3</sup>	10 <sup>3</sup> m <sup>3</sup>	253,052	19,637	7.7600	4,507	15,129	10,590	25,720	10.1637		
3	Next 200 m <sup>3</sup>	10 <sup>3</sup> m <sup>3</sup>	285,237	20,638	7.2355	4,737	15,901	11,594	27,495	9.6392		
4	Next 200 m <sup>3</sup>	10 <sup>3</sup> m <sup>3</sup>	124,436	8,540	6.8628	1,960	6,580	4,951	11,531	9.2665		
5	Next 500 m <sup>3</sup>	10 <sup>3</sup> m <sup>3</sup>	85,489	5,575	6.5208	1,280	4,295	3,335	7,630	8.9245		
6	Over 1,000 m <sup>3</sup>	10 <sup>3</sup> m <sup>3</sup>	107,383	6,699	6.2383	1,538	5,161	4,119	9,280	8.6420		
7	Delivery Commodity charge - 01		855,598	61,088	7.1399	14,022	47,066	34,588	81,655	9.5436		
8	Total Delivery - 01		855,598	137,746	16.0994	(27,116)	164,862	(2,716)	162,145	18.9511	0.984	17.7%
Gas Transportation												
9	Fort Frances	10 <sup>3</sup> m <sup>3</sup>	11,920	515	4.3225	(7)	522	-	496	4.1651		
10	Western	10 <sup>3</sup> m <sup>3</sup>	164,290	7,618	4.6368	(103)	7,721	-	7,448	4.5336		
11	Northern	10 <sup>3</sup> m <sup>3</sup>	373,193	20,979	5.6216	(284)	21,264	-	21,209	5.6831		
12	Eastern	10 <sup>3</sup> m <sup>3</sup>	306,195	19,787	6.4621	(268)	20,055	-	20,408	6.6650		
13	Transportation - 01		855,598	48,899	5.7152	(663)	49,562	-	49,562	5.7926	1.000	1.4%
Storage												
14	Fort Frances	10 <sup>3</sup> m <sup>3</sup>	11,920	224	1.8781	(30)	254	-	223	1.8667		
15	Western	10 <sup>3</sup> m <sup>3</sup>	164,290	3,082	1.8757	(409)	3,491	-	3,338	2.0319		
16	Northern	10 <sup>3</sup> m <sup>3</sup>	373,193	8,434	2.2600	(1,119)	9,554	-	9,505	2.5470		
17	Eastern	10 <sup>3</sup> m <sup>3</sup>	306,195	7,870	2.5702	(1,044)	8,914	-	9,146	2.9871		
18	Storage - 01		855,598	19,609	2.2919	(2,603)	22,212	-	22,212	2.5961	1.000	13.3%
19	Gas Supply Commodity (4)	10 <sup>3</sup> m <sup>3</sup>	621,731	87,028	13.9977	601	86,427	601	87,028	13.9977		
20	Gas Supply Administration Charge	10 <sup>3</sup> m <sup>3</sup>	621,731	1,951	0.3138	655	1,296	-	1,296	0.2085		
21	Total Rate 01		855,598	295,233	-	(29,125)	324,358	(2,115)	322,243	-	-	-

Notes:

- (1) EB-2011-0210, Exhibit C3, Tab 2, Schedule 1, Column (b).
- (2) EB-2010-0359, Appendix A effective January 1, 2011 (Excludes Price Adjustments).
- (3) EB-2011-0210, Exhibit G3, Tab 2, Schedules 2-21, excludes Other Revenue.
- (4) Gas Supply Commodity and Fuel Rates will be updated as part of the Board-approved QRAM process.

UNION GAS LIMITED  
Northern & Eastern Operations Area  
In-Franchise Customers  
Effective January 1, 2013

Line No.	Particulars	Billing Units	Current Approved				Proposed 2013					
			2013 Forecast Usage (1)	Revenue (\$000's)	Rates (2) (cents / m <sup>3</sup> )	Revenue (Deficiency) / Sufficiency (\$000's) (d) = (b - e)	Revenue Requirement (3) (\$000's)	Revenue (Deficiency) / Sufficiency (\$000's) (f)	Revenue (\$000's) (g) = (e + f)	Rates (cents / m <sup>3</sup> ) (h) = (g / a)	Revenue to Cost Ratios (i) = (g / e)	Rate Change (%) (j) = (h - c) / (c)
			(a)	(b)	(c)		(e)					
	<u>Rate 10 - Large Volume General Firm Service</u>											
1	Monthly Charge	bills	24,573	1,720	\$70.00	(2,050)	3,770	(2,050)	1,720	\$70.00	0.456	
	Monthly Delivery Charge - All Zones											
2	First 1,000 m <sup>3</sup>	10 <sup>3</sup> m <sup>3</sup>	23,230	1,573	6.7703	(59)	1,632	131	1,763	7.5883		
3	Next 9,000 m <sup>3</sup>	10 <sup>3</sup> m <sup>3</sup>	125,165	6,705	5.3567	(251)	6,955	773	7,729	6.1747		
4	Next 20,000 m <sup>3</sup>	10 <sup>3</sup> m <sup>3</sup>	79,608	3,623	4.5505	(135)	3,758	516	4,274	5.3685		
5	Next 70,000 m <sup>3</sup>	10 <sup>3</sup> m <sup>3</sup>	60,460	2,439	4.0344	(91)	2,530	403	2,934	4.8524		
6	Over 100,000 m <sup>3</sup>	10 <sup>3</sup> m <sup>3</sup>	27,805	578	2.0792	(22)	600	206	806	2.8972		
7	Delivery Commodity charge - 10		316,269	14,917	4.7167	(558)	15,475	2,029	17,504	5.5346		
8	Total Delivery - 10		316,269	16,637	5.2606	(2,608)	19,246	(21)	19,224	6.0785	0.999	15.5%
	Gas Transportation											
9	Fort Frances	10 <sup>3</sup> m <sup>3</sup>	2,603	103	3.9757	1	103	-	96	3.6881		
10	Western	10 <sup>3</sup> m <sup>3</sup>	43,804	1,879	4.2899	10	1,869	-	1,777	4.0566		
11	Northern	10 <sup>3</sup> m <sup>3</sup>	128,486	6,777	5.2747	37	6,740	-	6,689	5.2061		
12	Eastern	10 <sup>3</sup> m <sup>3</sup>	141,376	8,645	6.1152	47	8,598	-	8,748	6.1880		
13	Transportation - 10		316,269	17,405	5.5033	95	17,310	-	17,310	5.4733	1.000	-0.5%
	Storage											
14	Fort Frances	10 <sup>3</sup> m <sup>3</sup>	2,603	31	1.2005	(4)	35	-	28	1.0933		
15	Western	10 <sup>3</sup> m <sup>3</sup>	43,804	525	1.1982	(71)	596	-	551	1.2585		
16	Northern	10 <sup>3</sup> m <sup>3</sup>	128,486	2,035	1.5841	(277)	2,312	-	2,279	1.7736		
17	Eastern	10 <sup>3</sup> m <sup>3</sup>	141,376	2,680	1.8955	(365)	3,044	-	3,130	2.2137		
18	Storage - 10		316,269	5,271	1.6667	(717)	5,988	-	5,988	1.8934	1.000	13.6%
19	Gas Supply Commodity (4)	10 <sup>3</sup> m <sup>3</sup>	150,962	21,160	14.0166	175	20,985	175	21,160	14.0166		
20	Gas Supply Administration Charge	10 <sup>3</sup> m <sup>3</sup>	150,962	474	0.3138	159	315	-	315	0.2085		
21	Total Rate 10		316,269	60,947	-	(2,897)	63,844	153	63,998	-	-	-

Notes:

- (1) EB-2011-0210, Exhibit C3, Tab 2, Schedule 1, Column (b).
- (2) EB-2010-0359, Appendix A effective January 1, 2011 (Excludes Price Adjustments).
- (3) EB-2011-0210, Exhibit G3, Tab 2, Schedules 2-21, excludes Other Revenue.
- (4) Gas Supply Commodity and Fuel Rates will be updated as part of the Board-approved QRAM process.

UNION GAS LIMITED  
Northern & Eastern Operations Area  
In-Franchise Customers  
Effective January 1, 2013

Line No.	Particulars	Billing Units	Current Approved				Proposed 2013					
			2013 Forecast Usage (1)	Revenue (\$000's)	Rates (2) (cents / m <sup>3</sup> )	Revenue (Deficiency) / Sufficiency (\$000's)	Revenue Requirement (3) (\$000's)	Revenue (Deficiency) / Sufficiency (\$000's)	Revenue (\$000's)	Rates (cents / m <sup>3</sup> )	Revenue to Cost Ratios	Rate Change (%)
			(a)	(b)	(c)	(d) = (b - e)	(e)	(f)	(g) = (e + f)	(h) = (g / a)	(i) = (g / e)	(j) = (h - c) / (c)
1	<u>Rate 20 - Medium Volume Firm Service</u>											
	Monthly Charge	bills	748	582	\$777.97	(2,183)	2,765	(2,017)	748	\$1,000.00	0.271	
	Monthly Demand Charge											
2	First 70,000 m <sup>3</sup>	10 <sup>3</sup> m <sup>3</sup> /d	23,260	4,698	20.1961	(5,625)	10,322	(3,613)	6,710	28.8466		
3	All over 70,000 m <sup>3</sup>	10 <sup>7</sup> m <sup>3</sup> /d	19,701	2,340	11.8763	(2,802)	5,141	(1,799)	3,342	16.9632		
4	Total Delivery Demand		42,960	7,037	16.3808	(8,427)	15,464	(5,412)	10,051	23.3971		
	Monthly Commodity Charge											
5	First 852,000 m <sup>3</sup>	10 <sup>3</sup> m <sup>3</sup>	331,197	1,213	0.3662	1,213	-	1,849	1,849	0.5583		
6	All over 852,000 m <sup>3</sup>	10 <sup>3</sup> m <sup>3</sup>	296,967	788	0.2655	788	-	1,202	1,202	0.4048		
7	Total Delivery Commodity		628,164	2,001	0.3186	2,001	-	3,051	3,051	0.4857		
8	Transportation Account Charge	bills	460	101	\$219.43	-	101	-	101	\$219.43		
9	Total Delivery - 20		628,164	9,721	1.5476	(8,608)	18,330	(4,378)	13,951	2.2210	0.761	43.5%
	Gas Supply Demand Charge											
10	Fort Frances	10 <sup>3</sup> m <sup>3</sup>	-	-	34.7281	-	-	-	-	18.0347		
11	Western	10 <sup>3</sup> m <sup>3</sup>	2,650	1,072	40.4378	335	737	-	737	27.8129		
12	Northern	10 <sup>3</sup> m <sup>3</sup>	702	451	64.1901	51	400	-	400	56.9225		
13	Eastern	10 <sup>3</sup> m <sup>3</sup>	3,521	2,963	84.1517	83	2,879	-	2,879	81.7820		
	Commodity Transportation 1											
14	Fort Frances	10 <sup>3</sup> m <sup>3</sup>	-	-	3.2962	-	-	-	-	2.8562		
15	Western	10 <sup>3</sup> m <sup>3</sup>	24,899	852	3.4210	87	764	-	764	3.0697		
16	Northern	10 <sup>3</sup> m <sup>3</sup>	7,775	309	3.9699	18	290	-	290	3.7355		
17	Eastern	10 <sup>3</sup> m <sup>3</sup>	40,782	1,807	4.4313	52	1,755	-	1,755	4.3043		
	Commodity Transportation 2											
18	Fort Frances	10 <sup>3</sup> m <sup>3</sup>	-	-	0.1258	-	-	-	-	0.1260		
19	Western	10 <sup>3</sup> m <sup>3</sup>	10,903	13	0.1234	- 0	13	-	13	0.1236		
20	Northern	10 <sup>3</sup> m <sup>3</sup>	6,194	12	0.1930	- 0	12	-	12	0.1933		
21	Eastern	10 <sup>3</sup> m <sup>3</sup>	31,381	79	0.2528	- 0	79	-	79	0.2533		
22	Gas Supply Transportation - 20		121,935	7,557	6.1979	626	6,931	-	6,931	5.6843	1.000	-8.3%
	Storage (GJ)											
23	Demand	GJ/d	99,288	1,105	11.125	374	731	-	731	7.362		
24	Commodity	GJ	639,477	153	0.239	48	105	-	105	0.164		
25	Storage - 20		639,477	1,257	-	421	836	-	836	-		
26	Gas Supply Commodity (4)	10 <sup>3</sup> m <sup>3</sup>	13,514	1,884	13.9452	6	1,879	6	1,884	13.9452		
27	Gas Supply Administration Charge	10 <sup>3</sup> m <sup>3</sup>	13,514	42	0.3138	14	28	-	28	0.2085		
28	Total Rate 20		628,164	20,463	-	(7,540)	28,003	(4,372)	23,631	-	-	-

Notes:

- (1) EB-2011-0210, Exhibit C3, Tab 2, Schedule 1, Column (b).
- (2) EB-2010-0359, Appendix A effective January 1, 2011 (Excludes Price Adjustments).
- (3) EB-2011-0210, Exhibit G3, Tab 2, Schedules 2-21, excludes Other Revenue.
- (4) Gas Supply Commodity and Fuel Rates will be updated as part of the Board-approved QRAM process.

UNION GAS LIMITED  
Northern & Eastern Operations Area  
In-Franchise Customers  
Effective January 1, 2013

Current Approved						Proposed 2013						
Line No.		Billing Units	2013 Forecast Usage (1)	Revenue (\$000's)	Rates (2) (cents / m <sup>3</sup> )	Revenue (Deficiency) / Sufficiency (\$000's)	Revenue Requirement (3) (\$000's)	Revenue (Deficiency) / Sufficiency (\$000's)	Revenue (\$000's)	Rates (cents / m <sup>3</sup> )	Revenue to Cost Ratios (i) = (g / e)	Rate Change (%) (j) = (h - c) / (c)
	Particulars		(a)	(b)	(c)	(d) = (b - e)	(e)	(f)	(g) = (e + f)	(h) = (g / a)		
<u>Rate 25 - Large Volume Interruptible Service</u>												
1	Monthly Charge	bills	842	160	\$189.51	(2,855)	3,014	(2,699)	316	\$375.00	0.105	
2	Monthly Delivery Charge	10 <sup>3</sup> m <sup>3</sup>	129,481	2,170	1.6759	(1,509)	3,679	(652)	3,027	2.3378		
3	Transportation Account Charge	bills	36	8	\$219.43	-	8	-	8	\$219.43		
4	Total Delivery - 25		129,481	2,337	1.8052	(4,364)	6,701	(3,351)	3,351	2.5878	0.500	43.4%
5	Gas Supply Transportation	10 <sup>3</sup> m <sup>3</sup>	42,913	1,685	3.9269	(432)	2,117	-	2,117	4.9339		
6	Gas Supply Commodity (4)	10 <sup>3</sup> m <sup>3</sup>	42,913	6,879	16.0304	943	5,936	943	6,879	16.0304		
7	Gas Supply Administration Charge	10 <sup>3</sup> m <sup>3</sup>	42,913	135	0.3138	45	89	-	89	0.2085		
8	Total Rate 25		129,481	11,036	-	(3,808)	14,844	(2,408)	12,436	-	-	-
<u>Rate 100 - Large Volume Firm Service</u>												
9	Monthly Charge	bills	226	176	\$777.97	(841)	1,017	(678)	339	\$1,500.00	0.333	
10	Demand	10 <sup>3</sup> m <sup>3</sup> /d	71,975	8,611	11.9642	(6,660)	15,271	(3,818)	11,453	15.9125		
11	Commodity	10 <sup>3</sup> m <sup>3</sup>	1,895,488	3,821	0.2016	3,821	-	4,495	4,495	0.2372		
12	Delivery (Commodity/Demand)		1,895,488	12,433	0.6559	(2,838)	15,271	678	15,948	0.8414		
13	Transportation Account Charge	bills	226	50	\$219.43	-	50	-	50	\$219.43		
14	Total Delivery - 100		1,895,488	12,658	0.6678	(3,679)	16,337	(0)	16,337	0.8619	1.000	29.1%
<u>Gas Supply Demand Charge</u>												
15	Fort Frances	10 <sup>3</sup> m <sup>3</sup> /d	-	-	63.7749	-	-	-	-	50.7536		
16	Western	10 <sup>3</sup> m <sup>3</sup> /d	-	-	70.5057	-	-	-	-	62.1615		
17	Northern	10 <sup>3</sup> m <sup>3</sup> /d	-	-	98.2553	-	-	-	-	96.1227		
18	Eastern	10 <sup>3</sup> m <sup>3</sup> /d	-	-	121.5703	-	-	-	-	125.1255		
<u>Commodity Transportation 1</u>												
19	Fort Frances	-	-	-	5.8480	-	-	-	-	5.2821		
20	Western	10 <sup>3</sup> m <sup>3</sup>	-	-	5.9416	-	-	-	-	5.4422		
21	Northern	10 <sup>3</sup> m <sup>3</sup>	-	-	6.3533	-	-	-	-	5.9416		
22	Eastern	10 <sup>3</sup> m <sup>3</sup>	-	-	6.6993	-	-	-	-	6.3682		
<u>Commodity Transportation 2</u>												
23	Fort Frances	-	-	-	0.1258	-	-	-	-	0.1260		
24	Western	10 <sup>3</sup> m <sup>3</sup>	-	-	0.1234	-	-	-	-	0.1236		
25	Northern	10 <sup>3</sup> m <sup>3</sup>	-	-	0.1930	-	-	-	-	0.1933		
26	Eastern	10 <sup>3</sup> m <sup>3</sup>	-	-	0.2528	-	-	-	-	0.2533		
27	Gas Supply Transportation - 100		-	-	-	-	-	-	-	-		
<u>Storage (GJ)</u>												
28	Demand	GJ/d	15,600	174	11.125	67	107	8	115	7.362		
29	Commodity	GJ	100,000	24	0.239	11	13	4	16	0.164		
30	Gas Supply - 100		100,000	197	-	78	119	12	131	-		
31	Total Rate 100		1,895,488	12,855	-	(3,601)	16,457	11	16,468	-	-	-

Notes:

- (1) EB-2011-0210, Exhibit C3, Tab 2, Schedule 1, Column (b).
- (2) EB-2010-0359, Appendix A effective January 1, 2011 (Excludes Price Adjustments).
- (3) EB-2011-0210, Exhibit G3, Tab 2, Schedules 2-21, excludes Other Revenue.
- (4) Gas Supply Commodity and Fuel Rates will be updated as part of the Board-approved QRAM process.

UNION GAS LIMITED  
Southern Operations Area  
In-Franchise Customers  
Effective January 1, 2013

Line No.	Particulars	Billing Units	Current Approved				Proposed 2013					
			2013 Forecast Usage (1)	Revenue (\$000's)	Rates (2) (cents / m <sup>3</sup> )	Revenue (Deficiency) / Sufficiency (\$000's)	Revenue Requirement (3) (\$000's)	Revenue (Deficiency) / Sufficiency (\$000's)	Revenue (\$000's)	Rates (cents / m <sup>3</sup> )	Revenue to Cost Ratios (i) = (g / e)	Rate Change (%) (j) = (h - c) / (c)
			(a)	(b)	(c)	(d) = (b - e)	(e)	(f)	(g) = (e + f)	(h) = (g / a)	(i) = (g / e)	(j) = (h - c) / (c)
<u>Rate M1 - Small Volume General Service Rate</u>												
1	Monthly Charge	bills	12,706,802	254,136	\$20.00	(27,965)	282,101	(15,258)	266,843	\$21.00	0.946	
	Monthly Delivery Commodity Charge											
2	First 100 m <sup>3</sup>	10 <sup>3</sup> m <sup>3</sup>	868,730	32,702	3.7644	(353)	33,056	4,714	37,770	4.3477		
3	Next 150 m <sup>3</sup>	10 <sup>3</sup> m <sup>3</sup>	767,998	27,325	3.5579	(295)	27,620	4,184	31,804	4.1412		
4	All over 250 m <sup>3</sup>	10 <sup>3</sup> m <sup>3</sup>	1,239,684	38,051	3.0694	(411)	38,462	6,820	45,282	3.6527		
5	Delivery Commodity Charge - M1		<u>2,876,411</u>	<u>98,078</u>	<u>3.4097</u>	<u>(1,059)</u>	<u>99,137</u>	<u>15,718</u>	<u>114,855</u>	<u>3.9930</u>		
6	Total Delivery - M1		<u>2,876,411</u>	<u>352,214</u>	<u>12.2449</u>	<u>(29,024)</u>	<u>381,238</u>	<u>460</u>	<u>381,698</u>	<u>13.2699</u>	<u>1.001</u>	<u>8.4%</u>
7	Storage - M1	10 <sup>3</sup> m <sup>3</sup>	2,876,411	27,297	0.9775	3,861	23,436	-	23,436	0.8148	<u>1.000</u>	<u>-16.6%</u>
8	Gas Supply Commodity (4)	10 <sup>3</sup> m <sup>3</sup>	2,221,004	409,322	18.4296	34	409,288	34	409,322	18.4296		
9	Gas Supply Administration Charge	10 <sup>3</sup> m <sup>3</sup>	<u>2,221,004</u>	<u>6,970</u>	<u>0.3138</u>	<u>2,339</u>	<u>4,630</u>	<u>-</u>	<u>4,630</u>	<u>0.2085</u>		
10	Total Rate M1		<u>2,876,411</u>	<u>795,803</u>	<u>-</u>	<u>(22,790)</u>	<u>818,592</u>	<u>494</u>	<u>819,086</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Rate M2 - Large Volume General Service Rate</u>												
11	Monthly Charge	bills	81,451	5,702	\$70.00	(3,291)	8,992	(3,291)	5,702	\$70.00	0.634	
	Monthly Delivery Commodity Charge											
12	First 1,000 m <sup>3</sup>	10 <sup>3</sup> m <sup>3</sup>	52,132	1,889	3.6230	(298)	2,187	16	2,203	4.2259		
13	Next 6,000 m <sup>3</sup>	10 <sup>3</sup> m <sup>3</sup>	253,275	8,983	3.5467	(1,418)	10,400	109	10,510	4.1496		
14	Next 13,000 m <sup>3</sup>	10 <sup>3</sup> m <sup>3</sup>	285,869	9,489	3.3193	(1,497)	10,986	226	11,212	3.9222		
15	All over 20,000 m <sup>3</sup>	10 <sup>3</sup> m <sup>3</sup>	<u>365,375</u>	<u>11,131</u>	<u>3.0464</u>	<u>(1,756)</u>	<u>12,887</u>	<u>446</u>	<u>13,334</u>	<u>3.6493</u>		
16	Delivery Commodity Charge - M2		<u>956,651</u>	<u>31,491</u>	<u>3.2918</u>	<u>(4,969)</u>	<u>36,461</u>	<u>798</u>	<u>37,259</u>	<u>3.8947</u>		
17	Total Delivery - M2		<u>956,651</u>	<u>37,193</u>	<u>3.8878</u>	<u>(8,260)</u>	<u>45,453</u>	<u>(2,493)</u>	<u>42,960</u>	<u>4.4907</u>	<u>0.945</u>	<u>15.5%</u>
18	Storage - M2	10 <sup>3</sup> m <sup>3</sup>	956,651	6,843	0.7200	(1,133)	7,977	-	7,977	0.8338	<u>1.000</u>	<u>15.8%</u>
19	Gas Supply Commodity (4)	10 <sup>3</sup> m <sup>3</sup>	367,242	67,681	18.4296	6	67,676	6	67,681	18.4296		
20	Gas Supply Administration Charge	10 <sup>3</sup> m <sup>3</sup>	<u>367,242</u>	<u>1,152</u>	<u>0.3138</u>	<u>387</u>	<u>766</u>	<u>-</u>	<u>766</u>	<u>0.2085</u>		
21	Total Rate M2		<u>956,651</u>	<u>112,870</u>	<u>-</u>	<u>(9,001)</u>	<u>121,871</u>	<u>(2,487)</u>	<u>119,384</u>	<u>12.4794</u>	<u>-</u>	<u>-</u>

Notes:

- (1) EB-2011-0210, Exhibit C3, Tab 2, Schedule 1, Column (b).  
(2) EB-2010-0359, Appendix A effective January 1, 2011 (Excludes Price Adjustments).  
(3) EB-2011-0210, Exhibit G3, Tab 2, Schedules 2-21, excludes Other Revenue.  
(4) Gas Supply Commodity and Fuel Rates will be updated as part of the Board-approved QRAM process.

UNION GAS LIMITED  
Southern Operations Area  
In-Franchise Customers  
Effective January 1, 2013

Line No.	Particulars	Billing Units	Current Approved				Proposed 2013					
			2013 Forecast Usage (1)	Revenue (\$000's)	Rates (2) (cents / m <sup>3</sup> )	Revenue (Deficiency) / Sufficiency (\$000's)	Revenue Requirement (3) (\$000's)	Revenue (Deficiency) / Sufficiency (\$000's)	Revenue (\$000's)	Rates (cents / m <sup>3</sup> )	Revenue to Cost Ratios	Rate Change (%)
			(a)	(b)	(c)	(d) = (b - e)	(e)	(f)	(g) = (e + f)	(h) = (g / a)	(i) = (g / e)	(j) = (h - c) / (c)
<u>Rate M4 - Firm Commercial/Industrial Contract Rate</u>												
Monthly Demand Charge												
1	First 8,450 m <sup>3</sup>	10 <sup>3</sup> m <sup>3</sup> /d	11,642	5,289	45.4290	(4,900)	10,188	(4,327)	5,861	50.3472		
2	Next 19,700 m <sup>3</sup>	10 <sup>3</sup> m <sup>3</sup> /d	7,864	1,550	19.7101	(1,436)	2,986	(1,049)	1,937	24.6283		
3	All over 28,150 m <sup>3</sup>	10 <sup>3</sup> m <sup>3</sup> /d	4,507	738	16.3682	(683)	1,421	(462)	959	21.2864		
4	Total Delivery Demand		24,012	7,576	31.5518	(7,019)	14,596	(5,838)	8,757	36.4700		
Monthly Delivery Commodity Charge												
5	First Block	10 <sup>3</sup> m <sup>3</sup>	381,391	3,251	0.8525	1,792	1,459	2,749	4,208	1.1034		
6	All remaining use	10 <sup>3</sup> m <sup>3</sup>	3,611	13	0.3568	7	6	11	17	0.4618		
7	Total Delivery Commodity		385,002	3,264	0.8479	1,799	1,465	2,760	4,225	1.0974		
8	Total Delivery - M4		385,002	10,841	2.8157	(5,220)	16,061	(3,078)	12,982	3.3720	0.808	19.8%
9	Gas Supply Commodity (4)	10 <sup>3</sup> m <sup>3</sup>	16,855	3,106	18.4296	0	3,106	0	3,106	18.4296		
10	Gas Supply Administration Charge	10 <sup>3</sup> m <sup>3</sup>	16,855	53	0.3138	18	35	-	35	0.2085		
11	Total Rate M4		385,002	14,000	-	(5,202)	19,202	(3,078)	16,124	-	-	-
<u>Rate M5A - Interruptible Commercial/Industrial Contract Rate</u>												
Firm contracts												
12	Monthly Demand Charge	10 <sup>3</sup> m <sup>3</sup> /d	626	172	27.5443	(431)	604	(401)	202	32.3486		
13	Monthly Delivery Commodity Charge	10 <sup>3</sup> m <sup>3</sup>	17,385	307	1.7681	(3)	310	(132)	179	1.0286		
14	Total Delivery - Firm M5A		17,385	480	2.7592	(434)	914	(533)	381	2.1926	0.417	-20.5%
Interruptible contracts												
15	Monthly Charge	bills	1,692	844	\$498.70	(1,411)	2,255	(1,028)	1,227	\$725.00	0.544	
16	Delivery Commodity Charge (Avg Price)	10 <sup>3</sup> m <sup>3</sup>	515,065	7,551	1.4659	(5,715)	13,265	(2,303)	10,962	2.1283		
17	Total Delivery - Interruptible M5A		515,065	8,394	1.6298	(7,126)	15,520	(3,331)	12,189	2.3665	0.785	45.2%
18	Gas Supply Commodity (4)	10 <sup>3</sup> m <sup>3</sup>	14,132	2,605	18.4296	0	2,604	0	2,605	18.4296		
19	Gas Supply Administration Charge	10 <sup>3</sup> m <sup>3</sup>	14,132	44	0.3138	15	29	-	29	0.2085		
20	Total Rate M5A		532,451	11,523	-	(7,545)	19,068	(3,864)	15,204	-	-	-

Notes:

- (1) EB-2011-0210, Exhibit C3, Tab 2, Schedule 1, Column (b).
- (2) EB-2010-0359, Appendix A effective January 1, 2011 (Excludes Price Adjustments).
- (3) EB-2011-0210, Exhibit G3, Tab 2, Schedules 2-21, excludes Other Revenue.
- (4) Gas Supply Commodity and Fuel Rates will be updated as part of the Board-approved QRAM process.

UNION GAS LIMITED  
Southern Operations Area  
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Effective January 1, 2013

Line No.	Particulars	Billing Units	Current Approved				Proposed 2013					
			2013 Forecast Usage (1)	Revenue (\$000's)	Rates (2) (cents / m <sup>3</sup> )	Revenue (Deficiency) / Sufficiency (\$000's)	Revenue Requirement (3) (\$000's)	Revenue (Deficiency) / Sufficiency (\$000's)	Revenue (\$000's)	Rates (cents / m <sup>3</sup> )	Revenue to Cost Ratios	Rate Change (%)
			(a)	(b)	(c)	(d) = (b - e)	(e)	(f)	(g) = (e + f)	(h) = (g / a)	(i) = (g / e)	(j) = (h - c) / (c)
<u>Rate M7 - Special Large Volume Comm/Ind Contract Rate</u>												
Firm Contracts												
1	Monthly Demand Charge	10 <sup>3</sup> m <sup>3</sup> /d	14,220	3,596	25.2893	(1,336)	4,932	(1,332)	3,600	25.3195		
2	Monthly Delivery Commodity Charge	10 <sup>3</sup> m <sup>3</sup>	142,488	310	0.2179	119	192	291	483	0.3389		
3	Total Delivery - Firm M7		142,488	3,907	2.7417	(1,217)	5,124	(1,041)	4,083	2.8657	0.797	4.5%
Interruptible / Seasonal Contracts												
4	Monthly Delivery Commodity Charge	10 <sup>3</sup> m <sup>3</sup>	4,655	44	0.9551	(169)	214	(156)	58	1.2526	0.273	31.1%
5	Total Rate M7		147,143	3,951	2.6852	(1,387)	5,338	(1,196)	4,142	2.8147	0.776	4.8%
<u>Rate M9 - Large Wholesale Service Rate</u>												
6	Monthly Demand Charge	10 <sup>3</sup> m <sup>3</sup> /d	3,993	674	16.8753	(7)	681	0	681	17.0657		
7	Monthly Delivery Commodity Charge	10 <sup>3</sup> m <sup>3</sup>	60,750	145	0.2395	41	104	-	104	0.1719		
8	Total Rate M9		60,750	819	1.3486	34	786	0	786	1.2935	1.000	-4.1%
<u>Rate M10 - Small Wholesale Service Rate</u>												
9	Monthly Delivery Commodity Charge	10 <sup>3</sup> m <sup>3</sup>	189	5	2.5245	(71)	75	(71)	6	2.9772	0.075	17.9%
10	Gas Supply Commodity (4)	10 <sup>3</sup> m <sup>3</sup>	48	9	18.4296	0	9	0	9	18.4296		
11	Gas Supply Administration Charge	10 <sup>3</sup> m <sup>3</sup>	48	0	0.3138	0	0	-	0	0.2085		
12	Total Rate M10		189	14	-	(70)	84	(71)	15	-	-	-

Notes:

- (1) EB-2011-0210, Exhibit C3, Tab 2, Schedule 1, Column (b).
- (2) EB-2010-0359, Appendix A effective January 1, 2011 (Excludes Price Adjustments).
- (3) EB-2011-0210, Exhibit G3, Tab 2, Schedules 2-21, excludes Other Revenue.
- (4) Gas Supply Commodity and Fuel Rates will be updated as part of the Board-approved QRAM process.

UNION GAS LIMITED  
Southern Operations Area  
In-Franchise Customers  
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Line No.	Particulars	Billing Units	Current Approved				Proposed 2013					
			2013 Forecast Usage (1)	Revenue (\$000's)	Rates (2) (cents / m <sup>3</sup> )	Revenue (Deficiency) / Sufficiency (\$000's)	Revenue Requirement (3) (\$000's)	Revenue (Deficiency) / Sufficiency (\$000's)	Revenue (\$000's)	Rates (cents / m <sup>3</sup> )	Revenue to Cost Ratios	Rate Change (%)
			(a)	(b)	(c)	(d) = (b - e)	(e)	(f)	(g) = (e + f)	(h) = (g / a)	(i) = (g / e)	(j) = (h - c) / (c)
<u>Rate T1 - Storage and Transportation Rate</u>												
Storage (\$/GJ)												
Demand:												
Firm injection / withdrawal												
1	Union provides deliverability inventory	GJ/d.mo.	2,009,280	3,078	1.532	172	2,906	503	3,409	1.696		
2	Customer provides deliverability inventory	GJ/d.mo.	1,503,356	1,527	1.016	85	1,442	436	1,878	1.249		
3	Incremental firm injection right	GJ/d.mo.	-	-	1.016	-	-	-	-	1.249		
4	Interruptible	GJ/d.mo.	477,948	486	1.016	486	-	597	597	1.249		
5	Space	GJ/d.mo.	129,041,736	1,290	0.010	(239)	1,529	8	1,537	0.012		
6	Commodity (Customer Provides)	GJ	10,620,082	74	0.007	(3)	78	2	79	0.007		
7	Commodity (Union Provides)	GJ	-	-	0.039	-	-	-	-	0.029		
8	Customer supplied fuel	GJ	63,503	341	-	111	230	-	230	-		
Transportation (cents/ m <sup>3</sup> )												
Demand												
9	First 140,870 m <sup>3</sup>	10 <sup>3</sup> m <sup>3</sup> /d.mo.	71,774	13,701	19.0898	226	13,475	(596)	12,879	17.9438		
10	All Over 140,870 m <sup>3</sup>	10 <sup>3</sup> m <sup>3</sup> /d.mo.	167,088	21,796	13.0445	360	21,436	(949)	20,487	12.2614		
Commodity												
Firm												
11	First 2,360,653 m <sup>3</sup>	10 <sup>3</sup> m <sup>3</sup>	1,241,155	2,278	0.1835	1,989	288	-	288	0.0232		
12	All Over 2,360,653 m <sup>3</sup>	10 <sup>3</sup> m <sup>3</sup>	3,502,055	3,197	0.0913	2,793	405	-	405	0.0116		
13	Interruptible	10 <sup>3</sup> m <sup>3</sup>	421,771	2,959	0.7014	(1,363)	4,322	-	4,322	1.0247		
14	Monthly Charge	Meter/mo.	972	1,745	\$1,795.31	(4,676)	6,421	-	6,421	\$6,605.75	1.000	
15	Customer supplied fuel	10 <sup>3</sup> m <sup>3</sup>	26,210	5,310	202.610	3,073	2,238	-	2,238	-		
16	Total Rate T1		5,164,982	57,783	1.1187	3,014	54,769	(0)	54,769	1.0604	1.000	-5.2%
<u>Rate T3 - Storage and Transportation Rate</u>												
Storage (\$/GJ)												
Demand												
Firm injection / withdrawal												
17	Union provides deliverability inventory	GJ/d.mo.	-	-	1.532	-	-	-	-	1.696		
18	Customer provides deliverability inventory	GJ/d.mo.	679,320	690	1.016	(156)	846	3	849	1.249		
19	Incremental firm injection right	GJ/d.mo.	-	-	1.016	-	-	-	-	1.249		
20	Interruptible	GJ/d.mo.	-	-	1.016	-	-	-	-	1.249		
21	Space	GJ/d.mo.	36,614,256	366	0.010	(70)	436	0	436	0.012		
22	Commodity (Customer Provides)	GJ	4,459,672	31	0.007	(2)	33	0	33	0.007		
23	Commodity (Union Provides)	GJ	-	-	0.039	-	-	-	-	0.029		
24	Customer supplied fuel	GJ	26,668	143	-	47	97	-	97	-		
Transportation (cents/ m <sup>3</sup> )												
Demand												
25	First 28,200	10 <sup>3</sup> m <sup>3</sup> /d.mo.	28,200	2,544	9.0218	(484)	3,028	(159)	2,868	10.1718		
26	Commodity	10 <sup>3</sup> m <sup>3</sup>	272,712	186	0.0682	156	30	-	30	0.0110		
27	Monthly Charge	Meter/mo.	12	211	\$17,567.33	(49)	259	-	259	\$21,612.54	1.000	
28	Customer supplied fuel	10 <sup>3</sup> m <sup>3</sup>	1,972	399	202.610	237	162	-	162	-		
29	Total Rate T3		272,712	4,571	1.6762	(319)	4,890	(156)	4,735	1.7361	0.968	3.6%

Notes:

- (1) EB-2011-0210, Exhibit C3, Tab 2, Schedule 1, Column (b).  
(2) EB-2010-0359, Appendix A effective January 1, 2011 (Excludes Price Adjustments).  
(3) EB-2011-0210, Exhibit G3, Tab 2, Schedules 2-21, excludes Other Revenue.



**UNION GAS LIMITED**  
Southern Operations Area  
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Effective January 1, 2013

Line No.	Particulars	Billing Units	2013 Forecast Usage (a)	Current Approved		Revenue (Deficiency) / Sufficiency (\$000's) (d) = (b - e)	Proposed 2013					
				Revenue (\$000's) (1) (b)	Rates (2), (4) (\$/10 <sup>3</sup> m <sup>3</sup> ) (c)		Revenue Requirement (3) (\$000's) (e)	Revenue (Deficiency) / Sufficiency (\$000's) (f)	Revenue (\$000's) (g) = (e + f)	Rates (\$/10 <sup>3</sup> m <sup>3</sup> ) (h) = (g / a)	Revenue to Cost Ratios (i) = (g / e)	Rate Change % (j) = (g - b) / (b)
<b><u>M12 Transportation Service</u></b>												
Demand:												
Dawn to Kirkwall												
1	- 12 months	10 <sup>3</sup> m <sup>3</sup> /d/mo	11,108	11,167 (5)	74.934	(7,730)	18,897	(708)	11,751	78.850		
2	- 10 months	10 <sup>3</sup> m <sup>3</sup> /d/mo	8,068	6,046	74.934	6,046			6,362	78.850		
3	- 2 months	10 <sup>3</sup> m <sup>3</sup> /d/mo	486	73	74.934	73			77	78.850		
4	- F24-T - 12 months	10 <sup>3</sup> m <sup>3</sup> /d/mo	1,311	410	26.048	251	159	-	159	10.121		
Dawn to Parkway												
5	- 12 months	10 <sup>3</sup> m <sup>3</sup> /d/mo	85,458	98,869 (5)	88.033	(11,977)	110,846	(4,248)	104,974	93.469		
6	- 10 months	10 <sup>3</sup> m <sup>3</sup> /d/mo	1,722	1,516	88.033	1,516			1,609	93.469		
7	- 3 months	10 <sup>3</sup> m <sup>3</sup> /d/mo	53	14	88.033	14			15	93.469		
8	- F24-T - 12 months	10 <sup>3</sup> m <sup>3</sup> /d/mo	8,132	2,542	26.048	1,554	988	-	988	10.121		
M12-X Easterly (between Dawn, Kirkwall and Parkway)												
9	- 12 months	10 <sup>3</sup> m <sup>3</sup> /d/mo	10,358	10,942	88.033	(1,139)	12,081	(463)	11,618	93.469		
M12-X Westerly (between Dawn, Kirkwall and Parkway)												
10	- 12 months	10 <sup>3</sup> m <sup>3</sup> /d/mo	10,358	2,557	20.574	2,557	-	2,830	2,830	22.771		
Kirkwall to Parkway												
11	- 12 months	10 <sup>3</sup> m <sup>3</sup> /d/mo	2,344	364	13.062 (6)	(207)	571	(24)	411	14.620		
12	- 2 months	10 <sup>3</sup> m <sup>3</sup> /d/mo	4,629	109	13.062 (6)	109			135	14.620		
Commodity:												
13	Easterly - Providing Own Fuel	10 <sup>3</sup> m <sup>3</sup>	18,688,739	29,461		4,193	25,268	-	25,268			
	Westerly - Providing Own Fuel	10 <sup>3</sup> m <sup>3</sup>										
14	Parkway to Kirkwall/Dawn		23,986	17		4	13	0	13			
15	Kirkwall to Dawn		133,279	95		54	42	-	42			
16	<b>Total Rate M12</b>		<b>18,846,004</b>	<b>164,181</b>		<b>(4,683)</b>	<b>168,865</b>	<b>(2,613)</b>	<b>166,252</b>	<b>0.985</b>		<b>1.3%</b>

Notes:

- (1) EB-2011-0210, Exhibit C3, Tab 4, Schedule 1.
- (2) EB-2010-0359, Appendix A, Pages 13-15 effective January 1, 2011.
- (3) EB-2011-0210, Exhibit G3, Tab 2, Schedules 2-21.
- (4) The conversion factor used to convert to \$/GJ as found in the rate schedules is 37.75 GJ per 10<sup>3</sup>m<sup>3</sup>.
- (5) M12 demand revenues for Dawn to Kirkwall and Dawn to Parkway also include F24-T demands.
- (6) Decision and Order, EB-2011-0257.

**UNION GAS LIMITED**  
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Ex-Franchise Customers  
Effective January 1, 2013

Line No.	Particulars	Billing Units	Current Approved				Proposed 2013					
			2013 Forecast Usage	Revenue (\$000's) (1)	Rates (2), (4) (\$/10 <sup>3</sup> m <sup>3</sup> ) (c)	Revenue (Deficiency) / Sufficiency (\$000's) (d) = (b - e)	Revenue Requirement (3) (\$000's) (e)	Revenue (Deficiency) / Sufficiency (\$000's) (f)	Revenue (\$000's) (g) = (e + f)	Rates (\$/10 <sup>3</sup> m <sup>3</sup> ) (h) = (g / a)	Revenue to Cost Ratios (i) = (g / e)	Rate Change % (j) = (g - b) / (b)
			(a)	(b)	(c)	(d) = (b - e)	(e)	(f)	(g) = (e + f)	(h) = (g / a)	(i) = (g / e)	(j) = (g - b) / (b)
<b><u>M13 Transportation of Locally Produced Gas</u></b>												
1	Monthly Fixed Charge	monthly	15	118	\$656.48	(53)	171	-	171	\$948.58		
2	Transmission Commodity Charge	10 <sup>3</sup> m <sup>3</sup>	157,205	148	0.944	148		209	209	1.330		
3	Commodity	10 <sup>3</sup> m <sup>3</sup>	157,205	107	0.680	58	49	-	49	0.314		
4	<b>Total Rate M13</b>		<u>157,205</u>	<u>373</u>		<u>153</u>	<u>220</u>	<u>209</u>	<u>429</u>		<u>1.950</u>	<u>14.9%</u>
<b><u>M16 Transportation Service</u></b>												
5	Monthly Fixed Charge	monthly	4	32	\$664.93	(39)	71	-	71	\$1,476.26		
6	Transmission Commodity Charge	10 <sup>3</sup> m <sup>3</sup>	165,202	202	0.944	202		220	220	1.330		
Charges West of Dawn:												
7	Firm Demand Charge	10 <sup>3</sup> m <sup>3</sup> /d	473	208	36.655	(35)	243	(6)	237	41.811		
8	Fuel & UFG to Dawn	10 <sup>3</sup> m <sup>3</sup>	108,577	65	0.665	31	34	-	34	0.314		
9	Fuel & UFG to Pool	10 <sup>3</sup> m <sup>3</sup>	108,577	96	0.982	(1)	96	-	96	0.885		
Charges East of Dawn:												
10	Firm Demand Charge	10 <sup>3</sup> m <sup>3</sup> /d	240	79	27.431	79		84	84	29.071		
11	Fuel & UFG to Dawn	10 <sup>3</sup> m <sup>3</sup>	56,626	38	0.665	20	18	-	18	0.314		
12	Fuel & UFG to Pool	10 <sup>3</sup> m <sup>3</sup>	56,626	49	0.857	31	18	-	18	0.314		
13	<b>Total Rate M16</b>		<u>330,405</u>	<u>767</u>		<u>287</u>	<u>480</u>	<u>298</u>	<u>777</u>		<u>1.620</u>	<u>1.3%</u>

Notes:

(1) EB-2011-0210, Exhibit C3, Tab 4, Schedule 1.

(2) EB-2010-0359, Appendix A, Pages 13-15 effective January 1, 2011.

(3) EB-2011-0210, Exhibit G3, Tab 2, Schedules 2-21.

(4) The conversion factor used to convert to \$/GJ as found in the rate schedules is 37.75 GJ per 10<sup>3</sup>m<sup>3</sup>.

**UNION GAS LIMITED**  
Southern Operations Area  
Ex-Franchise Customers  
Effective January 1, 2013

Line No.	Particulars	Billing Units	2013 Forecast Usage (a)	Current Approved		Revenue (Deficiency) / Sufficiency (\$000's) (d) = (b - e)	Proposed 2013					
				Revenue (\$000's) (b)	Rates (2), (4) (\$/10 <sup>3</sup> m <sup>3</sup> ) (c)		Revenue Requirement (3) (\$000's) (e)	Revenue (Deficiency) / Sufficiency (\$000's) (f)	Revenue (\$000's) (g) = (e + f)	Rates (\$/10 <sup>3</sup> m <sup>3</sup> ) (h) = (g / a)	Revenue to Cost Ratios (i) = (g / e)	Rate Change % (j) = (g - b) / (b)
<b>C1 Cross Franchise Transportation Service</b>												
Storage Service:												
1	Peak Storage(Short-term) Commodity	10 <sup>3</sup> m <sup>3</sup>	626,720	8,988		4,419 (1,692)	4,569 1,692	4,419 (1,692)	8,988			
2	Off Peak Storage/ Balancing /Loans	10 <sup>3</sup> m <sup>3</sup>	0	2,500		2,500	-	2,500	2,500			
Transportation Service:												
Demand:												
3	St.Clair & Dawn, Ojibway & Dawn - 12 months	10 <sup>3</sup> m <sup>3</sup> /mo	2,264	1,106	36.655	(29)	1,135	111	1,246	41.811		
4	Parkway to Dawn/Kirkwall - 12 months	10 <sup>3</sup> m <sup>3</sup> /mo	9,202	2,272	20.574	2,272	-	2,613	2,514	22.771		
5	- 3 months	10 <sup>3</sup> m <sup>3</sup> /mo	1,440	89	20.574	89			98	22.771		
6	Kirkwall to Dawn	10 <sup>3</sup> m <sup>3</sup> /mo	0	-	44.394			-		40.159		
7	Dawn to Parkway - 12 months	10 <sup>3</sup> m <sup>3</sup> /mo	187	413	88.033	377	35	377	413	93.469		
8	Kirkwall to Parkway	10 <sup>3</sup> m <sup>3</sup> /mo			13.062	(5)				14.620		
9	Dawn to Dawn Vector - 12 months	10 <sup>3</sup> m <sup>3</sup> /mo	2,459	47	1.586	47	-	33	33	1.103		
10	Dawn to Dawn TCPL - 12 months	10 <sup>3</sup> m <sup>3</sup> /mo	13,245	1,320	8.305	767	553	263	816	5.136		
Firm Commodity												
Easterly												
Union Providing Fuel												
11	Dawn to Parkway (TCPL)	10 <sup>3</sup> m <sup>3</sup>	64,193	103		11	92	2	94			
Providing Own Fuel												
12	Dawn to Dawn TCPL	10 <sup>3</sup> m <sup>3</sup>	132,450	171		79	92	0	92			
13	Dawn to Dawn Vector	10 <sup>3</sup> m <sup>3</sup>	484,257	140		(133)	273	-	273			
14	Ojibway to Dawn	10 <sup>3</sup> m <sup>3</sup>	264,068	290		98	192	(8)	184			
Westerly - Providing Own Fuel												
15	Parkway to Kirkwall	10 <sup>3</sup> m <sup>3</sup>	0	-		-		-				
16	Parkway to Dawn	10 <sup>3</sup> m <sup>3</sup>	105,702	76		17	58	(1)	57			
17	Short-term Transportation & Exchanges	10 <sup>3</sup> m <sup>3</sup>	4,702,773	20,186		13,738	6,448	13,738	20,186			
18	Other Transactional			1,067		1,067	-	1,067	1,067			
19	<b>Total Rate C1</b>		<u>5,753,444</u>	<u>38,767</u>		<u>23,626</u>	<u>15,141</u>	<u>23,421</u>	<u>38,562</u>		<u>2.547</u>	<u>-0.5%</u>
20	<b>Total Ex-Fran</b>			<u>204,089</u>		<u>19,384</u>	<u>184,705</u>	<u>21,314</u>	<u>206,020</u>			

Notes:

- (1) EB-2011-0210, Exhibit C3, Tab 4, Schedule 1.
- (2) EB-2010-0359, Appendix A, Pages 13-15 effective January 1, 2011.
- (3) EB-2011-0210, Exhibit G3, Tab 2, Schedules 2-21.
- (4) The conversion factor used to convert to \$/GJ as found in the rate schedules is 37.75 GJ per 10<sup>3</sup>m<sup>3</sup>.
- (5) Decision and Order, EB-2011-0257.

UNION GAS LIMITED  
Northern & Eastern Operations Area  
Percentage Change in Average Unit Price  
Effective January 1, 2013

Line No.	Particulars (cents/m <sup>3</sup> )	Rate Classification	Current Approved Rates (1) (cents / m <sup>3</sup> ) (a)	Rate Change (b) = (c - a)	Proposed Rates (2) (cents / m <sup>3</sup> ) (c)	Percent Change (3) (%) (d) = (b / a)
	Small Volume General Service	01				
1	Delivery		16.0994	2.8517	18.9511	17.7%
2	Gas Supply Transportation		5.7152	0.0774	5.7926	1.4%
3	Storage		2.2919	0.3042	2.5961	13.3%
4	Total		<u>24.1065</u>	<u>3.2334</u>	<u>27.3399</u>	<u>13.4%</u>
	Large Volume General Service	10				
5	Delivery		5.2606	0.8180	6.0785	15.5%
6	Gas Supply Transportation		5.5033	(0.0300)	5.4733	-0.5%
7	Storage		1.6667	0.2267	1.8934	13.6%
8	Total		<u>12.4306</u>	<u>1.0147</u>	<u>13.4452</u>	<u>8.2%</u>
	Medium Volume Firm Service	20				
9	Delivery		1.5476	0.6734	2.2210	43.5%
10	Gas Supply Transportation		6.1979	(0.5136)	5.6843	-8.3%
11	Total		<u>7.7455</u>	<u>0.1598</u>	<u>7.9052</u>	<u>2.1%</u>
	Large Volume High Load Factor	100				
12	Delivery		<u>0.6678</u>	<u>0.1941</u>	<u>0.8619</u>	<u>29.1%</u>
	Large Volume Interruptible	25				
13	Delivery		<u>1.8052</u>	<u>0.7826</u>	<u>2.5878</u>	<u>43.4%</u>

Notes:

- (1) EB-2011-0210, Exhibit H3, Tab 1, Schedule 2, column (c).
- (2) EB-2011-0210, Exhibit H3, Tab 1, Schedule 2, column (h).
- (3) Excludes Gas Supply Commodity related costs.

UNION GAS LIMITED  
Southern Operations Area  
Percentage Change in Average Unit Price  
Effective January 1, 2013

Line No.	Particulars (cents/m <sup>3</sup> )	Rate Classification	Current Approved Rates (1) (cents / m <sup>3</sup> ) (a)	Rate Change (b) = (c - a)	Approved Rates (2) (cents / m <sup>3</sup> ) (c)	Percent Change (3) (%) (d) = (b / a)
	General Service	M1				
1	Delivery		12.2449	1.0250	13.2699	8.4%
2	Storage		0.9775	(0.1627)	0.8148	-16.6%
3	Total		<u>13.2224</u>	<u>0.8623</u>	<u>14.0847</u>	<u>6.5%</u>
	General Service	M2				
4	Delivery		3.8878	0.6029	4.4907	15.5%
5	Storage		0.7200	0.1138	0.8338	15.8%
6	Total		<u>4.6078</u>	<u>0.7167</u>	<u>5.3245</u>	<u>15.6%</u>
7	Firm Contract Commercial / Industrial Delivery	M4	<u>2.8157</u>	<u>0.5563</u>	<u>3.3720</u>	<u>19.8%</u>
8	Firm Contract Commercial / Industrial Delivery	M5 (F)	<u>2.7592</u>	<u>(0.5667)</u>	<u>2.1926</u>	<u>-20.5%</u>
9	Interruptible Contract Commercial / Industrial Delivery	M5 (I)	<u>1.6298</u>	<u>0.7367</u>	<u>2.3665</u>	<u>45.2%</u>
10	Firm Special Large Volume Contract Delivery	M7 (F)	<u>2.7417</u>	<u>0.1240</u>	<u>2.8657</u>	<u>4.5%</u>
11	Interruptible Special Large Volume Contract Delivery	M7 (I)	<u>0.9551</u>	<u>0.2975</u>	<u>1.2526</u>	<u>31.1%</u>
12	Large Wholesale Service Delivery	M9	<u>1.3486</u>	<u>(0.0551)</u>	<u>1.2935</u>	<u>-4.1%</u>
13	Small Wholesale Service Delivery	M10	<u>2.5245</u>	<u>0.4527</u>	<u>2.9772</u>	<u>17.9%</u>
14	Storage and Transportation Delivery	T1 (F/I)	<u>1.1187</u>	<u>(0.0584)</u>	<u>1.0604</u>	<u>-5.2%</u>
15	Delivery excluding fuel		<u>1.0093</u>	<u>0.0033</u>	<u>1.0126</u>	<u>0.3%</u>
16	Storage and Transportation Distributor	T3	<u>1.6762</u>	<u>0.0599</u>	<u>1.7361</u>	<u>3.6%</u>

Notes:

- (1) EB-2011-0210, Exhibit H3, Tab 1, Schedule 2, column (c).  
(2) EB-2011-0210, Exhibit H3, Tab 1, Schedule 2, column (h).  
(3) Excludes Gas Supply Commodity related costs.

UNION GAS LIMITED  
Northern & Eastern Operations Area  
Summary of Changes to Sales Rates  
Rate 01A - Small Volume General Firm Service

Line No.	Particulars (cents/m <sup>3</sup> )	EB-2010-0359 Approved January 1, 2011	Rate Change (b)	EB-2011-0210 Proposed January 1, 2013
		Rate (a)		Rate (c)
1	Monthly Charge - All Zones	\$20.00	\$1.00	\$21.00
	Monthly Delivery Charge - All Zones			
2	First 100 m <sup>3</sup>	7.7600	2.4037	10.1637
3	Next 200 m <sup>3</sup>	7.2355	2.4037	9.6392
4	Next 200 m <sup>3</sup>	6.8628	2.4037	9.2665
5	Next 500 m <sup>3</sup>	6.5208	2.4037	8.9245
6	Over 1,000 m <sup>3</sup>	6.2383	2.4037	8.6420
	Gas Transportation Service			
7	Fort Frances	4.3225	(0.1574)	4.1651
8	Western Zone	4.6368	(0.1032)	4.5336
9	Northern Zone	5.6216	0.0615	5.6831
10	Eastern Zone	6.4621	0.2029	6.6650
	Storage Service			
11	Fort Frances	1.8781	(0.0114)	1.8667
12	Western Zone	1.8757	0.1562	2.0319
13	Northern Zone	2.2600	0.2870	2.5470
14	Eastern Zone	2.5702	0.4169	2.9871
	Commodity Cost of Gas and Fuel			
15	Fort Frances	14.1207	(0.1053)	14.0154
16	Western Zone	14.1996	(0.1053)	14.0943
17	Northern Zone	14.3036	(0.1053)	14.1983
18	Eastern Zone	14.3931	(0.1053)	14.2878

UNION GAS LIMITED  
Northern & Eastern Operations Area  
Summary of Changes to Sales Rates  
Rate 10 - Large Volume General Firm Service

Line No.	Particulars (cents/m <sup>3</sup> )	EB-2010-0359 Approved January 1, 2011 Rate (a)	Rate Change (b)	EB-2011-0210 Proposed January 1, 2013 Rate (c)
1	Monthly Charge - All Zones	\$70.00		\$70.00
	Monthly Delivery Charge - All Zones			
2	First 1,000 m <sup>3</sup>	6.7703	0.8180	7.5883
3	Next 9,000 m <sup>3</sup>	5.3567	0.8180	6.1747
4	Next 20,000 m <sup>3</sup>	4.5505	0.8180	5.3685
5	Next 70,000 m <sup>3</sup>	4.0344	0.8180	4.8524
6	Over 100,000 m <sup>3</sup>	2.0792	0.8180	2.8972
	Gas Transportation Service			
7	Fort Frances	3.9757	(0.2876)	3.6881
8	Western Zone	4.2899	(0.2333)	4.0566
9	Northern Zone	5.2747	(0.0686)	5.2061
10	Eastern Zone	6.1152	0.0728	6.1880
	Storage Service			
11	Fort Frances	1.2005	(0.1072)	1.0933
12	Western Zone	1.1982	0.0603	1.2585
13	Northern Zone	1.5841	0.1895	1.7736
14	Eastern Zone	1.8955	0.3182	2.2137
	Commodity Cost of Gas and Fuel			
15	Fort Frances	14.1207	(0.1053)	14.0154
16	Western Zone	14.1996	(0.1053)	14.0943
17	Northern Zone	14.3036	(0.1053)	14.1983
18	Eastern Zone	14.3931	(0.1053)	14.2878

UNION GAS LIMITED  
Northern & Eastern Operations Area  
Summary of Changes to Sales Rates  
Rate 20 - Medium Volume Firm Service

Line No.	Particulars (cents/m <sup>3</sup> )	EB-2010-0359 Approved January 1, 2011 Rate (a)	Rate Change (b)	EB-2011-0210 Proposed January 1, 2013 Rate (c)
1	Monthly Charge	\$777.97	\$222.03	\$1,000.00
	Delivery Demand Charge			
2	First 70,000 m <sup>3</sup>	20.1961	8.6505	28.8466
3	All over 70,000 m <sup>3</sup>	11.8763	5.0869	16.9632
	Delivery Commodity Charge			
4	First 852,000 m <sup>3</sup>	0.3662	0.1920	0.5583
5	All over 852,000 m <sup>3</sup>	0.2655	0.1392	0.4048
	Monthly Gas Supply Demand Charge			
6	Fort Frances	34.7281	(16.6934)	18.0347
7	Western Zone	40.4378	(12.6249)	27.8129
8	Northern Zone	64.1901	(7.2676)	56.9225
9	Eastern Zone	84.1517	(2.3697)	81.7820
	Commodity Transportation 1			
10	Fort Frances	3.2962	(0.4400)	2.8562
11	Western Zone	3.4210	(0.3513)	3.0697
12	Northern Zone	3.9699	(0.2344)	3.7355
13	Eastern Zone	4.4313	(0.1270)	4.3043
	Commodity Transportation 2			
14	Fort Frances	0.1258	0.0002	0.1260
15	Western Zone	0.1234	0.0002	0.1236
16	Northern Zone	0.1930	0.0003	0.1933
17	Eastern Zone	0.2528	0.0005	0.2533
	Commodity Cost of Gas and Fuel			
18	Fort Frances	14.1793	(0.1053)	14.0740
19	Western Zone	14.2584	(0.1053)	14.1531
20	Northern Zone	14.3628	(0.1053)	14.2575
21	Eastern Zone	14.4527	(0.1053)	14.3474
	Bundled Storage Service (\$/GJ)			
22	Monthly Demand Charge	11.125	(3.763)	7.362
23	Commodity Charge	0.239	(0.075)	0.164



UNION GAS LIMITED  
Northern & Eastern Operations Area  
Summary of Changes to Sales Rates  
Rate 100 - Large Volume High Load Factor Firm Service

Line No.	Particulars (cents/m <sup>3</sup> )	EB-2010-0359 Approved January 1, 2011	Rate Change	EB-2011-0210 Proposed January 1, 2013
		Rate (a)		Rate (c)
1	Monthly Charge	\$777.97	\$722.03	\$1,500.00
2	Delivery Demand Charge All Zones	11.9642	3.9483	15.9125
3	Delivery Commodity Charge All Zones	0.2016	0.0356	0.2372
4	Monthly Gas Supply Demand Charge Fort Frances	63.7749	(13.0213)	50.7536
5	Western Zone	70.5057	(8.3442)	62.1615
6	Northern Zone	98.2553	(2.1326)	96.1227
7	Eastern Zone	121.5703	3.5552	125.1255
8	Commodity Transportation 1 Fort Frances	5.8480	(0.5659)	5.2821
9	Western Zone	5.9416	(0.4994)	5.4422
10	Northern Zone	6.3533	(0.4117)	5.9416
11	Eastern Zone	6.6993	(0.3311)	6.3682
12	Commodity Transportation 2 Fort Frances	0.1258	0.0001	0.1260
13	Western Zone	0.1234	0.0002	0.1236
14	Northern Zone	0.1930	0.0004	0.1933
15	Eastern Zone	0.2528	0.0005	0.2533
16	Commodity Cost of Gas and Fuel Fort Frances	14.1793	(0.1053)	14.0740
17	Western Zone	14.2584	(0.1053)	14.1531
18	Northern Zone	14.3628	(0.1053)	14.2575
19	Eastern Zone	14.4527	(0.1053)	14.3474
20	Bundled Storage Service (\$/GJ) Monthly Demand Charge	11.125	(3.763)	7.362
21	Commodity Charge	0.239	(0.075)	0.164

UNION GAS LIMITED  
Northern & Eastern Operations Area  
Summary of Changes to Sales Rates

Line No.	Particulars (cents/m <sup>3</sup> )	EB-2010-0359 Approved January 1, 2011 Rate (a)	Rate Change (b)	EB-2011-0210 Proposed January 1, 2013 Rate (c)
1	<u>Rate 25 - Large Volume Interruptible Service</u> Monthly Charge	\$189.51	\$185.49	\$375.00
2	Delivery Charge - All Zones * Maximum	4.1695	0.8116	4.9812
3	Gas Supply Charges - All Zones Minimum	14.3135		14.3135
4	Maximum	140.5622		140.5622

\* see Exhibit H3, Tab 2, Schedule 2.

UNION GAS LIMITED  
Southern Operations Area  
Summary of Changes to Sales Rates

Line No.	Particulars (cents/m <sup>3</sup> )	EB-2010-0359 Approved January 1, 2011	Rate Change	EB-2011-0210 Proposed January 1, 2013
		Rate (a)		Rate (c)
	<u>Utility Sales</u>			
1	Commodity and Fuel	14.3931	(0.1053)	14.2878
2	Transportation	4.3503		4.3503
3	Total Gas Supply Commodity Charge	<u>18.7434</u>	<u>(0.1053)</u>	<u>18.6381</u>
	 <u>M4 Firm Commercial/Industrial</u>			
4	Minimum annual gas supply commodity charge	5.0587	(0.1029)	4.9558
	 <u>M5A Interruptible Commercial/Industrial</u>			
5	Minimum annual gas supply commodity charge	5.0587	(0.1029)	4.9558
	 <u>Storage and Transportation Supplemental Services - Rate T1, Rate T2 &amp; Rate T3</u>	<u>\$/GJ</u>		<u>\$/GJ</u>
	Monthly demand charges: (\$/GJ)			
6	Firm gas supply service	47.404	(0.025)	47.379
7	Firm backstop gas	2.050	0.065	2.115
	Commodity charges:			
8	Gas supply	3.799		3.799
9	Backstop gas	5.325	0.013	5.338
10	Reasonable Efforts Backstop Gas	6.225	0.082	6.307
11	Supplemental Inventory	Note (1)		Note (1)
12	Supplemental Gas Sales Service (cents/m <sup>3</sup> )	21.6360	0.1164	21.7524
13	Failure to Deliver	2.627	0.1100	2.737
14	Discretionary Gas Supply Service (DGSS)	Note (2)		Note (2)

Notes:

- (1) The charge for banked gas purchases shall be the higher of the daily spot gas cost at Dawn in the month of or the month following the month in which gas is sold under this rate and shall not be less than Union's approved weighted average cost of gas.
- (2) Reflects the "back to back" price plus gas supply administration charge.

UNION GAS LIMITED  
Southern Operations Area  
Summary of Changes to Sales Rates

Line No.	Particulars (cents/m <sup>3</sup> )	EB-2010-0359 Approved January 1, 2011	Rate Change (b)	EB-2011-0210 Proposed January 1, 2013
		Rate (a)		Rate (c)
	<u>Rate M1 - Small Volume General Service Rate</u>			
1	Monthly Charge	\$20.00	\$1.00	\$21.00
2	First 100 m <sup>3</sup>	3.7644	0.5833	4.3477
3	Next 150 m <sup>3</sup>	3.5579	0.5833	4.1412
4	All over 250 m <sup>3</sup>	3.0694	0.5833	3.6527
5	Storage Service	0.9775	(0.1627)	0.8148
	<u>Rate M2 - Large Volume General Service Rate</u>			
6	Monthly Charge	\$70.00		\$70.00
7	First 1,000 m <sup>3</sup>	3.6230	0.6029	4.2259
8	Next 6,000 m <sup>3</sup>	3.5467	0.6029	4.1496
9	Next 13,000 m <sup>3</sup>	3.3193	0.6029	3.9222
10	All over 20,000 m <sup>3</sup>	3.0464	0.6029	3.6493
11	Storage Service	0.7200	0.1138	0.8338
	<u>Rate M4 - Firm comm/ind contract rate</u>			
	Monthly demand charge:			
12	First 8,450 m <sup>3</sup>	45.4290	4.9182	50.3472
13	Next 19,700 m <sup>3</sup>	19.7101	4.9182	24.6283
14	All over 28,150 m <sup>3</sup>	16.3682	4.9182	21.2864
	Monthly delivery commodity charge:			
15	First block	0.8525	0.2509	1.1034
16	All remaining use	0.3568	0.1050	0.4618
17	Minimum annual delivery commodity charge	1.1663	0.1456	1.3119

UNION GAS LIMITED  
Southern Operations Area  
Summary of Changes to Sales Rates

Line No.	Particulars (cents/m <sup>3</sup> )	EB-2010-0359 Approved January 1, 2011 Rate (a)	Rate Change (b)	EB-2011-0210 Proposed January 1, 2013 Rate (c)
	<u>Rate M5A - interruptible comm/ind contract</u>			
	<u>Firm contracts</u> *			
1	Monthly demand charge	27.5443	4.8043	32.3486
2	Monthly delivery commodity charge	1.7258	(0.6973)	1.0286
	<u>Interruptible contracts</u> *			
3	Monthly Charge	\$498.70	\$226.30	\$725.00
	Daily delivery commodity charge:			
4	4,800 m <sup>3</sup> to 17,000 m <sup>3</sup>	1.7716	0.6624	2.4340
5	17,000 m <sup>3</sup> to 30,000 m <sup>3</sup>	1.6417	0.6624	2.3041
6	30,000 m <sup>3</sup> to 50,000 m <sup>3</sup>	1.5734	0.6624	2.2358
7	50,000 m <sup>3</sup> to 70,000 m <sup>3</sup>	1.5255	0.6624	2.1879
8	70,000 m <sup>3</sup> to 100,000 m <sup>3</sup>	1.4912	0.6624	2.1536
9	100,000 m <sup>3</sup> to 140,870 m <sup>3</sup>	1.4575	0.6624	2.1199
10	Annual minimum delivery commodity charge	2.0854	0.5570	2.6424
	<u>Rate M7 - Special large volume contract</u>			
	<u>Firm</u>			
11	Monthly demand charge	25.2893	0.0302	25.3195
12	Monthly delivery commodity charge	0.2179	0.1209	0.3389
	<u>Interruptible</u> *			
13	Monthly delivery commodity charge: Maximum	2.5935	1.3599	3.9534
	<u>Seasonal</u> *			
14	Monthly delivery commodity charge: Maximum	2.3494	1.3599	3.7093
	<u>Rate M9 - Large wholesale service</u>			
15	Monthly demand charge	16.8753	0.1904	17.0657
16	Monthly delivery commodity charge	0.2395	(0.0676)	0.1719
	<u>Rate M10 - Small wholesale service</u>			
17	Monthly delivery commodity charge	2.5245	0.4527	2.9772

\* Price changes to individual interruptible and seasonal contract rates are provided at Exhibit H3, Tab 2, Schedule 2.

UNION GAS LIMITED  
Southern Operations Area  
Summary of Changes to Contract Carriage Rates

Line No.	Particulars	EB-2010-0359 Approved January 1, 2011 Rate (a)	Rate Change (b)	EB-2011-0210 Proposed January 1, 2013 Rate (c)
	<u>Contract Carriage Service</u>			
	<u>T1 Storage and Transportation (1)</u>			
	<u>Storage (\$ / GJ)</u>			
	Monthly demand charges:			
1	Firm space	0.010		-
	Firm Injection/Withdrawal Right			
2	Union provides deliverability inventory	1.532		-
3	Customer provides deliverability inventory	1.016		-
4	Firm incremental injection	1.016		-
5	Interruptible withdrawal	1.016		-
	Commodity charges:			
6	Withdrawal	0.039		-
7	Customer provides compressor fuel	0.007		-
8	Injection	0.039		-
9	Customer provides compressor fuel	0.007		-
10	Storage fuel ratio - customer provides fuel	0.598%		-
	<u>Transportation (cents / m<sup>3</sup>)</u>			
11	Monthly demand charge first 140,870 m <sup>3</sup>	19.0898		-
12	Monthly demand charge all over 140,870 m <sup>3</sup>	13.0445		-
	Firm commodity charges:			
13	Union provides compressor fuel first 2,360,653 m <sup>3</sup>	0.2959		-
14	Union provides compressor fuel all over 2,360,653 m <sup>3</sup>	0.2037		-
15	Customer provides compressor fuel first 2,360,653 m <sup>3</sup>	0.1835		-
16	Customer provides compressor fuel all over 2,360,653 m <sup>3</sup>	0.0913		-
	Interruptible commodity charges: *			
17	Maximum - Union provides compressor fuel	2.5935		-
18	Maximum - customer provides compressor fuel	2.4810		-
19	Transportation fuel ratio - customer provides fuel	0.555%		-
	<u>Authorized overrun services</u>			
	<u>Storage (\$ / GJ)</u>			
	Commodity charges			
20	Injection / Withdrawals	0.112		-
21	Customer provides compressor fuel	0.057		-
	<u>Transportation commodity charge (cents/m<sup>3</sup>)</u>			
22	Transportation commodity charge (cents/m <sup>3</sup> )	0.9236		-
23	Customer provides compressor fuel	0.8111		-
24	<u>Monthly Charge</u>	\$1,795.31		-

\* Price changes to individual interruptible contract rates are provided at Exhibit H3, Tab 2, Schedule 2.

Notes:

(1) Per Union's proposal to split current Rate T1 into small Rate T1 and large Rate T2.

UNION GAS LIMITED  
Southern Operations Area  
Summary of Changes to Contract Carriage Rates

Line No.	Particulars	EB-2010-0359 Approved January 1, 2011 Rate (a)	Rate Change (b)	EB-2011-0210 Proposed January 1, 2013 Rate (c)
	<u>Contract Carriage Service</u>			
	<u>Rate T1 - Storage and Transportation (1)</u>			
	<u>Storage (\$ / GJ)</u>			
	Monthly demand charges:			
1	Firm space	0.010	0.002	0.012
	Firm Injection/Withdrawal Right			
2	Union provides deliverability inventory	1.532	0.164	1.696
3	Customer provides deliverability inventory	1.016	0.233	1.249
4	Firm incremental injection	1.016	0.233	1.249
5	Interruptible withdrawal	1.016	0.233	1.249
	Commodity charges:			
6	Withdrawal	0.039	(0.010)	0.029
7	Customer provides compressor fuel	0.007	0.000	0.007
8	Injection	0.039	(0.010)	0.029
9	Customer provides compressor fuel	0.007	0.000	0.007
10	Storage fuel ratio - customer provides fuel	0.598%	-0.195%	0.403%
	<u>Transportation (cents / m<sup>3</sup>)</u>			
11	Monthly demand charge first 28,150 m <sup>3</sup>	-		31.0721
12	Monthly demand charge all over 112,720 m <sup>3</sup>	-		23.4173
	Firm commodity charges:			
13	Union provides compressor fuel - All volumes	-		0.1233
14	Customer provides compressor fuel - All volumes	-		0.0714
	Interruptible commodity charges: *			
15	Maximum - Union provides compressor fuel	-		3.9534
16	Maximum - customer provides compressor fuel	-		3.9015
17	Transportation fuel ratio - customer provides fuel	-		0.256%
	<u>Authorized overrun services</u>			
	<u>Storage (\$ / GJ)</u>			
	Commodity charges			
18	Injection / Withdrawals	-		0.109
19	Customer provides compressor fuel	-		0.063
20	Transportation commodity charge (cents/m <sup>3</sup> )	-		1.0935
21	Customer provides compressor fuel	-		1.0930
22	<u>Monthly Charge</u>	-		\$ 1,998.83

\* Price changes to individual interruptible contract rates are provided at Exhibit H3, Tab 2, Schedule 2.

Notes:

(1) Per Union's proposal to split current Rate T1 into small Rate T1 and large Rate T2.

UNION GAS LIMITED  
Southern Operations Area  
Summary of Changes to Contract Carriage Rates

Line No.	Particulars	EB-2010-0359 Approved January 1, 2011 Rate (a)	Rate Change (b)	EB-2011-0210 Proposed January 1, 2013 Rate (c)
	<u>Contract Carriage Service</u>			
	<u>Rate T2 - Storage and Transportation (1)</u>			
	<u>Storage (\$ / GJ)</u>			
	Monthly demand charges:			
1	Firm space	0.010	0.002	0.012
	Firm Injection/Withdrawal Right			
2	Union provides deliverability inventory	1.532	0.164	1.696
3	Customer provides deliverability inventory	1.016	0.233	1.249
4	Firm incremental injection	1.016	0.233	1.249
5	Interruptible withdrawal	1.016	0.233	1.249
	Commodity charges:			
6	Withdrawal	0.039	(0.010)	0.029
7	Customer provides compressor fuel	0.007	0.000	0.007
8	Injection	0.039	(0.010)	0.029
9	Customer provides compressor fuel	0.007	0.000	0.007
10	Storage fuel ratio - customer provides fuel	0.598%	-0.195%	0.403%
	<u>Transportation (cents / m<sup>3</sup>)</u>			
11	Monthly demand charge first 140,870 m <sup>3</sup>	-		21.8224
12	Monthly demand charge all over 140,870 m <sup>3</sup>	-		11.3992
	Firm commodity charges:			
13	Union provides compressor fuel - All volumes	-		0.0556
14	Customer provides compressor fuel - All volumes	-		0.0081
	Interruptible commodity charges: *			
15	Maximum - Union provides compressor fuel	-		3.9534
16	Maximum - customer provides compressor fuel	-		3.9060
17	Transportation fuel ratio - customer provides fuel	-		0.234%
	<u>Authorized overrun services</u>			
	<u>Storage (\$ / GJ)</u>			
	Commodity charges			
18	Injection / Withdrawals	-		0.109
19	Customer provides compressor fuel	-		0.063
	<u>Transportation commodity charge (cents/m<sup>3</sup>)</u>			
20	Customer provides compressor fuel	-		0.7260
21	Customer provides compressor fuel	-		0.7256
22	<u>Monthly Charge</u>	-		\$ 6,000.00

\* Price changes to individual interruptible contract rates are provided in Exhibit H3, Tab 2, Schedule 2.

Notes:

(1) Per Union's proposal to split current Rate T1 into small Rate T1 and large Rate T2.



UNION GAS LIMITED  
Southern Operations Area  
Summary of Changes to Contract Carriage Rates

Line No.	Particulars	EB-2010-0359 Approved January 1, 2011 Rate (a)	Rate Change (b)	EB-2011-0210 Proposed January 1, 2013 Rate (c)
<u>Rate T3 - Storage and Transportation</u>				
<u>Storage (\$ / GJ)</u>				
Monthly demand charges:				
1	Firm space	0.010	0.002	0.012
Firm Injection/Withdrawal Right				
2	Union provides deliverability inventory	1.532	0.164	1.696
3	Customer provides deliverability inventory	1.016	0.233	1.249
4	Firm incremental injection	1.016	0.233	1.249
5	Interruptible withdrawal	1.016	0.233	1.249
Commodity charges:				
6	Withdrawal	0.039	(0.010)	0.029
7	Customer provides compressor fuel	0.007	0.000	0.007
8	Injection	0.039	(0.010)	0.029
9	Customer provides compressor fuel	0.007	0.000	0.007
10	Storage fuel ratio- Cust. provides fuel	0.598%	-0.195%	0.403%
<u>Transportation (cents / m<sup>3</sup>)</u>				
11	Monthly demand charge	9.0218	1.1499	10.1718
Firm commodity charges				
12	Union supplies compressor fuel	0.2147	(0.1442)	0.0705
13	Customer provides compressor fuel	0.0682	(0.0572)	0.0110
14	Transportation fuel ratio- Cust. provides fuel	0.723%	-0.430%	0.293%
<u>Authorized overrun services</u>				
<u>Storage (\$ / GJ)</u>				
Commodity charges:				
15	Injection / Withdrawals	0.112	(0.003)	0.109
16	Customer provides compressor fuel	0.057	0.006	0.063
17	Transportation commodity charge (cents/m <sup>3</sup> )	0.5113	(0.1064)	0.4049
18	Customer provides compressor fuel (cents/m <sup>3</sup> )	0.3648	(0.0194)	0.3454
<u>Monthly Charge</u>				
19	City of Kitchener	\$17,567.33	\$4,045.22	\$21,612.54
20	Natural Resource Gas	\$2,696.77	\$620.98	\$3,317.75
21	Six Nations	\$898.92	\$206.99	\$1,105.92

UNION GAS LIMITED  
Summary of Changes to Transportation Rates

Line No.	Particulars (\$/GJ)	EB-2010-0359 Approved January 1, 2011 Rate (a)	Rate Change (b)	EB-2011-0210 Proposed January 1, 2013 Rate (c)	
	<u>M12 Transportation Service</u>				
	<u>Firm Transportation</u>				
	Monthly demand charges:				
1	Dawn to Kirkwall	1.985	0.103	2.089	
2	Dawn to Oakville/Parkway	2.332	0.144	2.476	
3	Kirkwall to Parkway	0.346	0.041	0.387	
4	F24-T	0.690	(0.422)	0.268	
	<u>M12-X Firm Transportation</u>				
5	Between Dawn, Kirkwall and Parkway	2.877	0.202	3.079	
	Commodity charges:				
6	Easterly	Note (1)		Note (1)	
7	Westerly	Note (1)		Note (1)	
8	Parkway (TCPL) to Parkway (Cons)	Note (1)		Note (1)	
	<u>Limited Firm/Interruptible</u>				
	Monthly demand charges:				
9	Maximum	5.597	0.346	5.942	
10	Commodity charges :				
	Others	Note (1)		Note (1)	
	<u>Authorized Overrun</u>				
	Transportation commodity charges:				
	Easterly:				
11	Dawn to Kirkwall - Union supplied fuel	Note (1)		Note (1)	
12	Dawn to Oakville/Parkway - Union supplied fuel	Note (1)		Note (1)	
13	Dawn to Kirkwall - Shipper supplied fuel	0.065 (1)	0.003	0.069 (1)	
14	Dawn to Oakville/Parkway - Shipper supplied fuel	0.077 (1)	0.004	0.081 (1)	
15	Kirkwall to Parkway - Union supplied fuel	Note (1)		Note (1)	
16	Kirkwall to Parkway - Shipper supplied fuel	0.011 (1)	0.001	0.013	
17	Westerly - Union supplied fuel	Note (1)		Note (1)	
18	Westerly - Shipper supplied fuel	0.077 (1)	0.004	0.081 (1)	
	<u>M12-X Firm Transportation</u>				
19	Between Dawn, Kirkwall and Parkway - Union supplied fuel	Note (1)		Note (1)	
20	Between Dawn, Kirkwall and Parkway - Shipper supplied fuel	0.095 (1)	0.006	0.101	
	<u>M13 Transportation of Locally Produced Gas</u>				
21	Monthly fixed charge per customer station	\$656.48	292.093	\$948.58	
22	Transmission commodity charge to Dawn	0.025	0.010	0.035	
23	Commodity charge - Union supplies fuel	0.018	(0.009)	0.008	
24	Commodity charge - Shipper supplies fuel	Note (2)		Note (2)	
25	Authorized Overrun - Union supplies fuel	0.075	0.005	0.080	
26	Authorized Overrun - Shipper supplies fuel	0.057 (2)	0.015	0.072 (2)	

Notes:

- (1) Monthly fuel rates and ratios per Exhibit H3, Tab 2, Schedule 3 (Schedule "C").  
(2) Plus customer supplied fuel per rate schedule.

UNION GAS LIMITED  
Summary of Changes to Transportation Rates

Line No.	Particulars (\$/GJ)	EB-2010-0359 Approved January 1, 2011 Rate (a)	Rate Change (b)	EB-2011-0210 Proposed January 1, 2013 Rate (c)
	<u>M16 Storage Transportation Service</u>			
1	Monthly fixed charge per customer station	\$664.93	811.330	\$1,476.26
	Monthly demand charges:			
2	East of Dawn	0.727	0.043	0.770
3	West of Dawn	0.971	0.137	1.108
4	Transmission commodity charge to Dawn	0.025	0.010	0.035
	Transportation Fuel Charges to Dawn:			
5	East of Dawn - Union supplied fuel	0.018	(0.009)	0.008
6	West of Dawn - Union supplied fuel	0.018	(0.009)	0.008
7	East of Dawn - Shipper supplied fuel	Note (1)		Note (1)
8	West of Dawn - Shipper supplied fuel	Note (1)		Note (1)
	Transportation Fuel Charges to Pools:			
9	East of Dawn - Union supplied fuel	0.023	(0.015)	0.008
10	West of Dawn - Union supplied fuel	0.026	(0.002)	0.023
11	East of Dawn - Shipper supplied fuel	Note (1)		Note (1)
12	West of Dawn - Shipper supplied fuel	Note (1)		Note (1)
	<u>Authorized Overrun</u>			
	Transportation Fuel Charges to Dawn:			
13	East of Dawn - Union supplied fuel	0.067	0.002	0.069
14	West of Dawn - Union supplied fuel	0.075	0.005	0.080
15	East of Dawn - Shipper supplied fuel	0.049 (1)	0.012	0.061 (1)
16	West of Dawn - Shipper supplied fuel	0.057 (1)	0.015	0.072 (1)
	Transportation Fuel Charges to Pools:			
17	East of Dawn - Union supplied fuel	0.047	(0.013)	0.034
18	West of Dawn - Union supplied fuel	0.058	0.002	0.060
19	East of Dawn - Shipper supplied fuel	0.024 (1)	0.001	0.025 (1)
20	West of Dawn - Shipper supplied fuel	0.032 (1)	0.004	0.036 (1)
	<u>C1 Storage &amp; Cross Franchise Transportation Service</u>			
	<u>Transportation service</u>			
	Monthly demand charges:			
21	St. Clair / Bluewater & Dawn	0.971	0.137	1.108
22	Ojibway & Dawn	0.971	0.137	1.108
23	Parkway to Dawn	0.545	0.058	0.603
24	Parkway to Kirkwall	0.545	0.058	0.603
25	Kirkwall to Dawn	1.176	(0.112)	1.064
26	Dawn to Kirkwall	1.985	0.103	2.089
27	Dawn to Parkway	2.332	0.144	2.476
28	Kirkwall to Parkway	0.346	0.041	0.387
29	Dawn to Dawn-Vector	0.042	(0.013)	0.029
30	Dawn to Dawn-TCPL	0.220	(0.084)	0.136
	Short-term:			
31	Maximum	75.00		75.00
	Commodity charges:			
32	St. Clair / Bluewater & Dawn - Union supplied fuel (Nov. 1 - Mar. 31)	0.024	(0.010)	0.014
33	St. Clair / Bluewater & Dawn - Union supplied fuel (Apr. 1 - Oct. 31)	0.020	(0.009)	0.011
34	Ojibway & Dawn - Union supplied fuel (Nov. 1 - Mar. 31)	0.029	(0.013)	0.016
35	Ojibway & Dawn - Union supplied fuel (Apr. 1 - Oct. 31)	0.026	(0.002)	0.023
36	Parkway to Kirkwall / Dawn - Union supplied fuel (Nov. 1 - Mar. 31)	0.018	(0.009)	0.008
37	Parkway to Kirkwall / Dawn - Union supplied fuel (Apr. 1 - Oct. 31)	0.020	(0.006)	0.014
38	Kirkwall to Dawn - Union supplied fuel (Nov. 1 - Mar. 31)	0.018	(0.010)	0.008
39	Kirkwall to Dawn - Union supplied fuel (Apr. 1 - Oct. 31)	0.020	(0.012)	0.008
40	Dawn to Kirkwall - Union supplied fuel (Nov. 1 - Mar. 31)	0.062	(0.023)	0.039
41	Dawn to Kirkwall - Union supplied fuel (Apr. 1 - Oct. 31)	0.028	(0.011)	0.017
42	Dawn to Parkway - Union supplied fuel (Nov. 1 - Mar. 31)	0.062	(0.010)	0.052
43	Dawn to Parkway - Union supplied fuel (Apr. 1 - Oct.31)	0.028	0.000	0.028
44	Kirkwall to Parkway - Union supplied fuel (Nov. 1 - Mar. 31)	0.062	(0.041)	0.022
45	Kirkwall to Parkway - Union supplied fuel (Apr. 1 - Oct.31)	0.028	(0.008)	0.020

Notes:

(1) Plus customer supplied fuel per rate schedule.

UNION GAS LIMITED  
Summary of Changes to Transportation Rates

		EB-2010-0359	EB-2011-0210	
		Approved	Proposed	
Line		January 1, 2011		January 1, 2013
No.	Particulars (\$/GJ)	Rate	Rate	Rate
		(a)	(b)	(c)
<u>C1 Storage &amp; Cross Franchise Transportation Service</u>				
<u>Transportation service cont'd</u>				
1	St. Clair / Bluewater & Dawn - Shipper supplied fuel (Nov. 1 - Mar. 31)	Note (1)		Note (1)
2	St. Clair / Bluewater & Dawn - Shipper supplied fuel (Apr. 1 - Oct. 31)	Note (1)		Note (1)
3	Ojibway & Dawn - Shipper supplied fuel (Nov. 1 - Mar. 31)	Note (1)		Note (1)
4	Ojibway & Dawn - Shipper supplied fuel (Apr. 1 - Oct. 31)	Note (1)		Note (1)
5	Parkway to Kirkwall / Dawn - Shipper supplied fuel (Nov. 1 - Mar. 31)	Note (1)		Note (1)
6	Parkway to Kirkwall / Dawn - Shipper supplied fuel (Apr. 1 - Oct. 31)	Note (1)		Note (1)
7	Kirkwall to Dawn - Shipper supplied fuel (Nov. 1 - Mar. 31)	Note (1)		Note (1)
8	Kirkwall to Dawn - Shipper supplied fuel (Apr. 1 - Oct. 31)	Note (1)		Note (1)
9	Dawn to Kirkwall - Shipper supplied fuel (Nov. 1 - Mar. 31)	Note (1)		Note (1)
10	Dawn to Kirkwall - Shipper supplied fuel (Apr. 1 - Oct. 31)	Note (1)		Note (1)
11	Dawn to Parkway - Shipper supplied fuel (Nov. 1 - Mar. 31)	Note (1)		Note (1)
12	Dawn to Parkway - Shipper supplied fuel (Apr. 1 - Oct.31)	Note (1)		Note (1)
13	Kirkwall to Parkway - Shipper supplied fuel (Nov. 1 - Mar. 31)	Note (1)		Note (1)
14	Kirkwall to Parkway - Shipper supplied fuel (Apr. 1 - Oct.31)	Note (1)		Note (1)
15	Dawn to Dawn-Vector - Shipper supplied fuel (Nov. 1 - Mar. 31)	n/a		Note (1)
16	Dawn to Dawn-Vector - Shipper supplied fuel (Apr. 1 - Oct. 31)	Note (1)		Note (1)
17	Dawn to Dawn-TCPL - Shipper supplied fuel (Nov. 1 - Mar. 31)	Note (1)		Note (1)
18	Dawn to Dawn-TCPL - Shipper supplied fuel (Apr. 1 - Oct. 31)	Note (1)		Note (1)
Interruptible commodity charges:				
19	Maximum	75.00		75.00
Dawn(Tecumseh), Dawn(Facilities or TCPL), Dawn (Vector) and Dawn (TSLE)				
20		Note (1)		Note (1)
<u>Authorized Overrun</u>				
Firm transportation commodity charges:				
21	St. Clair / Bluewater & Dawn - Union supplied fuel (Nov. 1 - Mar. 31)	0.057	(0.007)	0.050
22	St. Clair / Bluewater & Dawn - Union supplied fuel (Apr. 1 - Oct. 31)	0.051	(0.004)	0.047
23	Ojibway & Dawn - Union supplied fuel (Nov. 1 - Mar. 31)	0.063	(0.011)	0.052
24	Ojibway & Dawn - Union supplied fuel (Apr. 1 - Oct. 31)	0.059	0.001	0.060
25	Parkway to Kirkwall / Dawn - Union supplied fuel (Nov. 1 - Mar. 31)	0.012	0.110	0.122
26	Parkway to Kirkwall / Dawn - Union supplied fuel (Apr. 1 - Oct. 31)	0.014	0.114	0.128
27	Kirkwall to Dawn - Union supplied fuel (Nov. 1 - Mar. 31)	0.012	0.031	0.043
28	Kirkwall to Dawn - Union supplied fuel (Apr. 1 - Oct. 31)	0.014	0.029	0.043
29	Dawn to Kirkwall - Union supplied fuel (Nov. 1 - Mar. 31)	0.103	0.037	0.140
30	Dawn to Kirkwall - Union supplied fuel (Apr. 1 - Oct. 31)	0.070	0.047	0.118
31	Dawn to Parkway - Union supplied fuel (Nov. 1 - Mar. 31)	0.113	0.053	0.166
32	Dawn to Parkway - Union supplied fuel (Apr. 1 - Oct.31)	0.081	0.061	0.142
33	Kirkwall to Parkway - Union supplied fuel (Nov. 1 - Mar. 31)	0.070	(0.004)	0.066
34	Kirkwall to Parkway - Union supplied fuel (Apr. 1 - Oct.31)	0.059	0.006	0.065
35	St. Clair / Bluewater & Dawn - Shipper supplied fuel (Nov. 1 - Mar. 31)	0.032 (1)	0.004	0.036 (1)
36	St. Clair / Bluewater & Dawn - Shipper supplied fuel (Apr. 1 - Oct. 31)	0.032 (1)	0.004	0.036 (1)
37	Ojibway & Dawn - Shipper supplied fuel (Nov. 1 - Mar. 31)	0.032 (1)	0.004	0.036 (1)
38	Ojibway & Dawn - Shipper supplied fuel (Apr. 1 - Oct. 31)	0.032 (1)	0.004	0.036 (1)
39	Parkway to Kirkwall / Dawn - Shipper supplied fuel (Nov. 1 - Mar. 31)	0.018 (1)	0.002	0.020 (1)
40	Parkway to Kirkwall / Dawn - Shipper supplied fuel (Apr. 1 - Oct. 31)	0.018 (1)	0.002	0.020 (1)
41	Kirkwall to Dawn - Shipper supplied fuel (Nov. 1 - Mar. 31)	0.039 (1)	(0.004)	0.035 (1)
42	Kirkwall to Dawn - Shipper supplied fuel (Apr. 1 - Oct. 31)	0.039 (1)	(0.004)	0.035 (1)
43	Dawn to Kirkwall - Shipper supplied fuel (Nov. 1 - Mar. 31)	0.065 (1)	0.004	0.069 (1)
44	Dawn to Kirkwall - Shipper supplied fuel (Apr. 1 - Oct. 31)	0.065 (1)	0.004	0.069 (1)
45	Dawn to Parkway - Shipper supplied fuel (Nov. 1 - Mar. 31)	0.077 (1)	0.004	0.081 (1)
46	Dawn to Parkway - Shipper supplied fuel (Apr. 1 - Oct.31)	0.077 (1)	0.004	0.081 (1)
47	Kirkwall to Parkway - Shipper supplied fuel (Nov. 1 - Mar. 31)	0.011 (1)	0.001	0.013 (1)
48	Kirkwall to Parkway - Shipper supplied fuel (Apr. 1 - Oct.31)	0.011 (1)	0.001	0.013 (1)
49	Dawn to Dawn-Vector - Shipper supplied fuel (Nov. 1 - Mar. 31)	n/a (1)		0.001 (1)
50	Dawn to Dawn-Vector - Shipper supplied fuel (Apr. 1 - Oct. 31)	0.001 (1)	(0.000)	0.001 (1)
51	Dawn to Dawn-TCPL - Shipper supplied fuel (Nov. 1 - Mar. 31)	0.007 (1)	(0.003)	0.004 (1)
52	Dawn to Dawn-TCPL - Shipper supplied fuel (Apr. 1 - Oct. 31)	0.007 (1)	(0.003)	0.004 (1)
Short Term Firm transportation commodity charges:				
53	Maximum	75.00		75.00

Notes:

(1) Plus customer supplied fuel per rate schedule.

UNION GAS LIMITED  
Infranchise Customers  
Summary of Average Interruptible Rate and Price Adjustment Changes for Rates 25, M5A, M7, T1 and T2  
Effective January 1, 2013

Line No.	Particulars (cents / m <sup>3</sup> )	Monthly Charge Increase / (Decrease) (a)	Monthly Demand Charge Increase / (Decrease) (b)	Delivery Commodity Charge Increase / (Decrease) (c)	Delivery - Price Adjustment Increase / (Decrease) (d)
1	Rate 25 All Zones	\$185.49		0.6619	
2	Rate M5A Interruptible	\$226.30		0.6624	
3	Rate M7 Interruptible			0.2975	
4	Seasonal			0.2975	
5	Rate T1 Redesign - Interruptible Transportation - Union supplies fuel	\$203.52		0.2627	
6	Transportation - Customer supplies fuel	\$203.52		0.3233	
7	Rate T2 Redesign - Interruptible Transportation - Union supplies fuel	\$4,204.69		0.2583	
8	Transportation - Customer supplies fuel	\$4,204.69		0.3233	

Updated: 2012-03-27

EB-2011-0210

Exhibit H3

Tab 2

Schedule 3

Page 1 of 2

Schedule "C"

**UNION GAS LIMITED**

**M12 Monthly Transportation Fuel Ratios and Rates**

Firm or Interruptible Transportation Commodity

Effective January 1, 2013

Month	VT1 Easterly Dawn to Parkway (TCPL) With Dawn Compression		VT1 Easterly Dawn to Kirkwall, Lisgar, Parkway (Consumers) With Dawn Compression		VT3 Westerly Parkway to Kirkwall, Dawn	
	Fuel Ratio	Fuel Rate	Fuel Ratio	Fuel Rate	Fuel Ratio	Fuel Rate
	(%)	(\$/GJ)	(%)	(\$/GJ)	(%)	(\$/GJ)
April	0.804	0.043	0.535	0.029	0.155	0.008
May	0.569	0.031	0.361	0.019	0.155	0.008
June	0.465	0.025	0.262	0.014	0.358	0.019
July	0.453	0.024	0.249	0.013	0.358	0.019
August	0.357	0.019	0.156	0.008	0.356	0.019
September	0.353	0.019	0.156	0.008	0.353	0.019
October	0.699	0.038	0.465	0.025	0.155	0.008
November	0.841	0.045	0.605	0.033	0.155	0.008
December	0.947	0.051	0.704	0.038	0.155	0.008
January	1.088	0.058	0.833	0.045	0.155	0.008
February	1.035	0.056	0.788	0.042	0.155	0.008
March	0.974	0.052	0.721	0.039	0.155	0.008

Month	M12-X Easterly Kirkwall to Parkway (TCPL)		M12-X Easterly Kirkwall to Lisgar Parkway (Consumers)		M12-X Westerly Parkway to Kirkwall, Dawn	
	Fuel Ratio	Fuel Rate	Fuel Ratio	Fuel Rate	Fuel Ratio	Fuel Rate
	(%)	(\$/GJ)	(%)	(\$/GJ)	(%)	(\$/GJ)
April	0.424	0.023	0.155	0.008	0.270	0.014
May	0.363	0.019	0.155	0.008	0.270	0.014
June	0.358	0.019	0.155	0.008	0.270	0.014
July	0.358	0.019	0.155	0.008	0.270	0.014
August	0.356	0.019	0.155	0.008	0.270	0.014
September	0.353	0.019	0.155	0.008	0.270	0.014
October	0.388	0.021	0.155	0.008	0.270	0.014
November	0.391	0.021	0.155	0.008	0.155	0.008
December	0.397	0.021	0.155	0.008	0.155	0.008
January	0.410	0.022	0.155	0.008	0.155	0.008
February	0.402	0.022	0.155	0.008	0.155	0.008
March	0.408	0.022	0.155	0.008	0.155	0.008

Updated: 2012-03-27

EB-2011-0210

Exhibit H3

Tab 2

Schedule 3

Page 2 of 2

Schedule "C"

**UNION GAS LIMITED**

**M12 Monthly Transportation Authorized Overrun Fuel Ratios and Rates**

Firm or Interruptible Transportation Commodity

Effective January 1, 2013

Month	VT1 Easterly Dawn to Parkway (TCPL) With Dawn Compression		VT1 Easterly Dawn to Kirkwall, Lisgar, Parkway (Consumers) With Dawn Compression		VT3 Westerly Parkway to Kirkwall, Dawn	
	Fuel Ratio	Fuel Rate	Fuel Ratio	Fuel Rate	Fuel Ratio	Fuel Rate
	(%)	(\$/GJ)	(%)	(\$/GJ)	(%)	(\$/GJ)
April	1.404	0.157	1.135	0.130	0.755	0.122
May	1.169	0.144	0.961	0.120	0.755	0.122
June	1.065	0.139	0.862	0.115	0.958	0.133
July	1.053	0.138	0.849	0.114	0.958	0.133
August	0.957	0.133	0.756	0.109	0.956	0.133
September	0.953	0.133	0.756	0.109	0.953	0.133
October	1.299	0.151	1.065	0.126	0.755	0.122
November	1.441	0.159	1.205	0.133	0.755	0.122
December	1.547	0.164	1.304	0.139	0.755	0.122
January	1.688	0.172	1.433	0.146	0.755	0.122
February	1.635	0.169	1.388	0.143	0.755	0.122
March	1.574	0.166	1.321	0.140	0.755	0.122

Month	M12-X Easterly Kirkwall to Parkway (TCPL)		M12-X Easterly Kirkwall to Lisgar Parkway (Consumers)		M12-X Westerly Parkway to Kirkwall, Dawn	
	Fuel Ratio	Fuel Rate	Fuel Ratio	Fuel Rate	Fuel Ratio	Fuel Rate
	(%)	(\$/GJ)	(%)	(\$/GJ)	(%)	(\$/GJ)
April	1.024	0.068	0.755	0.053	0.870	0.128
May	0.963	0.064	0.755	0.053	0.870	0.128
June	0.958	0.064	0.755	0.053	0.870	0.128
July	0.958	0.064	0.755	0.053	0.870	0.128
August	0.956	0.064	0.755	0.053	0.870	0.128
September	0.953	0.064	0.755	0.053	0.870	0.128
October	0.988	0.066	0.755	0.053	0.870	0.128
November	0.991	0.066	0.755	0.053	0.755	0.122
December	0.997	0.066	0.755	0.053	0.755	0.122
January	1.010	0.067	0.755	0.053	0.755	0.122
February	1.002	0.067	0.755	0.053	0.755	0.122
March	1.008	0.067	0.755	0.053	0.755	0.122

**uniongas**

Effective  
XXXX-XX-XX  
**Rate 01A**  
Page 1 of 2

RATE 01A - SMALL VOLUME GENERAL FIRM SERVICE

**ELIGIBILITY**

Any customer in Union's Fort Frances, Western, Northern or Eastern Zones who is an end user whose total gas requirements at that location are equal to or less than 50,000 m<sup>3</sup> per year.

**SERVICES AVAILABLE**

The following services are available under this rate schedule:

(a) **Sales Service**

For continuous supply of natural gas by Union and associated transportation and storage services necessary to ensure deliverability in accordance with the customer's needs. For this service, the Monthly, Delivery and Gas Supply Charges shall apply.

(b) **Transportation Service**

For continuous delivery on Union's distribution system from the Point of Receipt on TCPL's system to the Point of Consumption on the customer's premises of natural gas owned by the customer and transported by TCPL under a firm transportation service tariff or equivalent National Energy Board Order. For this service, the Monthly and Delivery Charges shall apply. Unless otherwise authorized by Union, customers who initiate a movement to Transportation Service from a Sales Service or Bundled Transportation Service must accept an assignment from Union of transportation capacity on upstream pipeline systems.

(c) **Bundled Transportation Service**

For continuous delivery by Union of gas owned by the customer and for the associated transportation and storage services necessary to ensure deliverability in accordance with the customer's needs. For this service the Monthly, and Delivery Charges, as well as the Storage and Transportation Charges of the Gas Supply Charge shall apply.

**MONTHLY RATES AND CHARGES**

Zone	<u>Fort Frances</u>	<u>Western</u>	<u>Northern</u>	<u>Eastern</u>
Rate Schedule No.	201	101	301	601
<u>APPLICABLE TO ALL SERVICES</u>				
<u>MONTHLY CHARGE</u>	\$20.00	\$20.00	\$20.00	\$20.00
<u>DELIVERY CHARGE</u>	<u>¢ per m<sup>3</sup></u>	<u>¢ per m<sup>3</sup></u>	<u>¢ per m<sup>3</sup></u>	<u>¢ per m<sup>3</sup></u>
First 100 m <sup>3</sup> per month @	7.7940	7.7940	7.7940	7.7940
Next 200 m <sup>3</sup> per month @	7.2695	7.2695	7.2695	7.2695
Next 200 m <sup>3</sup> per month @	6.8968	6.8968	6.8968	6.8968
Next 500 m <sup>3</sup> per month @	6.5548	6.5548	6.5548	6.5548
Over 1,000 m <sup>3</sup> per month @	6.2723	6.2723	6.2723	6.2723
Delivery-Price Adjustment (All Volumes)	-	-	-	-





**uniongas**

Effective  
XXXX-XX-XX  
**Rate 01A**  
Page 2 of 2

ADDITIONAL CHARGES FOR SALES SERVICE

**GAS SUPPLY CHARGES**

Gas Supply Charge (if applicable)

The gas supply charge is comprised of charges for transportation and for commodity and fuel.  
The applicable rates are provided in Schedule "A".

**MONTHLY BILL**

The monthly bill will equal the sum of the monthly charges plus the rates multiplied by the applicable gas quantities delivered plus all applicable taxes. If the customer transports its own gas, the Gas Supply Charge under Sales Service will not apply.

**MINIMUM MONTHLY BILL**

The Minimum Monthly Bill shall be the Monthly Charge.

**DELAYED PAYMENT**

When payment of the monthly bill has not been made in full 16 days after the bill has been issued, the unpaid balance including previous arrears shall be increased by 1.5% (annual effective rate of 19.56%).

**SERVICE AGREEMENT**

Customers providing their own gas supply in whole or in part, for transportation by Union, must enter into a Service Agreement with Union.

**TERMS AND CONDITIONS OF SERVICE**

1. If multiple end-users are receiving service from a customer under this rate, for billing purposes, the Monthly Charge, the Delivery Charge and any other charge that is specific to the location of each end-user shall be used to develop a monthly bill for each end-user at each location. Upon request, possibly for a fee, Union will combine the individual bills on a single invoice or statement for administrative convenience. However, Union will not combine the quantities or demands of several end-use locations so that eligibility to a different rate class will result. Further, Union will not combine the monthly billing data of individual end-users to generate a single bill which is less than the sum of the monthly bills of the individual end-users involved at each location.
2. Customers must enter into a Service Agreement with Union prior to the commencement of service.
3. The identified rates (excluding gas supply charges, if applicable) represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated, which may be higher than the identified rates.

Effective

XXXX-XX-XX  
O.E.B. Order # XX-XXXX-XXXX

Chatham, Ontario

Supersedes XX-XXXX-XXXX Rate Schedule effective XXXX-XX-XX.

**uniongas**

Effective  
XXXX-XX-XX  
**Rate 10**  
Page 1 of 2

RATE 10 - LARGE VOLUME GENERAL FIRM SERVICE

**ELIGIBILITY**

Any customer in Union's Fort Frances, Western, Northern or Eastern Zones who is an end-user whose total firm gas requirements at one or more Company-owned meters at one location exceed 50,000 m<sup>3</sup> per year.

**SERVICES AVAILABLE**

The following services are available under this rate schedule:

(a) **Sales Service**

For continuous supply of natural gas by Union and associated transportation and storage services necessary to ensure deliverability in accordance with the customer's needs. For this service, the Monthly, Delivery and Gas Supply Charges shall apply.

(b) **Transportation Service**

For continuous delivery on Union's distribution system from the Point of Receipt on TCPL's system to the Point of Consumption on the customer's premises of natural gas owned by the customer and transported by TCPL under a firm transportation service tariff or equivalent National Energy Board Order. For this service, the Monthly, and Delivery Charges shall apply. Unless otherwise authorized by Union, customers who initiate a movement to Transportation Service from a Sales Service or Bundled Transportation Service must accept an assignment from Union of transportation capacity on upstream pipeline systems. Customers may reduce their assignment of transportation capacity in compliance with Union's Turnback Policy.

(c) **Bundled Transportation Service**

For continuous delivery by Union of gas owned by the customer and for the associated transportation and storage services necessary to ensure deliverability in accordance with the customer's needs. For this service the Monthly, and Delivery Charges, as well as the Storage and Transportation Charges of the Gas Supply Charge shall apply.

**MONTHLY RATES AND CHARGES**

Zone	<u>Fort Frances</u>	<u>Western</u>	<u>Northern</u>	<u>Eastern</u>
Rate Schedule No.	210	110	310	610
<u>APPLICABLE TO ALL SERVICES</u>				
<u>MONTHLY CHARGE</u>	\$70.00	\$70.00	\$70.00	\$70.00
<u>DELIVERY CHARGE</u>	<u>¢ per m<sup>3</sup></u>	<u>¢ per m<sup>3</sup></u>	<u>¢ per m<sup>3</sup></u>	<u>¢ per m<sup>3</sup></u>
First 1,000 m <sup>3</sup> per month @	6.7865	6.7865	6.7865	6.7865
Next 9,000 m <sup>3</sup> per month @	5.3729	5.3729	5.3729	5.3729
Next 20,000 m <sup>3</sup> per month @	4.5667	4.5667	4.5667	4.5667
Next 70,000 m <sup>3</sup> per month @	4.0506	4.0506	4.0506	4.0506
Over 100,000 m <sup>3</sup> per month @	2.0954	2.0954	2.0954	2.0954
Delivery-Price Adjustment (All Volumes)	-	-	-	-



**uniongas**

Effective  
XXXX-XX-XX  
**Rate 10**  
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ADDITIONAL CHARGES FOR SALES SERVICE

**GAS SUPPLY CHARGES**

Gas Supply Charge (if applicable)

The gas supply charge is comprised of charges for transportation and for commodity and fuel.  
The applicable rates are provided in Schedule "A".

**MONTHLY BILL**

The monthly bill will equal the sum of the monthly charges plus the rates multiplied by the applicable gas quantities delivered plus all applicable taxes. If the customer transports its own gas, the Gas Supply Charge under Sales Service will not apply.

**MINIMUM MONTHLY BILL**

The Minimum Monthly Bill shall be the Monthly Charge.

**DELAYED PAYMENT**

When payment of the monthly bill has not been made in full 16 days after the bill has been issued, the unpaid balance including previous arrears shall be increased by 1.5% (annual effective rate of 19.56%).

**SERVICE AGREEMENT**

Customers providing their own gas supply in whole or in part, for transportation by Union and customers purchasing gas from Union with maximum daily requirements in excess of 3,000 m<sup>3</sup> per day must enter into a Service Agreement with Union.

**TERMS AND CONDITIONS OF SERVICE**

1. Service shall be for a minimum term of one year.
2. If multiple end-users are receiving service from a customer under this rate, for billing purposes, the Monthly Charge, the Delivery Charge and any other charge that is specific to the location of each end-user shall be used to develop a monthly bill for each end-user at each location. Upon request, possibly for a fee, Union will combine the individual bills on a single invoice or statement for administrative convenience. However, Union will not combine the quantities or demands of several end-use locations so that eligibility to a different rate class will result. Further, Union will not combine the monthly billing data of individual end-users to generate a single bill which is less than the sum of the monthly bills of the individual end-users involved at each location.
3. Customers must enter into a Service Agreement with Union prior to the commencement of service.
4. For the purposes of qualifying for a rate class, the total quantities of gas consumed or expected to be consumed on the customer's contiguous property will be used, irrespective of the number of meters installed.
5. The identified rates (excluding gas supply charges, if applicable) represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated, which may be higher than the identified rates.

Effective

XXXX-XX-XX  
O.E.B. Order # XX-XXXX-XXXX

Chatham, Ontario

Supersedes XX-XXXX-XXXX Rate Schedule effective XXXX-XX-XX.



**uniongas**

Effective  
XXXX-XX-XX  
**Rate 20**  
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RATE 20 - MEDIUM VOLUME FIRM SERVICE

**ELIGIBILITY**

Any customer in Union's Fort Frances, Western, Northern or Eastern Zones who is an end-user or who is authorized to serve an end-user of gas through one or more Company-owned meters at one location, and whose total maximum daily requirements for firm or combined firm and interruptible service is 14,000 m<sup>3</sup> or more.

**SERVICES AVAILABLE**

The following services are available under this rate schedule:

(a) **Sales Service**

For continuous supply of natural gas by Union and associated transportation and storage services necessary to ensure deliverability in accordance with the customer's needs. For this service, the Monthly, Delivery and Gas Supply Charges shall apply.

(b) **Transportation Service**

For continuous delivery on Union's distribution system from the Point of Receipt on TCPL's system to the Point of Consumption on the customer's premises of natural gas owned by the customer. The customer is responsible for obtaining the requisite regulatory approvals for the supply and transmission of such gas to Union's distribution system. For this service, the Monthly, Delivery, Transportation Account and Diversion Transaction Charges shall apply. Unless otherwise authorized by Union, customers who initiate a movement to Transportation Service from a Sales Service or Bundled Transportation Service must accept an assignment from Union of transportation capacity on upstream pipeline systems. Customers may reduce their assignment of transportation capacity in compliance with Union's Turnback Policy.

(c) **Bundled Transportation Service**

For continuous delivery by Union of gas owned by the customer and for the associated transportation and storage services necessary to ensure deliverability in accordance with the customer's needs. For this service the Monthly, Delivery, Gas Supply Demand and Commodity Transportation Charges shall apply.

(d) **Storage Service**

For load balancing purposes for customers using Transportation Service on this rate schedule. If at the sole discretion of Union, adequate supplies exist, bundled and unbundled storage and delivery/redelivery services will be provided.

The charge for Bundled Storage Service will consist of the charges for Transportation Service plus the charges for Bundled Storage Service.

~~The charge for Unbundled Storage Service will consist of the charges for Transportation Service plus the charges for Unbundled Storage Service which must include charges for delivery/redelivery service to/from storage.~~

NOTE: Union has a short-term intermittent gas supply service under Rate 30 of which customers may avail themselves, if they qualify for use of the service.



**uniongas**

Effective  
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**Rate 20**  
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## MONTHLY RATES AND CHARGES

### APPLICABLE TO ALL SERVICES - ALL ZONES (1)

<u>MONTHLY CHARGE</u>	\$777.97
<u>DELIVERY CHARGES</u> (cents per month per m <sup>3</sup> )	
Monthly Demand Charge for first 70,000 m <sup>3</sup> of Contracted Daily Demand	20.1961
Monthly Demand Charge for all units over 70,000 m <sup>3</sup> of Contracted Daily Demand	11.8763
Commodity Charge for first 852,000 m <sup>3</sup> of gas volumes delivered	0.3684
Commodity Charge for all units over 852,000 m <sup>3</sup> of gas volumes delivered	0.2677

### NOTE

(1) Either the utility or a customer, or potential customer, may apply to the Ontario Energy Board to fix rates, charges and terms and conditions applicable thereto, different from the rates, charges and terms and conditions specified herein if changed rates, charges and terms and conditions are considered by either party to be necessary, desirable and in the public interest.

### ADDITIONAL CHARGES FOR SALES SERVICE

#### Gas Supply Charge

The gas supply charge is comprised of charges for transportation and for commodity and fuel.  
The applicable rates are provided in Schedule "A".

#### Commodity Transportation

Charge 1 applies for all gas volumes delivered in the billing month up to the volume represented by the Contract Demand multiplied by the number of days in the billing month multiplied by 0.4.

Charge 2 applies for all additional gas volumes delivered in the billing month.

## HEAT CONTENT ADJUSTMENT

The gas supply commodity charges hereunder will be adjusted upwards or downwards as described below if the average total heating value of the gas per cubic metre (m<sup>3</sup>) determined in accordance with Union's Terms and Conditions in any month falls above or below 37.89 MJ per m<sup>3</sup>, respectively.

The adjustment shall be determined by multiplying the amount otherwise payable by a fraction, where the numerator is the monthly weighted average total heating value per cubic meter and the denominator 37.89.



uniongas

Effective  
XXXX-XX-XX  
Rate 20  
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## COMMISSIONING AND DECOMMISSIONING RATE

The contract may provide that the Monthly Demand Charges specified above shall not apply on all or part of the daily contracted demand used by the customer either during the testing, commissioning and phasing in of gas using equipment or, alternatively, in the decommissioning and phasing out of gas using equipment being displaced by other gas using equipment, for a period not to exceed one year ("the transition period"). To be eligible the new or displaced gas using equipment must be separately meterable. In such event, the contract will provide the following rates that such volume during the transitional period will be charged.

Zone	<u>Fort Frances</u>	<u>Western</u>	<u>Northern</u>	<u>Eastern</u>
Rate Schedule No.	220	120	320	620
<u>MONTHLY CHARGE</u>	\$777.97	\$777.97	\$777.97	\$777.97
<u>DELIVERY CHARGES</u>	<u>cents per m<sup>3</sup></u>	<u>cents per m<sup>3</sup></u>	<u>cents per m<sup>3</sup></u>	<u>cents per m<sup>3</sup></u>
Commodity Charge for each unit of gas volumes delivered	1.6963	1.6963	1.6963	1.6963

### GAS SUPPLY CHARGES

The gas supply charge is comprised of charges for transportation and for commodity and fuel.

The applicable rates are provided in Schedule "A".

### ADDITIONAL CHARGES FOR TRANSPORTATION AND STORAGE SERVICES – ALL ZONES

#### MONTHLY TRANSPORTATION ACCOUNT CHARGE

For customers that currently have installed or will require installing telemetering equipment \$219.43

#### BUNDLED (T-SERVICE) STORAGE SERVICE CHARGES

Monthly Demand Charge for each unit of Contracted Daily Storage Withdrawal Entitlement (\$/GJ/Month) \$11.125

Monthly Storage Demand- Price Adjustment for each unit of Contracted Daily Storage Withdrawal Entitlement: (\$/GJ/Month) -

Commodity Charge for each unit of gas withdrawn from storage (\$/GJ) \$0.239

Authorized Overrun Commodity Charge on each additional unit of gas Union authorizes for withdrawal from storage (\$/GJ) \$0.605

The Authorized Overrun Commodity Charge is payable on all quantities on any Day in excess of the customer's contractual rights, for which authorization has been received. Overrun will be authorized by Union at its sole discretion.

#### UNBUNDLED STORAGE SERVICE CHARGES

Storage Space Charge:

— Applied to Contracted Maximum Storage Balance (\$/GJ/Month) \$0.034

Fuel Ratio:

— Applied to all gas injected and withdrawn from storage (%) 0.598%

Commodity Charge:

— Applied to all gas injected and withdrawn from storage (\$/GJ) \$0.015

#### UNBUNDLED STORAGE SERVICE AUTHORIZED OVERRUN CHARGES

Fuel Ratio:

— Applied to all gas injected and withdrawn from storage (%) 1.03%

Commodity Charge:

— Applied to all gas injected and withdrawn from storage (\$/GJ) \$0.072

The Authorized Overrun Commodity Charge is payable on all quantities on any Day in excess of the customer's contractual rights, for which authorization has been received. Overrun will be authorized by Union at its sole discretion.

**UNBUNDLED STORAGE SERVICE UNAUTHORIZED OVERRUN CHARGES**

If in any month, the customer has gas in storage in excess of the contracted Maximum Storage Space or the gas storage balance for the account of the customer is less than zero or the customer has injected or withdrawn volumes from storage which exceeds their contractual rights, and which has not been authorized by Union or provided for under a short term storage/balancing service, such an event will constitute an occurrence of Unauthorized Overrun. The Unauthorized Overrun rate during the November 1 to April 15 period will be \$60.00 per GJ. The Unauthorized Overrun rate during the April 16 to October 31 period will be \$6.000 per GJ.

**UNBUNDLED SERVICE NOMINATION VARIANCES**

The rate for unauthorized parking or drafting which results from nomination variances shall be equal to 50% of the "Daily Balancing Fee" rate as described under Article XXII of TransCanada PipeLines Transportation Tariff. No Daily Balancing Fee is payable on the portion of the nomination variance which is less than the greater of 4% of the nominated amount and 150 GJ.

Zone Rate Schedule No.	<u>Fort Frances</u> 220	<u>Western</u> 120	<u>Northern</u> 320	<u>Eastern</u> 620
<u>Delivery Service to Storage Facilities (1)</u>				
Demand Charge (\$/GJ/month)	N/A	\$29.227	\$12.025	\$1.202
Commodity (\$/GJ)	N/A	\$0.032	\$0.024	\$0.019
<u>Redelivery Service from Storage Facilities</u>				
Demand Charge (\$/GJ/month)	\$2.231	\$2.231	\$2.231	\$5.847
Commodity (\$/GJ)	N/A	\$0.095	\$0.095	\$0.099

**Notes:**

1. Delivery Service to Storage Facilities is not available to Northern Zone Customers in the Sault Ste. Marie Delivery Area (SSMDA).
2. Daily Firm injection and Withdrawal Rights shall be pursuant to the storage contract.
3. Storage Space, Withdrawal Rights and Injection Rights are not assignable to any other party without the prior written consent of Union and where necessary, approval from the Ontario Energy Board.

**DIVERSION TRANSACTION CHARGE**

Charge to a customer Receiving Delivery of diverted gas each time such customer requests a diversion and Union provides the service: \$10.00

**THE BILL**

The bill will equal the sum of the charges for all services selected plus the rates multiplied by the applicable gas quantities delivered or withdrawn for each service chosen plus all applicable taxes. If the customer transports its own gas, the Gas Supply Charge under Sales Service will not apply. If the customer selects Union's Sales Service which includes the Gas Supply Charge, no additional charges for Transportation and Storage Services will apply.

**MINIMUM BILL**

The minimum bill shall be the Monthly Charge, the Transportation Account Charge and the Demand Charges, as applicable.



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#### **DELAYED PAYMENT**

When payment of the monthly bill has not been made in full 16 days after the bill has been issued, the unpaid balance including previous arrears shall be increased by 1.5% (annual effective rate of 19.56%).

#### **SERVICE AGREEMENT**

All customers must enter into a Service Agreement with Union before receiving service under this rate schedule.

#### **TERMS AND CONDITIONS OF SERVICE**

1. Service shall be for a minimum term of one year.
2. If multiple end-users are receiving service from a customer under this rate, for billing purposes, the Monthly Charge, the Delivery Charge, the Transportation Account Charge and any other charge that is specific to the location of each end-user shall be used to develop a monthly bill for each end-user at each location. Upon request, possibly for a fee, Union will combine the individual bills on a single invoice or statement for administrative convenience. However, Union will not combine the quantities or demands of several end-use locations so that eligibility to a different rate class will result. Further, Union will not combine the billing data of individual end-users to generate a single bill which is less than the sum of the bills of the individual end-users involved at each location.
3. Customers must enter into a Service Agreement with Union prior to the commencement of service.
4. For the purposes of qualifying for a rate class, the total quantities of gas consumed or expected to be consumed on the customer's contiguous property will be used, irrespective of the number of meters installed.
5. The identified rates (excluding gas supply charges, if applicable) represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated, which may be higher than the identified rates.

Effective

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RATE 25 - LARGE VOLUME INTERRUPTIBLE SERVICE

**ELIGIBILITY**

Any customer in Union's Fort Frances, Western, Northern or Eastern Zones who is an end-user or who is authorized to serve an end-user of gas through one or more Company-owned meters at one location, and whose total maximum daily interruptible requirement is 3,000 m<sup>3</sup> or more or the interruptible portion of a maximum daily requirement for combined firm and interruptible service is 14,000 m<sup>3</sup> or more and whose operations, in the judgement of Union, can readily accept interruption and restoration of gas service.

**SERVICES AVAILABLE**

The following services are available under this rate schedule:

(a) **Sales Service**

For interruptible supply of natural gas by Union and associated transportation services necessary to ensure its delivery in accordance with customer's needs. For this service, the Monthly, Delivery and Gas Supply Charges shall apply.

(b) **Transportation Service**

For delivery of natural gas owned by the customer on Union's distribution system from the Point of Receipt from TCPL's system to the Point of Consumption on the customer's or end-user's premises, providing that, in the judgement of Union, acting reasonably, the customer-owned gas does not displace service from Union under a Rate 20 or Rate 100 contract specific to that location. The customer is responsible for obtaining the requisite regulatory approvals for the supply and transmission of such gas to Union's distribution system. For this service, the Monthly, Delivery, Transportation Account and Diversion Transaction Charges shall apply.

NOTE: Union has a short-term intermittent gas supply service under Rate 30 which customers may avail themselves of, if they qualify for use of the service.

**MONTHLY RATES AND CHARGES**

APPLICABLE TO ALL SERVICES – ALL ZONES (1)

MONTHLY CHARGE

\$189.51

DELIVERY CHARGES

cents per m<sup>3</sup>

A Delivery Price for all volumes delivered to the customer to be negotiated between Union and the customer and the average price during the period in which these rates remain in effect shall not exceed:

4.1841

Notes:

(1) Either the utility or a customer, or potential customer, may apply to the Ontario Energy Board to fix rates, charges and terms and conditions applicable thereto, different from the rates, charges and terms and conditions specified herein if changed rates, charges and terms and conditions are considered by either party to be necessary, desirable and in the public interest.



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#### ADDITIONAL CHARGES FOR SALES SERVICE

##### Gas Supply Charge

As per applicable rate provided in Schedule "A".

##### Interruptible Service

Applicable all year at a price agreed upon between Union and the customer and the average price during the period in which these rates remain in effect.

#### **HEAT CONTENT ADJUSTMENT**

The gas supply commodity charges hereunder will be adjusted upwards or downwards as described below if the average total heating value of the gas per cubic metre ( $\text{m}^3$ ) determined in accordance with Union's Terms and Conditions in any month falls above or below 37.89 MJ per  $\text{m}^3$ , respectively.

The adjustment shall be determined by multiplying the amount otherwise payable by a fraction, where the numerator is the monthly weighted average total heating value per cubic meter and the denominator 37.89.

#### ADDITIONAL CHARGES FOR TRANSPORTATION – ALL ZONES

##### MONTHLY TRANSPORTATION ACCOUNT CHARGE:

For customers that currently have installed or will require installing telemetering equipment.

\$219.43

#### **THE BILL**

The bill will equal the sum of the monthly charges for all services selected plus the rates multiplied by the applicable gas volumes delivered or withdrawn for each service chosen plus all applicable taxes. If the customer transports its own gas, the Gas Supply Charge under Sales Service will not apply. If the customer selects Union's Sales Service which includes the Gas Supply Charge, no additional charges for Transportation will apply.

#### **MINIMUM BILL**

The minimum bill shall be the Monthly Charge and the Transportation Account Charge, if applicable.

#### **DELAYED PAYMENT**

When payment of the monthly bill has not been made in full, 16 days after the bill has been issued, the unpaid balance including previous arrears shall be increased by 1.5% (annual effective rate of 19.56%).

#### **SERVICE AGREEMENT**

All customers must enter into a Service Agreement with Union before receiving service under this rate schedule.



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**TERMS AND CONDITIONS OF SERVICE**

1. Service shall be for a minimum term of one year.
2. If multiple end-users are receiving service from a customer under this rate, for billing purposes, the Monthly Charge, the Delivery Charge, the Transportation Account Charge and any other charge that is specific to the location of each end-user shall be used to develop a monthly bill for each end-user at each location. Upon request, Union will combine the individual bills on a single invoice or statement for administrative convenience. However, Union will not combine the volumes or demands of several end-use locations so that eligibility to a different rate class will result. Further, Union will not combine the monthly billing data of individual end-users to generate a single bill which is less than the sum of the monthly bills of the individual end-users involved at each location.
3. Customers must enter into a Service Agreement with Union prior to the commencement of service.
4. For the purposes of qualifying for a rate class, the total volumes of gas consumed or expected to be consumed on the customer's contiguous property will be used, irrespective of the number of meters installed.
5. The identified rates (excluding gas supply charges, if applicable) represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated, which may be higher than the identified rates.

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**RATE 30 - INTERMITTENT GAS SUPPLY SERVICE  
AND SHORT TERM STORAGE / BALANCING SERVICE**

**ELIGIBILITY**

Any customer in Union's Fort Frances, Western, Northern or Eastern Zones already connected to Union's gas distribution system who is an end-user or is authorized to serve an end-user.

**SERVICE AVAILABLE**

For intermittent, short-term gas supply which will be a substitute for energy forms other than Company owned gas sold under other rate schedules. This may include situations where customer-owned gas supplies are inadequate and short-term backstopping service is requested or during a situation of curtailment on the basis of price when the purchase price of Spot gas is outside the interruptible service price range. The gas supply service available hereunder is offered only in conjunction with service to the customer under an applicable firm or interruptible service rate schedule of Union. The service is for intermittent gas supply and short term storage / balancing service and will be billed in combination with Monthly, Delivery, and other applicable charges for such services under the applicable rate schedule. Gas supply under this rate will be provided when, at the sole discretion of Union, adequate supplies are available.

**GAS SUPPLY CHARGE**

The gas supply charge shall be \$5.00 per  $10^3\text{m}^3$  plus the greater of the incremental cost of gas for Union and the customer's gas supply charge.

**SHORT TERM STORAGE / BALANCING SERVICE**

Short Term Storage / Balancing Service is:

- i) a combined space and interruptible deliverability service for short-term or off-peak storage in Union's storage facilities, OR
- ii) short-term firm deliverability, OR
- iii) a component of an operational balancing service offered.

In negotiating the rate to be charged for service, the matters that are to be considered include:

- i) the minimum amount of storage service to which a customer is willing to commit,
- ii) whether the customer is contracting for firm or interruptible service during Union's peak or non-peak periods,
- iii) utilization of facilities, and
- iv) competition.

A commodity charge to be negotiated between Union and the customer not to exceed \$6.000/GJ.

**THE BILL**

The bill for gas supply and/or short term supplemental services under this rate shall be rendered in conjunction with the billing for delivery and other services under the customer's applicable rate for such services.

**SERVICE AGREEMENT**

All customers must enter into a Service Agreement with Union for this service and must agree therein to curtail or interrupt use of gas under this rate schedule whenever requested to do so by Union.



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**TERMS AND CONDITIONS OF SERVICE**

1. Failure of the customer to interrupt or curtail use of gas on this rate as requested by Union shall be subject to the Unauthorized Overrun Gas Penalty as provided in Union's Terms and Conditions. Anytime the customer has such failure, Union reserves the right to cancel service under this rate.
2. The Terms and Conditions of the applicable rate schedule for delivery of the gas sold hereunder shall also apply.
3. The identified rates (excluding gas supply charges, if applicable) represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated, which may be higher than the identified rates.

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RATE 100 – LARGE VOLUME HIGH LOAD FACTOR FIRM SERVICE

**ELIGIBILITY**

Any customer in Union's Fort Frances, Western, Northern or Eastern Zones who is an end-user or who is authorized to serve an end-user of gas through one or more Company-owned meters at one location, and whose maximum daily requirement for firm service is 100,000 m<sup>3</sup> or more, and whose annual requirement for firm service is equal to or greater than its maximum daily requirement multiplied by 256.

**SERVICES AVAILABLE**

The following services are available under this rate schedule:

(a) **Sales Service**

For continuous supply of natural gas by Union and associated transportation and storage services necessary to ensure deliverability in accordance with the customer's needs. For this service, the Monthly, Delivery and Gas Supply Charges shall apply.

(b) **Transportation Service**

For continuous delivery on Union's distribution system from the Point of Receipt on TCPL's system to the Point of Consumption on the customer's premises of natural gas owned by the customer. The customer is responsible for obtaining the requisite regulatory approvals for the supply and transmission of such gas to Union's distribution system. For this service, the Monthly, Delivery, Transportation Account and Diversion Transaction Charges shall apply. Unless otherwise authorized by Union, customers who initiate a movement to Transportation Service from a Sales Service or Bundled Transportation Service must accept an assignment from Union of transportation capacity on upstream pipeline systems. Customers may reduce their assignment of transportation capacity in compliance with Union's Turnback Policy.

(c) **Bundled Transportation Service**

For continuous delivery by Union of gas owned by the customer and for the associated transportation and storage services necessary to ensure deliverability in accordance with the customer's needs. For this service the Monthly, Delivery, Gas Supply Demand and Commodity Transportation Charges shall apply.

(d) **Storage Service**

For load balancing purposes for customers using Transportation Service on this rate schedule. If at the sole discretion of Union, adequate supplies exist, bundled and unbundled storage and delivery/redelivery services will be provided.

The charge for Bundled Storage Service will consist of the charges for Transportation Service plus the charges for Bundled Storage Service.

~~The charge for Unbundled Storage Service will consist of the charges for Transportation Service plus the charges for Unbundled Storage Service which must include charges for delivery/redelivery service to/from storage.~~

NOTE: Union has a short-term intermittent gas supply service under Rate 30 which customers may avail themselves of, if they qualify for use of the service.



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## MONTHLY RATES AND CHARGES

### APPLICABLE TO ALL SERVICES - ALL ZONES (1)

<u>MONTHLY CHARGE</u>	\$777.97
<u>DELIVERY CHARGES</u> (cents per Month per m <sup>3</sup> of Daily Contract Demand)	
Monthly Demand Charge for each unit of Contracted Daily Demand	11.9642
Commodity Charge for each unit of gas volumes delivered (cents/m <sup>3</sup> )	0.2066

#### NOTE:

(1) Either the utility or a customer, or potential customer, may apply to the Ontario Energy Board to fix rates, charges and terms and conditions applicable thereto, different from the rates, charges and terms and conditions specified herein if changed rates, charges and terms and conditions are considered by either party to be necessary, desirable and in the public interest.

### ADDITIONAL CHARGES FOR SALES SERVICE

#### Gas Supply Charges

The gas supply charge is comprised of charges for transportation and for commodity and fuel. The applicable rates are provided in Schedule "A".

#### Commodity Transportation

Charge 1 applies for all gas volumes delivered in the billing month up to the volume represented by the Contract Demand multiplied by the number of days in the billing month multiplied by 0.3.

Charge 2 applies for all additional gas volumes delivered in the billing month.

## HEAT CONTENT ADJUSTMENT

The gas supply commodity charges hereunder will be adjusted upwards or downwards as described below if the average total heating value of the gas per cubic metre (m<sup>3</sup>) determined in accordance with Union's Terms and Conditions in any month falls above or below 37.89 MJ per m<sup>3</sup>, respectively.

The adjustment shall be determined by multiplying the amount otherwise payable by a fraction, where the numerator is the monthly weighted average total heating value per cubic meter and the denominator 37.89.



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## COMMISSIONING AND DECOMMISSIONING RATE

The contract may provide that the Monthly Demand Charges specified above shall not apply on all or part of the daily contracted demand used by the customer either during the testing, commissioning and phasing in of gas using equipment or, alternatively, in the decommissioning and phasing out of gas using equipment being displaced by other gas using equipment, for a period not to exceed one year ("the transitional period"). To be eligible the new or displaced gas using equipment must be separately meterable. In such event, the contract will provide the following rates that such volume during the transitional period will be charged.

Zone	<u>Fort Frances</u>	<u>Western</u>	<u>Northern</u>	<u>Eastern</u>
Rate Schedule No.	2100	1100	3100	6100
<u>MONTHLY CHARGE</u>	\$777.97	\$777.97	\$777.97	\$777.97
<u>DELIVERY CHARGES</u>	<u>cents per m<sup>3</sup></u>	<u>cents per m<sup>3</sup></u>	<u>cents per m<sup>3</sup></u>	<u>cents per m<sup>3</sup></u>
Commodity Charge for each unit of gas volumes delivered	0.7685	0.7685	0.7685	0.7685

### GAS SUPPLY CHARGES

The gas supply charge is comprised of charges for transportation and for commodity and fuel. The applicable rates are provided in Schedule "A".

### ADDITIONAL CHARGES FOR TRANSPORTATION AND STORAGE SERVICES – ALL ZONES

#### MONTHLY TRANSPORTATION ACCOUNT CHARGE

For customers that currently have installed or will require installing telemetering equipment \$219.43

#### BUNDLED (T-SERVICE) STORAGE SERVICE CHARGES

Monthly Demand Charge for each unit of Contracted Daily Storage Withdrawal Entitlement (\$/GJ/Month) \$11.125

Monthly Storage Demand- Price Adjustment for each unit of Contracted Daily Storage Withdrawal Entitlement: (\$/GJ/Month) -

Commodity Charge for each unit of gas withdrawn from storage (\$/GJ) \$0.239

Authorized Overrun Commodity Charge on each additional unit of gas Union authorizes for withdrawal from storage (\$/GJ) \$0.605

The Authorized Overrun Commodity Charge is payable on all quantities on any Day in excess of the customer's contractual rights, for which authorization has been received. Overrun will be authorized by Union at its sole discretion.

#### UNBUNDLED STORAGE SERVICE CHARGES

Storage Space Charge:

— Applied to Contracted Maximum Storage Balance (\$/GJ/Month) \$0.034

Fuel Ratio:

— Applied to all gas injected and withdrawn from storage (%) 0.598%

Commodity Charge:

— Applied to all gas injected and withdrawn from storage (\$/GJ) \$0.015

#### UNBUNDLED STORAGE SERVICE AUTHORIZED OVERRUN CHARGES

Fuel Ratio:

— Applied to all gas injected and withdrawn from storage (%) 1.03%

Commodity Charge:

— Applied to all gas injected and withdrawn from storage (\$/GJ) \$0.072

The Authorized Overrun Commodity Charge is payable on all quantities on any Day in excess of the customer's contractual rights, for which authorization has been received. Overrun will be authorized by Union at its sole discretion.





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#### UNBUNDLED STORAGE SERVICE UNAUTHORIZED OVERRUN CHARGES

If in any month, the customer has gas in storage in excess of the contracted Maximum Storage Space or the gas storage balance for the account of the customer is less than zero or the customer has injected or withdrawn volumes from storage which exceeds their contractual rights, and which has not been authorized by Union or provided for under a short term storage/balancing service, such an event will constitute an occurrence of Unauthorized Overrun. The Unauthorized Overrun rate during the November 1 to April 15 period will be \$60.00 per GJ. The Unauthorized Overrun rate during the April 16 to October 31 period will be \$6.000 per GJ.

#### UNBUNDLED SERVICE NOMINATION VARIANCES

The rate for unauthorized parking or drafting which results from nomination variances shall be equal to 50% of the "Daily Balancing Fee" rate as described under Article XXII of TransCanada PipeLines Transportation Tariff. No Daily Balancing Fee is payable on the portion of the nomination variance which is less than the greater of 4% of the nominated amount and 150 GJ.

Zone Rate Schedule No.	<u>Fort Frances</u> 2100	<u>Western</u> 1100	<u>Northern</u> 3100	<u>Eastern</u> 6100
<u>Delivery Service to Storage Facilities (1)</u>				
Demand Charge (\$/GJ/month)	N/A	\$29.227	\$12.025	\$1.202
Commodity (\$/GJ)	N/A	\$0.032	\$0.024	\$0.019
<u>Redelivery Service from Storage Facilities</u>				
Demand Charge (\$/GJ/month)	\$2.231	\$2.231	\$2.231	\$5.847
Commodity (\$/GJ)	N/A	\$0.095	\$0.095	\$0.099

#### Notes:

1. Delivery Service to Storage Facilities is not available to Northern Zone Customers in the Sault Ste. Marie Delivery Area (SSMDA).
2. Daily Firm injection and Withdrawal Rights shall be pursuant to the storage contract.
3. Storage Space, Withdrawal Rights and Injection Rights are not assignable to any other party without the prior written consent of Union and where necessary, approval from the Ontario Energy Board.

#### DIVERSION TRANSACTION CHARGE

Charge to a customer Receiving Delivery of diverted gas each time such customer requests a diversion and Union provides the service: \$10.00

#### **THE BILL**

The bill will equal the sum of the charges for all services selected plus the rates multiplied by the applicable gas quantities delivered or withdrawn for each service chosen plus all applicable taxes. If the customer transports its own gas, the Gas Supply Charge under Sales Service will not apply. If the customer selects Union's Sales Service which includes the Gas Supply Charge, no additional charges for Transportation and Storage Services will apply.

#### **MINIMUM BILL**

The minimum bill shall be the Monthly Charge, the Transportation Account Charge and the Demand Charges, as applicable.



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#### **DELAYED PAYMENT**

When payment of the monthly bill has not been made in full 16 days after the bill has been issued, the unpaid balance including previous arrears shall be increased by 1.5% (annual effective rate of 19.56%).

#### **SERVICE AGREEMENT**

All customers must enter into a Service Agreement with Union before receiving service under this rate schedule.

#### **TERMS AND CONDITIONS OF SERVICE**

1. Service shall be for a minimum term of one year.
2. If multiple end-users are receiving service from a customer under this rate, for billing purposes, the Monthly Charge, the Delivery Charge, the Transportation Account Charge and any other charge that is specific to the location of each end-user shall be used to develop a monthly bill for each end-user at each location. Upon request, possibly for a fee, Union will combine the individual bills on a single invoice or statement for administrative convenience. However, Union will not combine the quantities or demands of several end-use locations so that eligibility to a different rate class will result. Further, Union will not combine the billing data of individual end-users to generate a single bill which is less than the sum of the bills of the individual end-users involved at each location.
3. Customers must enter into a Service Agreement with Union prior to the commencement of service.
4. For the purposes of qualifying for a rate class, the total quantities of gas consumed or expected to be consumed on the customer's contiguous property will be used, irrespective of the number of meters installed.
5. The identified rates (excluding gas supply charges, if applicable) represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated, which may be higher than the identified rates.

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RATE S1 - GENERAL FIRM SERVICE STORAGE RATES

**ELIGIBILITY**

Any customer or agent in Union's Fort Frances, Western, Northern or Eastern Zones who is authorized to serve an end-user of gas, paying for delivery services under Rate 01A or Rate 10.

**SERVICES AVAILABLE**

The following services are available under this rate schedule:

(a) **Transportation Service**

The customer is responsible for obtaining all Gas Supply services to the end-user including the requisite regulatory approvals for the supply and transmission of such gas to Union's distribution system. For this service, the Diversion Transaction Charge shall apply. Unless otherwise authorized by Union, customers who initiate a movement to Transportation Service from a Sales Service or Bundled Transportation Service must accept an assignment from Union of transportation capacity on upstream pipeline systems.

(b) **Storage Service**

For load balancing purposes for customers using Transportation Service on this rate schedule. If at the sole discretion of Union, adequate supplies exist, unbundled storage and delivery/redelivery services will be provided.

The charge for Unbundled Storage Service will consist of the charges for Transportation Service plus the charges for Unbundled Storage Service which must include charges for delivery/redelivery service to/from storage.

**MONTHLY RATES AND CHARGES**

UNBUNDLED STORAGE SERVICE CHARGES

Storage Space Charge	
Applied to Contracted Maximum Storage Space (\$ per GJ per Month)	\$0.031
Fuel Ratio	
Applied to all gas injected and withdrawn from storage (%)	0.598%
Commodity Charge	
Applied to all gas injected and withdrawn from storage (\$ per GJ)	\$0.015

UNBUNDLED STORAGE SERVICE AUTHORIZED OVERRUN CHARGES

Fuel Ratio	
Applied to all gas injected and withdrawn from storage (%)	1.03%
Commodity Charge	
Applied to all gas injected and withdrawn from storage (\$ per GJ)	\$0.072

The Authorized Overrun Commodity Charge is payable on all quantities on any Day in excess of the customer's contractual rights, for which authorization has been received. Overrun will be authorized by Union at its sole discretion.



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**Rate S1**  
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#### UNBUNDLED STORAGE SERVICE UNAUTHORIZED OVERRUN CHARGES

If in any month, the customer has gas in storage in excess of the contracted Maximum Storage Space or the gas storage balance for the account of the customer is less than zero or the customer has injected or withdrawn volumes from storage which exceeds their contractual rights, and which has not been authorized by Union or provided for under a short term storage/balancing service, such an event will constitute an occurrence of Unauthorized Overrun. The Unauthorized Overrun rate during the November 1 to April 15 period will be \$60.00 per GJ. The Unauthorized Overrun rate during the April 16 to October 31 period will be \$6.000 per GJ.

Zone	<u>Fort Frances</u>	<u>Western</u>	<u>Northern</u>	<u>Eastern</u>
<u>Delivery Service to Storage Facilities (1)</u>				
Demand Charge (\$/GJ/month)	N/A	\$29.227	\$12.025	\$1.202
Commodity (\$/GJ)	N/A	\$0.032	\$0.024	\$0.019
<u>Redelivery Service from Storage Facilities</u>				
Demand Charge (\$/GJ/month)	\$2.231	\$2.231	\$2.231	\$5.847
Commodity (\$/GJ)	N/A	\$0.095	\$0.095	\$0.099

#### Notes:

1. Delivery Service to Storage Facilities is not available to Northern Zone customers in the Sault Ste. Marie Delivery Area (SSMDA).
2. Daily Firm Injection and Withdrawal Rights shall be pursuant to the storage contract.
3. Storage Space, Withdrawal Rights, and Injection Rights are not assignable to any other party without the prior written consent of Union and where necessary, approval from the Ontario Energy Board.

#### Diversion Transaction Charge

Charge to a customer receiving delivery of diverted gas each time such customer requests a diversion and Union provides the service:

\$10.00

#### **MONTHLY BILL**

The monthly bill will equal the sum of the monthly charges for all services selected plus the rates multiplied by the applicable gas quantities delivered or withdrawn for each service chosen plus all applicable taxes.

#### **DELAYED PAYMENT**

When payment of the monthly bill has not been made in full 16 days after the bill has been issued, the unpaid balance including previous arrears shall be increased by 1.5% (annual effective rate of 19.56%).

#### **TERMS AND CONDITIONS OF SERVICE**

1. Customers must enter into a Service Agreement with Union prior to the commencement of service.
2. The identified rates represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated, which may be higher than the identified rates.

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Schedule "A"  
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Union Gas Limited  
Northern and Eastern Operations Area  
Gas Supply Charges

(A) Availability

Available to customers in Union's Fort Frances, Western, Northern and Eastern Delivery Zones.

(B) Applicability:

To all sales customers served under Rate 01A, Rate 10, Rate 20, Rate 100 and Rate 25.

(C) Rates

Utility Sales

	<u>Fort Frances</u>	<u>Western</u>	<u>Northern</u>	<u>Eastern</u>
<u>Rate 01A (cents / m<sup>3</sup>)</u>				
Storage	1.8667	2.0319	2.5470	2.9871
Commodity and Fuel (1)	14.0154	14.0943	14.1983	14.2878
Transportation	4.1651	4.5336	5.6831	6.6650
Total Gas Supply Charge	<u>20.0472</u>	<u>20.6598</u>	<u>22.4284</u>	<u>23.9399</u>

Rate 10 (cents / m<sup>3</sup>)

Storage	1.0933	1.2585	1.7736	2.2137
Commodity and Fuel (1)	14.0154	14.0943	14.1983	14.2878
Transportation	3.6881	4.0566	5.2061	6.1880
Total Gas Supply Charge	<u>18.7967</u>	<u>19.4094</u>	<u>21.1780</u>	<u>22.6895</u>

Notes:

(1) The Commodity and Fuel line includes gas supply administration charge of 0.2085 cents/m<sup>3</sup>.



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Union Gas Limited  
Northern and Eastern Operations Area  
Gas Supply Charges

Utility Sales

	<u>Fort Frances</u>	<u>Western</u>	<u>Northern</u>	<u>Eastern</u>
<u>Rate 20 (cents / m<sup>3</sup>)</u>				
Commodity and Fuel (1)	14.0740	14.1531	14.2575	14.3474
Commodity Transportation - Charge 1	2.8562	3.0697	3.7355	4.3043
Commodity Transportation - Charge 2	0.1260	0.1236	0.1933	0.2533
Monthly Gas Supply Demand	18.0347	27.8129	56.9225	81.7820
Gas Supply Demand - Price Adjustment	-	-	-	-
Commissioning and Decommissioning Rate	3.4960	4.3093	6.7699	8.8715

<u>Rate 100 (cents / m<sup>3</sup>)</u>				
Commodity and Fuel (1)	14.0740	14.1531	14.2575	14.3474
Commodity Transportation - Charge 1	5.2821	5.4422	5.9416	6.3682
Commodity Transportation - Charge 2	0.1260	0.1236	0.1933	0.2533
Monthly Gas Supply Demand	50.7536	62.1615	96.1227	125.1255
Commissioning and Decommissioning Rate	4.7195	5.3225	7.1714	8.7507

<u>Rate 25 (cents / m<sup>3</sup>)</u>				
Gas Supply Charge:	Interruptible Service			
	Minimum	14.3135	14.3135	14.3135
	Maximum	140.5622	140.5622	140.5622

Notes:

(1) The Commodity and Fuel line includes gas supply administration charge of 0.2085 cents/m<sup>3</sup>.

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SMALL VOLUME GENERAL SERVICE RATE

**(A) Availability**

Available to customers in Union's Southern Delivery Zone.

**(B) Applicability**

To general service customers whose total consumption is equal to or less than 50,000 m<sup>3</sup> per year.

**(C) Rates**

The identified rates (excluding gas supply charges, if applicable) represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated which may be higher than the identified rates.

a)	Monthly Charge		\$20.00
b)	Delivery Charge		
	First	100 m <sup>3</sup>	3.7940 ¢ per m <sup>3</sup>
	Next	150 m <sup>3</sup>	3.5875 ¢ per m <sup>3</sup>
	All Over	250 m <sup>3</sup>	3.0990 ¢ per m <sup>3</sup>
	Delivery – Price Adjustment (All Volumes)		0.0002 ¢ per m <sup>3</sup>
c)	Storage Charge (if applicable)		0.9775 ¢ per m <sup>3</sup>
d)	Gas Supply Charge (if applicable)		

Applicable to all bundled customers (sales and bundled transportation service).

The gas supply charge is comprised of charges for transportation and for commodity and fuel.  
The applicable rates are provided in Schedule "A".

During any month in which a customer terminates service or begins service, the fixed charge for the month will be prorated to such customer.

**(D) Supplemental Service to Commercial and Industrial Customers Under Group Meters**

Combination of readings from several meters may be authorized by the Company and the Company will not reasonably withhold authorization in cases where meters are located on contiguous pieces of property of the same owner not divided by a public right-of-way. In such cases, an additional service charge shall be rendered each month in the amount of \$15.00 per month for each additional meter so combined.

**(E) Delayed Payment**

When payment of the monthly bill has not been made in full 16 days after the bill has been issued, the unpaid balance including previous arrears shall be increased by 1.5% (annual effective rate of 19.56%).



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**(F) Direct Purchase**

Unless otherwise authorized by Union, customers who are delivering gas to Union under direct purchase arrangements must obligate to deliver at a point(s) specified by Union, and must acquire and maintain firm transportation on all upstream pipeline systems. Customers initiating direct purchase arrangements, who previously received Gas Supply service, must also accept, unless otherwise authorized by Union, an assignment from Union of transportation capacity on upstream pipeline systems.

**(G) Overrun Charge**

In the event that a direct purchase customer fails to deliver its contracted volumes to Union, and Union has the capability to continue to supply the customer, Union will do so. The customer may pay 4.7715 ¢ per m<sup>3</sup> for the delivery and the total gas supply charge for utility sales provided in Schedule "A" per m<sup>3</sup>, plus 7¢ per m<sup>3</sup>.

**(H) Bundled Direct Purchase Delivery**

Where a customer elects transportation service under this rate schedule, the customer must enter into a Bundled T Gas Contract with Union for delivery of gas to Union. Bundled T Gas Contract Rates and Gas Purchase Contract Rates are described in rate schedule R1.

**(I) Company Policy Relating to Terms of Service**

- a. Customers who temporarily discontinue service during any twelve consecutive months without payment of the monthly fixed charge for the months in which the gas is temporarily disconnected shall pay for disconnection and reconnection.
- b. When gas is delivered at an absolute pressure in excess of 101.325 kilopascals, then for purposes of measurement, hereunder, such volume of gas shall be corrected to an absolute pressure of 101.325 kilopascals. Atmospheric pressure is assumed to be the levels shown below in kilopascals (absolute) regardless of the actual atmospheric pressure at which the gas is measured and delivered.

<u>Zone</u>	<u>Assumed Atmospheric Pressure kPa</u>
1	100.148
2	99.494
3	98.874
4	98.564
5	98.185
6	97.754
7	97.582
8	97.065
9	96.721
10	100.561
11	99.321
12	98.883

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LARGE VOLUME GENERAL SERVICE RATE**(A) Availability**

Available to customers in Union's Southern Delivery Zone.

**(B) Applicability**

To general service customers whose total consumption is greater than 50,000 m<sup>3</sup> per year.

**(C) Rates**

The identified rates (excluding gas supply charges, if applicable) represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated which may be higher than the identified rates.

a)	Monthly Charge		\$70.00
b)	Delivery Charge		
	First	1 000 m <sup>3</sup>	3.6611 ¢ per m <sup>3</sup>
	Next	6 000 m <sup>3</sup>	3.5848 ¢ per m <sup>3</sup>
	Next	13 000 m <sup>3</sup>	3.3574 ¢ per m <sup>3</sup>
	All Over	20 000 m <sup>3</sup>	3.0845 ¢ per m <sup>3</sup>
	Delivery – Price Adjustment (All Volumes)		0.0002 ¢ per m <sup>3</sup>
c)	Storage Charge (if applicable)		0.7200 ¢ per m <sup>3</sup>
	Applicable to all bundled customers (sales and bundled transportation service).		
d)	Gas Supply Charge (if applicable)		
	The gas supply charge is comprised of charges for transportation and for commodity and fuel.		
	The applicable rates are provided in Schedule "A".		

During any month in which a customer terminates service or begins service, the fixed charge for the month will be prorated to such customer.

**(D) Supplemental Service to Commercial and Industrial Customers Under Group Meters**

Combination of readings from several meters may be authorized by the Company and the Company will not reasonably withhold authorization in cases where meters are located on contiguous pieces of property of the same owner not divided by a public right-of-way. In such cases, an additional service charge shall be rendered each month in the amount of \$15.00 per month for each additional meter so combined.

**(E) Delayed Payment**

When payment of the monthly bill has not been made in full 16 days after the bill has been issued, the unpaid balance including previous arrears shall be increased by 1.5% (annual effective rate of 19.56%).



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**(F) Direct Purchase**

Unless otherwise authorized by Union, customers who are delivering gas to Union under direct purchase arrangements must obligate to deliver at a point(s) specified by Union, and must acquire and maintain firm transportation on all upstream pipeline systems. Customers initiating direct purchase arrangements, who previously received Gas Supply service, must also accept, unless otherwise authorized by Union, an assignment from Union of transportation capacity on upstream pipeline systems.

**(G) Overrun Charge**

In the event that a direct purchase customer fails to deliver its contracted volumes to Union, and Union has the capability to continue to supply the customer, Union will do so. The customer may pay 4.3811 ¢ per m<sup>3</sup> for the delivery and the total gas supply charge for utility sales provided in Schedule "A" per m<sup>3</sup>, plus 7¢ per m<sup>3</sup>.

**(H) Bundled Direct Purchase Delivery**

Where a customer elects transportation service under this rate schedule, the customer must enter into a Bundled T Gas Contract with Union for delivery of gas to Union. Bundled T Gas Contract Rates and Gas Purchase Contract Rates are described in rate schedule R1.

**(I) Company Policy Relating to Terms of Service**

- a. Customers who temporarily discontinue service during any twelve consecutive months without payment of the monthly fixed charge for the months in which the gas is temporarily disconnected shall pay for disconnection and reconnection.
- b. When gas is delivered at an absolute pressure in excess of 101.325 kilopascals, then for purposes of measurement, hereunder, such volume of gas shall be corrected to an absolute pressure of 101.325 kilopascals. Atmospheric pressure is assumed to be the levels shown below in kilopascals (absolute) regardless of the actual atmospheric pressure at which the gas is measured and delivered.

<u>Zone</u>	<u>Assumed Atmospheric Pressure kPa</u>
1	100.148
2	99.494
3	98.874
4	98.564
5	98.185
6	97.754
7	97.582
8	97.065
9	96.721
10	100.561
11	99.321
12	98.883

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FIRM INDUSTRIAL AND COMMERCIAL CONTRACT RATE**(A) Availability**

Available to customers in Union's Southern Delivery Zone.

**(B) Applicability**

To a customer who enters into a contract for the purchase or transportation of gas for a minimum term of one year that specifies a daily contracted demand between 4 800 m<sup>3</sup> and 140 870 m<sup>3</sup>.

**(C) Rates**

The identified rates (excluding gas supply charges, if applicable) represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated which may be higher than the identified rates.

1. Bills will be rendered monthly and shall be the total of:

(i)	A Monthly Demand Charge		
	First	8 450 m <sup>3</sup> of daily contracted demand	45.4290 ¢ per m <sup>3</sup>
	Next	19 700 m <sup>3</sup> of daily contracted demand	19.7101 ¢ per m <sup>3</sup>
	All Over	28 150 m <sup>3</sup> of daily contracted demand	16.3682 ¢ per m <sup>3</sup>
(ii)	A Monthly Delivery Commodity Charge		
	First	422 250 m <sup>3</sup> delivered per month	0.8771 ¢ per m <sup>3</sup>
	Next	volume equal to 15 days use of daily contracted demand	0.8771 ¢ per m <sup>3</sup>
	For remainder of volumes delivered in the month		0.3814 ¢ per m <sup>3</sup>
Delivery- Price Adjustment (All Volumes)			0.0002 ¢ per m <sup>3</sup>
(iii)	Gas Supply Charge (if applicable)		

The gas supply charge is comprised of charges for transportation and for commodity and fuel. The applicable rates are provided in Schedule "A"

2. Overrun Charge

Authorized overrun gas is available provided that it is authorized by Union in advance. Union will not unreasonably withhold authorization. Overrun means gas taken on any day in excess of 103% of contracted daily demand. Authorized overrun will be available April 1 through October 31 and will be paid for at a Delivery Rate of 2.3706 ¢ per m<sup>3</sup> and, if applicable, the total gas supply charge for utility sales provided in Schedule "A" per m<sup>3</sup> for all volumes purchased.

Unauthorized overrun gas taken in any month shall be paid for at the rate of 4.7715 ¢ per m<sup>3</sup> for the delivery and the total gas supply charge for utility sales provided in Schedule "A" per m<sup>3</sup> for all gas supply volumes purchased.

3. Minimum Annual Charge

In each contract year, the customer shall purchase from Union or pay for a minimum volume of gas or transportation services equivalent to 146 days use of contracted demand. Overrun gas volumes will not contribute to the minimum volume. In the event that the customer shall not take such minimum volume the customer shall pay an amount equal to the deficiency from the minimum volume times a Delivery Charge of 1.1909 ¢ per m<sup>3</sup> and, if applicable a gas supply commodity charge provided in Schedule "A".

In the event that the contract period exceeds one year the annual minimum volume will be prorated for any part year.



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**(D) Delayed Payment**

When payment of the monthly bill has not been made in full 16 days after the bill has been issued, the unpaid balance including previous arrears shall be increased by 1.5% (annual effective rate of 19.56%).

**(E) Direct Purchase**

Unless otherwise authorized by Union, customers who are delivering gas to Union under direct purchase arrangements must obligate to deliver at a point(s) specified by Union, and must acquire and maintain firm transportation on all upstream pipeline systems for all volumes. Customers initiating direct purchase arrangements, who previously received Gas Supply service, must also accept, unless otherwise authorized by Union, an assignment from Union of transportation capacity on upstream pipeline systems.

**(F) Bundled Direct Purchase Delivery**

Where a customer elects transportation service under this rate schedule the customer must enter into a Bundled T Gas Contract with Union for delivery of gas to Union.

Bundled T Gas Contract Rates and Gas Purchase Contract Rates are described in rate schedule R1.

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INTERRUPTIBLE INDUSTRIAL AND COMMERCIAL CONTRACT RATE**(A) Availability**

Available to customers in Union's Southern Delivery Zone.

**(B) Applicability**

To a customer who enters into a contract for the purchase or transportation of gas for a minimum term of one year that specifies a daily contracted demand between 4 800 m<sup>3</sup> and 140 870 m<sup>3</sup> inclusive.

**(C) Rates**

The identified rates (excluding gas supply charges, if applicable) represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated which may be higher than the identified rates.

**1. Interruptible Service**

The price of all gas delivered by Union pursuant to any contract, contract amendment, or contract renewal shall be determined on the basis of the following schedules:

**a) (i) Monthly Delivery Commodity Charge**

<u>Daily Contracted Demand Level (CD)</u>	<u>Price per m<sup>3</sup></u>
4 800 m <sup>3</sup> ≤ CD < 17 000 m <sup>3</sup>	1.7970 ¢ per m <sup>3</sup>
17 000 m <sup>3</sup> ≤ CD < 30 000 m <sup>3</sup>	1.6671 ¢ per m <sup>3</sup>
30 000 m <sup>3</sup> ≤ CD < 50 000 m <sup>3</sup>	1.5988 ¢ per m <sup>3</sup>
50 000 m <sup>3</sup> ≤ CD < 70 000 m <sup>3</sup>	1.5509 ¢ per m <sup>3</sup>
70 000 m <sup>3</sup> ≤ CD < 100 000 m <sup>3</sup>	1.5166 ¢ per m <sup>3</sup>
100 000 m <sup>3</sup> ≤ CD ≤ 140 870 m <sup>3</sup>	1.4829 ¢ per m <sup>3</sup>

Delivery- Price Adjustment (All Volumes)	0.0002 ¢ per m <sup>3</sup>
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**(ii) Days Use of Interruptible Contract Demand**

The price determined under Paragraph 1(a) of "Rates" will be reduced by the amount based on the number of Days Use of Contracted Demand as scheduled below:

For 75 days use of contracted demand	0.0530 ¢ per m <sup>3</sup>
For each additional days use of contracted demand up to a maximum of 275 days, an additional discount of	0.00212 ¢ per m <sup>3</sup>

**(iii) Gas Supply Charge (if applicable)**

The gas supply charge is comprised of charges for transportation and for commodity and fuel.  
The applicable rates are provided in Schedule "A"

(iv) Monthly Charge	\$498.70 per month
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2. In each contract year, the customer shall take delivery from Union, or in any event pay for, if available and not accepted by the customer, a minimum volume of gas or transportation services as specified in the contract between the parties and which will not be less than 700 000 m<sup>3</sup> per annum. Overrun volumes will not contribute to the minimum volume. In the event that the customer shall not take such minimum volume, the customer shall pay an amount equal to the deficiency from the minimum volume times a Delivery Charge of 2.1108 ¢ per m<sup>3</sup>, and if applicable, a gas supply charge provided in Schedule "A".

In the event that the contract period exceeds one year, the annual minimum volume will be prorated for any part year.

3. Overrun gas is available without penalty provided that it is authorized by Union in advance. Union will not unreasonably withhold authorization. Overrun means gas taken on any day in excess of 105% of contracted daily demand.

Unauthorized overrun gas taken in any month shall be paid for at the rate of 4.7715 ¢ per m<sup>3</sup> for the delivery and the total gas supply charge for utility sales provided in Schedule "A" per m<sup>3</sup> for all gas supply volumes purchased.

4. Non-Interruptible Service

Union may agree, in its sole discretion, to combine an interruptible service with a firm service in which case the amount of firm daily demand to be delivered shall be agreed upon by Union and the customer.

- a) The monthly demand charge for firm daily deliveries will be 27.5443 ¢ per m<sup>3</sup>.
- b) The commodity charge for firm service shall be the rate for firm service at Union's firm rates net of a monthly demand charge of 27.5443 ¢ per m<sup>3</sup> of daily contracted demand and a delivery commodity price adjustment of 0.0002 ¢ per m<sup>3</sup>.
- c) The interruptible commodity charge will be established under Clause 1 of this schedule.

**(D) Delayed Payment**

When payment of the monthly bill has not been made in full 16 days after the bill has been issued, the unpaid balance including previous arrears shall be increased by 1.5% (annual effective rate of 19.56%).

**(E) Direct Purchase**

Unless otherwise authorized by Union, customers who are delivering gas to Union under direct purchase arrangements must obligate to deliver at a point(s) specified by Union, and must acquire and maintain firm transportation on all upstream pipeline systems. Customers initiating direct purchase arrangements, who previously received Gas Supply service, must also accept, unless otherwise authorized by Union, an assignment from Union of transportation capacity on upstream pipeline systems.

**(F) Bundled Direct Purchase Delivery**

Where a customer elects transportation service under this rate schedule the customer must enter into a Bundled T Gas Contract with Union for delivery of gas to Union.

Bundled T Gas Contract Rates and Gas Purchase Contract Rates are described in rate schedule R1.

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SPECIAL LARGE VOLUME  
INDUSTRIAL AND COMMERCIAL CONTRACT RATE

**(A) Availability**

Available to customers in Union's Southern Delivery Zone.

**(B) Applicability**

To a Customer

- a) who enters into a contract for the purchase or transportation of gas for a minimum term of one year that specifies a combined maximum daily requirement for firm, interruptible and seasonal service of at least 140 870 m<sup>3</sup>, and a qualifying annual volume of at least 28 327 840 m<sup>3</sup>; and
- b) who has site specific energy measuring equipment installed at each Point of Consumption that will be used in determining energy balances.

For the purposes of qualifying for a rate class, the total quantities of gas consumed or expected to be consumed on the customer's contiguous property will be used, irrespective of the number of meters installed.

**(C) Rates**

The identified rates (excluding gas supply charges, if applicable) represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated which may be higher than the identified rates.

1. Bills will be rendered monthly and shall be the total of:

(i) A Monthly Demand Charge

A negotiated Monthly Demand Charge of up to 25.2893 ¢ per m<sup>3</sup> for each m<sup>3</sup> of daily contracted firm demand.

(ii) A Monthly Delivery Commodity Charge

(1) A Monthly Firm Delivery Commodity Charge for all firm volumes of 0.2425 ¢ per m<sup>3</sup> for each m<sup>3</sup>, and a Delivery - Price Adjustment of 0.0002 ¢ per m<sup>3</sup>.

(2) A Monthly Interruptible Delivery Commodity Charge for all interruptible volumes to be negotiated between Union and the customer not to exceed an annual average of 2.6180 ¢ per m<sup>3</sup>.

(3) A Monthly Seasonal Delivery Commodity Charge for all seasonal volumes to be negotiated between Union and the customer not to exceed an annual average of 2.3739 ¢ per m<sup>3</sup>.

(iii) Gas Supply Charge (if applicable)

The gas supply charge is comprised of charges for transportation and for commodity and fuel.  
The applicable rates are provided in Schedule "A".



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(iv) Overrun Gas

Overrun gas is available without penalty provided that it is authorized by Union in advance. Union will not unreasonably withhold authorization.

Unauthorized overrun gas taken in any month shall be paid for at the M1 rate in effect at the time the overrun occurs, plus, if applicable, the total gas supply charge for utility sales provided in Schedule "A" per m<sup>3</sup> for all the gas supply volumes purchased.

2. In negotiating the Monthly Interruptible and Seasonal Commodity Charges, the matters to be considered include:
  - (a) The volume of gas for which the customer is willing to contract,
  - (b) The load factor of the customer's anticipated gas consumption, the pattern of annual use, and the minimum annual quantity of gas which the customer is willing to contract to take or in any event pay for,
  - (c) Interruptible or curtailment provisions, and
  - (d) Competition.
3. In each contract year, the customer shall take delivery from Union, or in any event, pay for if available and not accepted by the customer, a minimum volume of gas as specified in the contract between the parties. Overrun gas volumes will not contribute to the minimum volume.
4. The contract may provide that the Monthly Demand Charge specified in Rate Section 1 above shall not apply on all or part of the daily contracted firm demand used by the customer during the testing, commissioning, phasing in, decommissioning and phasing out of gas-using equipment for a period not to exceed one year (the "transition period"). In such event, the contract will provide for a Monthly Delivery Commodity Charge to be applied on such volume during the transition of 2.3190 ¢ per m<sup>3</sup> and the total gas supply charge for utility sales provided in Schedule "A" per m<sup>3</sup>, if applicable.
5. Either the utility or a customer, or potential customer, may apply to the Ontario Energy Board to fix rates and other charges different from the rates and other charges specified herein if the changed rates and other charges are considered by either party to be necessary, desirable and in the public interest.

**(D) Delayed Payment**

When payment of the monthly bill has not been made in full 16 days after the bill has been issued, the unpaid balance including previous arrears shall be increased by 1.5% (annual effective rate of 19.56%).

**(E) Direct Purchase**

Unless otherwise authorized by Union, customers who are delivering gas to Union under direct purchase arrangements must obligate to deliver at a point(s) specified by Union, and must acquire and maintain firm transportation on all upstream pipeline systems. Customers initiating direct purchase arrangements, who previously received Gas Supply service, must also accept, unless otherwise authorized by Union, an assignment from Union of transportation capacity on upstream pipeline systems.

**(F) Bundled Direct Purchase Delivery and Short Term Supplemental Services**

Where a customer elects transportation service and/or a short term supplemental service under this rate schedule, the customer must enter into a Contract under rate schedule R1.

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LARGE WHOLESALE SERVICE RATE**(A) Availability**

Available to customers in Union's Southern Delivery Zone.

**(B) Applicability**

To a distributor who enters into a contract to purchase and/or receive delivery of a firm supply of gas for distribution to its customers and who agrees to take or pay for an annual quantity of at least two million cubic metres.

**(C) Rates**

The identified rates (excluding gas supply charges, if applicable) represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated which may be higher than the identified rates.

1. (i) A Monthly Demand Charge of 16.8753 ¢ per m<sup>3</sup> of established daily demand determined in accordance with the service contract, such demand charge to be computed on a calendar month basis and a pro-rata charge to be made for the fraction of a calendar month which will occur if the day of first regular delivery does not fall on the first day of a month,
- (ii) A Delivery Commodity Charge of 0.2716 ¢ per m<sup>3</sup>, a Delivery Price Adjustment of 0.0002 ¢ per m<sup>3</sup> for gas delivered and,
- (iii) Gas Supply Charge (if applicable)

The gas supply charge is comprised of charges for transportation and for commodity and fuel.  
The applicable rates are provided in Schedule "A".

**(D) Delayed Payment**

When payment of the monthly bill has not been made in full 16 days after the bill has been issued, the unpaid balance including previous arrears shall be increased by 1.5% (annual effective rate of 19.56%).

**(E) Direct Purchase**

Unless otherwise authorized by Union, customers who are delivering gas to Union under direct purchase arrangements must obligate to deliver at a point(s) specified by Union, and must acquire and maintain firm transportation on all upstream pipeline systems. Customers initiating direct purchase arrangements, who previously received Gas Supply service, must also accept, unless otherwise authorized by Union, an assignment from Union of transportation capacity on upstream pipeline systems.

**(F) Overrun Charge**

Authorized:

For all quantities on any day in excess of 103% of the customer's contractual rights, for which authorization has been received, the customer will be charged 0.8264 ¢ per m<sup>3</sup>. Overrun will be authorized by Union at its sole discretion.

Unauthorized:

For all quantities on any day in excess of 103% of the customer's contractual rights, for which authorization has not been received, the customer will be charged 36.0 ¢ per m<sup>3</sup>.



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**(G) Bundled Direct Purchase Delivery**

Where a customer elects transportation service under this rate schedule the customer must enter into a Bundled T Gas Contract with Union for delivery of gas to Union.

Bundled T Gas Contract Rates and Gas Purchase Contract Rates are described in rate schedule R1.

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SMALL WHOLESale SERVICE RATE

**(A) Availability**

Available to customers in Union's Southern Delivery Zone.

**(B) Applicability**

To a non-contract distributor who purchases and/or receives delivery of a firm supply of gas for distribution only to its own customers.

**(C) Rates**

The identified rates (excluding gas supply charges, if applicable) represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated which may be higher than the identified rates.

1. A Delivery Commodity Charge of 2.5384 ¢ per m<sup>3</sup> for gas delivered.
2. Gas Supply Charge (if applicable)

The gas supply charge is comprised of charges for transportation and for commodity and fuel.  
The applicable rates are provided in Schedule "A".

**(D) Delayed Payment**

When payment of the monthly bill has not been made in full 16 days after the bill has been issued, the unpaid balance including previous arrears shall be increased by 1.5% (annual effective rate of 19.56%).

**(E) Direct Purchase**

Unless otherwise authorized by Union, customers who are delivering gas to Union under direct purchase arrangements must obligate to deliver at a point(s) specified by Union, and must acquire and maintain firm transportation on all upstream pipeline systems. Customers initiating direct purchase arrangements must also accept, unless otherwise authorized by Union, an assignment from Union of transportation capacity on upstream pipeline systems.

**(F) Overrun Charge**

In the event that a direct purchase customer fails to deliver its contracted volumes to Union, and Union has the capability to continue to supply the customer, Union will do so. This gas shall be paid for at the rate of 4.7715 ¢ per m<sup>3</sup> for the delivery and, if applicable, the total gas supply charge for utility sales provided in Schedule "A" per m<sup>3</sup>, plus 7 ¢ per m<sup>3</sup> for all gas supply volumes purchased.

**(G) Bundled Direct Purchase Delivery**

Where a customer elects transportation service under this rate schedule, the customer must enter into a Bundled T Gas Contract with Union for delivery of gas to Union.

Bundled T Gas Contract Rates and Gas Purchase Contract Rates are described in rate schedule R1.

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BUNDLED DIRECT PURCHASE CONTRACT RATE

**(A) Availability**

Available to customers in Union's Southern Delivery Zone.

**(B) Applicability**

To a customer who enters into a Receipt Contract or Gas Purchase Contract for delivery and/or sale of gas to Union.

**(C) Rates**

	<u>Demand Charge Rate/GJ/month</u>	<u>Commodity Charges/Credits Rate/GJ</u>
a) Transportation by Union For gas delivered to Union at any point other than the Ontario Point(s) of Receipt, Union will charge a customer all approved tolls and charges, incurred by Union to transport the gas to the Ontario Point(s) of Receipt		
b) Firm Backstop Gas Applied to the contracted Firm Backstop Gas Supply Service	\$2.043	
Backstop Gas Commodity Charge On all quantities supplied by Union to the Ontario Point(s) of Receipt		\$5.304
c) Reasonable Efforts Backstop Gas Paid on all quantities of gas supplied by Union to the customer's Point(s) of Consumption		\$6.202
d) Banked Gas Purchase  T-service		Note (1)
e) Failure to Deliver Applied to all quantities not delivered to Union in the event the customer's supply fails		\$2.634
f) Short Term Storage / Balancing Service (2)  Maximum		\$6.000
g) Discretionary Gas Supply Service ("DGSS")		Note (3)



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**Notes:**

- (1) The charge for banked gas purchases shall be the higher of the daily spot cost at Dawn in the month of or the month following the month in which gas is sold under this rate and shall not be less than Union's approved weighted average cost of gas.
- (2) Short Term Storage / Balancing Service is:
- i) a combined space and interruptible deliverability service for short-term or off-peak storage in Union's storage facilities, OR
  - ii) short-term firm deliverability, OR
  - iii) a component of an operational balancing service offered.
- In negotiating the rate to be charged for short term storage services, the matters that are to be considered include:
- i) The minimum amount of storage service to which a customer is willing to commit,
  - ii) Whether the customer is contracting for firm or interruptible service during Union's peak or non-peak periods,
  - iii) Utilization of facilities, and
  - iv) Competition
- (3) Discretionary Gas Supply Service price reflects the "back-to-back" price plus gas supply administration charge.

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O.E.B. Order # XX-XXXX-XXXX

Chatham, Ontario

Supersedes XX-XXXX-XXXX Rate Schedule effective XXXX-XX-XX.

STORAGE AND TRANSPORTATION RATES  
FOR CONTRACT CARRIAGE CUSTOMERS**(A) Availability**

Available to customers in Union's Southern Delivery Zone.

**(B) Applicability**

To a customer:

- a) whose combined firm and interruptible service minimum annual transportation of natural gas is 5 000 000 m<sup>3</sup> or greater; and
- b) who enters into a Carriage Service Contract with Union for the transportation or the storage and transportation of Gas for use at facilities located within Union's gas franchise area; and
- c) who has meters with electronic recording at each Point of Consumption; and
- d) who has site specific energy measuring equipment installed at each Point of Consumption that will be used in determining energy balances; and
- e) for whom Union has determined transportation and/or storage capacity is available.

For the purposes of qualifying for a rate class, the total quantities of gas consumed or expected to be consumed on the customer's contiguous property will be used, irrespective of the number of meters installed.

**(C) Rates**

The following rates shall be charged for all quantities contracted or handled as appropriate. The identified rates represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated, which may be higher than the identified rates.

**STORAGE SERVICE:**

	Demand Charge <u>Rate/GJ/mo</u>	Commodity Charge <u>Rate/GJ</u>	<u>For Customers Providing Their Own Compressor Fuel</u>	
			<u>Fuel Ratio</u>	<u>Commodity Charge Rate/GJ</u>
a) Annual Firm Storage Space Applied to contracted Maximum Annual Storage Space	\$0.010			
b) Annual Firm Injection/Withdrawal Right: Applied to the contracted Maximum Annual Firm Injection/Withdrawal Right Union provides deliverability Inventory	\$1.574			
Customer provides deliverability Inventory (4)	\$1.016			
c) Incremental Firm Injection Right: Applied to the contracted Maximum Incremental Firm Injection Right	\$1.016			
d) Annual Interruptible Withdrawal Right: Applied to the contracted Maximum Annual Interruptible Withdrawal Right	\$1.016			



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	Demand Charge Rate/GJ/mo	Commodity Charge Rate/GJ	For Customers Providing Their Own Compressor Fuel	
			Fuel Ratio	Commodity Charge Rate/GJ
e) Withdrawal Commodity Paid on all quantities withdrawn from storage up to the Maximum Daily Storage Withdrawal Quantity		\$0.042	0.598%	\$0.007
f) Injection Commodity Paid on all quantities injected into storage up to the Maximum Daily Storage Injection Quantity		\$0.042	0.598%	\$0.007
g) Short Term Storage / Balancing Service Maximum		\$6.000		

Notes:

1. Demand charges for Annual Services are paid monthly during the term of the contract for not less than one year unless Union, in its sole discretion, accepts a term of less than one year. Demand charges apply whether Union or the customer provides the fuel.
2. Annual Firm Injection Rights are equal to 100% of their respective Annual Firm Withdrawal Rights. Injection Rights in excess of the Annual Firm Injection Rights will be charged at the Incremental Firm Injection Right.
3. Annual Firm Storage Space

The maximum storage space available to a customer at the rates specified herein is determined by one of the following storage allocation methodologies:

**3.1 Aggregate Excess**

Aggregate excess is the difference between a customer's gas consumption in the 151-day winter period and consumption during the balance of the year. This calculation will be done using two years of historical data (with 25% weighting for each year) and one year of forecast data (with 50% weighting). If a customer is new, or an existing customer is undergoing a significant change in operations, the allocation will be based on forecast consumption only, as negotiated between Union and the customer. Once sufficient historical information is available for the customer, the standard calculation will be done. At each contract renewal, the aggregate excess calculation will be performed to set the new space allocation.

**3.2 Obligated daily contract quantity multiple of 15**

Obligated daily contract quantity is the firm daily quantity of gas which the customer must deliver to Union. The 15 x obligated daily contract quantity calculation will be done using the daily contract quantity for the upcoming contract year. At each contract renewal, the 15 x obligated daily contract quantity calculation will be performed to set the new space allocation.

**3.3** For new, large (daily firm transportation demand requirements in excess of 1,200,000 m<sup>3</sup>/day) gas fired power generation customers, storage space is determined by peak hourly consumption x 24 x 4 days. Should the customer elect firm deliverability less than their maximum entitlement (see Note 4.2), the maximum storage space available at the rates specified herein is 10 x firm storage deliverability contracted, not to exceed peak hourly consumption x 24 x 4 days.

Customers may contract for less than their maximum entitlement of firm storage space.



4. Annual Injection/Withdrawal Right

The maximum level of deliverability available to a customer at the rates specified herein is determined by one of the following methodologies:

4.1 The greater of obligated daily contract quantity or firm daily contract demand less obligated daily contract quantity.

4.2 For new, large (daily firm transportation demand requirements in excess of 1,200,000 m<sup>3</sup>/day) gas fired power generation customers, the maximum entitlement of firm storage deliverability is 24 times the customer's peak hourly consumption, with 1.2% firm deliverability available at the rates specified herein.

Customers may contract for less than their maximum entitlement of deliverability. A customer may contract up to this maximum entitlement with a combination of firm and interruptible deliverability as specified in Section (C) Storage Service.

5. Additional storage space or deliverability, in excess of the allocated entitlements per Notes 3 and 4, may be available at market prices.

6. Storage Space and Withdrawal Rights are not assignable to any other party without the prior written consent of Union.

7. Deliverability Inventory being defined as 20% of annual storage space.

8. Short Term Storage / Balancing Service is:

- i) a combined space and interruptible deliverability service for short-term or off-peak storage in Union's storage facilities, or
- ii) short-term firm deliverability, or
- iii) a component of an operational balancing service offered.

In negotiating the rate to be charged for service, the matters that are to be considered include:

- i) The minimum amount of storage service to which a customer is willing to commit,
- ii) Whether the customer is contracting for firm or interruptible service during Union's peak or non-peak periods,
- iii) Utilization of facilities, and
- iv) Competition



**TRANSPORTATION CHARGES:**

	Demand Charge <u>Rate/m<sup>3</sup>/mo</u>	Commodity Charge <u>Rate/m<sup>3</sup></u>	For Customers Providing Their Own Compressor Fuel	
			Fuel <u>Ratio (5) (6)</u>	Commodity Charge <u>Rate/m<sup>3</sup></u>
a) Annual Firm Transportation Demand				
Applied to the Firm Daily Contract Demand				
First 140,870 m <sup>3</sup> per month	19.0898 ¢			
All over 140,870 m <sup>3</sup> per month	13.0445 ¢			
b) Firm Transportation Commodity				
Paid on all firm quantities redelivered to the customer's Point(s) of Consumption				
First 2,360,653 m <sup>3</sup> per month		0.3052 ¢	0.555%	0.1835 ¢
All over 2,360,653 m <sup>3</sup> per month		0.2130 ¢	0.555%	0.0913 ¢
c) Interruptible Transportation Commodity				
Paid on all interruptible quantities redelivered to the customer's Point(s) of Consumption				
Maximum		2.6180 ¢	0.555%	2.4963 ¢

Notes:

1. All demand charges are paid monthly during the term of the contract for not less than one year unless Union, at its sole discretion, accepts a term of less than one year. Demand charges apply whether Union or the customer provides the fuel.
2. Effective January 1, 2007, new customers and existing customers with incremental daily firm demand requirements in excess of 1,200,000 m<sup>3</sup>/day and who are directly connected to i) the Dawn-Trafalgar transmission system in close proximity to Parkway or ii) a third party pipeline, have the option to pay for service using a Billing Contract Demand. The Billing Contract Demand shall be determined by Union such that the annual revenues over the term of the contract will recover the invested capital, return on capital and operating and maintenance costs associated with the dedicated service in accordance with Union's system expansion policy. The firm transportation demand charge will be applied to the Billing Contract Demand. For customers choosing the Billing Contract Demand option, the authorized transportation overrun rate will apply to all volumes in excess of the Billing Contract Demand but less than the daily firm demand requirement.
3. In negotiating the rate to be charged for the transportation of gas under Interruptible Transportation, the matters that are to be considered include:
  - a) The amount of the interruptible transportation for which customer is willing to contract,
  - b) The anticipated load factor for the interruptible transportation quantities,
  - c) Interruptible or curtailment provisions, and
  - d) Competition.
4. In each contract year, the customer shall pay for a Minimum Interruptible Transportation Activity level as specified in the Contract. Overrun activity will not contribute to the minimum activity level.
5. Transportation fuel ratios do not apply to customers served from dedicated facilities directly connected to third party transmission systems with custody transfer metering at the interconnect.



6. Firm transportation fuel ratio does not apply to new customers or existing customers with incremental daily firm demand requirements in excess of 1,200,000 m<sup>3</sup>/day that contract for M12 Dawn to Parkway transportation service equivalent to 100% of their daily firm demand requirement. If a customer with a daily firm demand requirement in excess of 1,200,000 m<sup>3</sup>/day contracts for M12 Dawn to Parkway transportation service at less than 100% of their firm daily demand requirement, the firm transportation fuel ratio will be applicable to daily volumes not transported under the M12 transportation contract.
7. Either Union or a customer, or potential customer, may apply to the Ontario Energy Board to fix rates and other charges different from the rates and other charges specified herein if the changed rates and other charges are considered by either party to be necessary, desirable and in the public interest.

**SUPPLEMENTAL CHARGES:**

Rates for supplemental services are provided in Schedule "A".

Notes:

1. All demand charges are paid monthly during the term of the contract for not less than one year unless Union, in its sole discretion, accepts a term of less than one year.

**OVERRUN SERVICE:****1. Annual Storage Space****Authorized**

Authorized Overrun is provided as Storage/Balancing Service. It is payable on all quantities on any Day in excess of the customer's contracted Maximum Storage Space. Overrun will be authorized by Union at its sole discretion. Storage Space Overrun equal to the customer's firm deliveries from TCPL: less the customer's Firm Daily Contract Demand, all multiplied by the Days of Interruption called during the period of November 1 to March 31, will be automatically authorized until the following July 1.

**Unauthorized**

If in any month, the customer has gas in storage in excess of the contracted Maximum Storage Space, and which has not been authorized by Union or provided for under a short term supplemental storage service, such an event will constitute an occurrence of Unauthorized Overrun. The Unauthorized Overrun rate will be \$6.000 per GJ applied to the greatest excess for each occurrence.

If on any Day the gas storage balance for the account of the customer is less than zero, the Unauthorized Overrun charge will apply for each GJ of gas below a zero inventory level and this amount of gas shall be deemed not to have been withdrawn from storage. The gas shall be deemed to have been sold to the customer at the highest spot price at Dawn in the month of occurrence and the month following occurrence as identified in the Canadian Gas Price Reporter and shall not be less than Union's approved weighted average cost of gas. If the customer has contracted to provide its own deliverability inventory, the zero inventory level shall be deemed to mean twenty percent (20%) of the Annual Firm Storage Space.



## 2. Injection, Withdrawals and Transportation

### Authorized

The following Overrun rates are applied to any quantities transported, injected or withdrawn in excess of 103% of the Contract parameters. Overrun will be authorized by Union at its sole discretion.

Automatic authorization of Injection Overrun will be given during all Days a customer has been interrupted.

	Union Providing Fuel	For Customers Providing Their Own Compressor Fuel Firm or Interruptible Service	
	Firm or Interruptible Service	Fuel Ratio	Commodity Charge
Storage Injections	\$0.118/GJ	1.03%	\$0.059/GJ
Storage Withdrawals	\$0.118/GJ	1.03%	\$0.059/GJ
Transportation	0.9328 ¢/m <sup>3</sup>	0.555%	0.8111 ¢/m <sup>3</sup>

### Unauthorized

For all quantities on any Day in excess of 103% of the customer's contractual rights, for which authorization has not been received, the customer will be charged 4.7715 ¢ per m<sup>3</sup> or \$1.264 per GJ, as appropriate.

## 3. Storage / Balancing Service

### Authorized

The following Overrun rates are applied to any quantities stored in excess of the Contract parameters. Overrun will be authorized by Union Gas at its sole discretion.

	Firm Service Rate/GJ
Space	\$6.000
Injection / Withdrawal Maximum	\$6.000

**OTHER SERVICES & CHARGES:****1. Monthly Charge**

In addition to the rates and charges described previously for each Point of Consumption, a Monthly Charge shall be applied as follows:

Monthly Charge	\$1,795.31
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**2. Diversion of Gas**

The availability of the right to divert gas will be based on Union's ability to accommodate the diversion. The price to be charged for the right to divert shall be determined through negotiation.

**3. Delivery Obligations**

Effective January 1, 2007, new customers and existing customers with incremental daily firm demand requirements in excess of 1,200,000 m<sup>3</sup>/day who are delivering gas to Union under direct purchase arrangements may be entitled to non-obligated deliveries. The delivery options available to customers are detailed at [www.uniongas.com/aboutus/regulatory/rates/deliveryobligations.asp](http://www.uniongas.com/aboutus/regulatory/rates/deliveryobligations.asp).

Unless otherwise authorized by Union, all other customers who are delivering gas to Union under direct purchase arrangements must obligate to deliver at a point(s) specified by Union and must acquire and maintain firm transportation on all upstream pipeline systems. Customers initiating direct purchase arrangements, who previously received Gas Supply service, must also accept, unless otherwise authorized by Union, an assignment from Union of transportation capacity on upstream pipeline systems.

**4. Nominations**

Effective January 1, 2007, new customers and existing customers with incremental daily firm demand requirements in excess of 1,200,000 m<sup>3</sup>/day who have non obligated deliveries may contract to use Union's 5 additional nomination windows (13 in total) for the purposes of delivering gas to Union. These windows are in addition to the standard NAESB and TCPL STS nomination windows. Customers taking the additional nomination window service will pay an additional monthly demand charge of \$0.690/GJ/day/month multiplied by the non-obligated daily contract quantity.

**5. Additional Service Information**

Additional information on Union's T1 service offering can be found at [www.uniongas.com/aboutus/regulatory/rates/T1info.asp](http://www.uniongas.com/aboutus/regulatory/rates/T1info.asp). The additional information consists of, but is not limited to, the following:

- i. Storage space and deliverability entitlement;
- ii. The determination of gas supply receipt points and delivery obligations;
- iii. The nomination schedule;
- iv. The management of multiple redelivery points by a common fuel manager; and
- v. The availability of supplemental transactional services including title transfers.



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**(D) Delayed Payment**

When payment of the monthly bill has not been made in full 16 days after the bill has been issued, the unpaid balance including previous arrears shall be increased by 1.5% (annual effective rate of 19.56%).

Effective

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O.E.B. Order # XX-XXXX-XXXX

Chatham, Ontario

Supersedes XX-XXXX-XXXX Rate Schedule effective XXXX-XX-XX.

STORAGE AND TRANSPORTATION RATES  
FOR CONTRACT CARRIAGE CUSTOMERS**(A) Availability**

Available to customers in Union's Southern Delivery Zone.

**(B) Applicability**

To a Distributor:

- a) whose minimum annual transportation of natural gas is 700 000 m<sup>3</sup> or greater; and
- b) who enters into a Carriage Service Contract with Union for the transportation or the storage and transportation of Gas for distribution to its customers; and
- c) who has meters with electronic recording at each Point of Redelivery; and
- d) for whom Union has determined transportation and/or storage capacity is available.

**(C) Rates**

The following rates shall be charged for all quantities contracted or handled as appropriate. The identified rates represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated, which may be higher than the identified rates.

**STORAGE SERVICE:**

	Demand Charge <u>Rate/GJ/mo</u>	Commodity Charge <u>Rate/GJ</u>	<u>For Customers Providing Their Own Compressor Fuel</u>	
			<u>Fuel Ratio</u>	<u>Commodity Charge Rate/GJ</u>
a) Annual Firm Storage Space Applied to contracted Maximum Annual Storage Space	\$0.010			
b) Annual Firm Injection/Withdrawal Right: Applied to the contracted Maximum Annual Firm Injection/Withdrawal Right				
Union provides deliverability Inventory	\$1.574			
Customer provides deliverability Inventory (4)	\$1.016			
c) Incremental Firm Injection Right: Applied to the contracted Maximum Incremental Firm Injection Right	\$1.016			
d) Annual Interruptible Withdrawal Right: Applied to the contracted Maximum Annual Interruptible Withdrawal Right	\$1.016			



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	Demand Charge Rate/GJ/mo	Commodity Charge Rate/GJ	For Customers Providing Their Own Compressor Fuel	
			Fuel Ratio	Commodity Charge Rate/GJ
e) Withdrawal Commodity Paid on all quantities withdrawn from storage up to the Maximum Daily Storage Withdrawal Quantity		\$0.042	0.598%	\$0.007
f) Injection Commodity Paid on all quantities injected into storage up to the Maximum Daily Storage Injection Quantity		\$0.042	0.598%	\$0.007
g) Short Term Storage / Balancing Service Maximum		\$6.000		

Notes:

1. Demand charges for Annual Services are paid monthly during the term of the contract for not less than one year unless Union, in its sole discretion, accepts a term of less than one year. Demand charges apply whether Union or the customer provides the fuel.
2. Annual Firm Injection Rights are equal to 100% of their respective Annual Firm Withdrawal Rights. Injection Rights in excess of the Annual Firm Injection Rights will be charged at the Incremental Firm Injection Right.
3. Annual Firm Storage Space

The maximum storage space available to a customer at the rates specified herein is determined by one of the following storage allocation methodologies:

3.1 Aggregate Excess

Aggregate excess is the difference between a customer's gas consumption in the 151-day winter period and consumption during the balance of the year. This calculation will be done using two years of historical data (with 25% weighting for each year) and one year of forecast data (with 50% weighting). If a customer is new, or an existing customer is undergoing a significant change in operations, the allocation will be based on forecast consumption only, as negotiated between Union and the customer. Once sufficient historical information is available for the customer, the standard calculation will be done. At each contract renewal, the aggregate excess calculation will be performed to set the new space allocation.

3.2 Obligated daily contract quantity multiple of 15

Obligated daily contract quantity is the firm daily quantity of gas which the customer must deliver to Union. The 15 x obligated daily contract quantity calculation will be done using the daily contract quantity for the upcoming contract year. At each contract renewal, the 15 x obligated daily contract quantity calculation will be performed to set the new space allocation.

Customers may contract for less than their maximum entitlement of firm storage space.

4. Annual Injection/Withdrawal Right

The maximum level of deliverability available to a customer at the rates specified herein is determined to be the greater of obligated daily contract quantity or firm daily contract demand less obligated daily contract quantity.

Customers may contract for less than their maximum entitlement of deliverability. A customer may contract up to this maximum entitlement with a combination of firm and interruptible deliverability as specified in Section (C) Storage Service.



5. Additional storage space or deliverability, in excess of the allocated entitlements per Notes 3 and 4, may be available at market prices.
6. Storage Space and Withdrawal Rights are not assignable to any other party without the prior written consent of Union.
7. Deliverability Inventory being defined as 20% of annual storage space.
8. Short Term Storage / Balancing Service is:
  - i) a combined space and interruptible deliverability service for short-term or off-peak storage in Union's storage facilities, OR
  - ii) short-term firm deliverability, OR
  - iii) a component of an operational balancing service offered.

In negotiating the rate to be charged for this service, the matters that are to be considered include:

- i) The minimum amount of storage service to which a customer is willing to commit,
- ii) Whether the customer is contracting for firm or interruptible service during Union's peak or non-peak periods,
- iii) Utilization of facilities, and
- iv) Competition





**TRANSPORTATION CHARGES:**

	Demand Charge <u>Rate/m<sup>3</sup>/mo</u>	Commodity Charge <u>Rate/m<sup>3</sup></u>	For Customers Providing Their Own Compressor Fuel	
			Fuel <u>Ratio (5) (6)</u>	Commodity Charge <u>Rate/m<sup>3</sup></u>
a) Annual Firm Transportation Demand (1) Applied to the Firm Daily Contract Demand	9.0218 ¢			
b) Firm Transportation Commodity Paid on all firm quantities redelivered to the Customer's Point(s) of Redelivery		0.2267 ¢	0.723%	0.0682 ¢

Notes:

1. All demand charges are paid monthly during the term of the contract for not less than one year unless Union, in its sole discretion, accepts a term of less than one year. Demand charges apply whether Union or the customer provides the fuel.

**SUPPLEMENTAL CHARGES**

Rates for supplemental services are provided in Schedule "A".

Notes:

1. All demand charges are paid monthly during the term of the contract for not less than one year unless Union, in its sole discretion, accepts a term of less than one year.

**OVERRUN SERVICE**

**1. Annual Storage Space**

Authorized

Authorized Overrun is provided as Storage/Balancing Service. It is payable on all quantities on any Day in excess of the customer's contracted Maximum Storage Space. Overrun will be authorized by Union at its sole discretion.

Unauthorized

If in any month, the customer has gas in storage in excess of the contracted Maximum Storage Space, and which has not been authorized by Union or provided for under a short term supplemental storage service, such an event will constitute an occurrence of Unauthorized Overrun. The Unauthorized Overrun rate will be \$6.000 per GJ applied to the greatest excess for each occurrence.

If on any Day, the gas storage balance for the account of the customer is less than zero, the Unauthorized Overrun charge will apply for each GJ of gas below a zero inventory level and this amount of gas shall be deemed not to have been withdrawn from storage. The gas shall be deemed to have been sold to the customer at the highest spot price at Dawn in the month of occurrence and the month following occurrence as identified in the Canadian Gas Price Reporter and shall not be less than Union's approved weighted average cost of gas. If the customer has contracted to provide its own deliverability inventory, the zero inventory level shall be deemed to mean twenty percent (20%) of the Annual Firm Storage Space.



## 2. Injection, Withdrawals and Transportation

### Authorized

The following Overrun rates are applied to any quantities transported, injected or withdrawn in excess of 103% of the Contract parameters. Overrun will be authorized by Union at its sole discretion.

	Union Providing <u>Fuel</u>	For Customers Providing Their Own Compressor Fuel <u>Firm or Interruptible Service</u>	
	Firm or Interruptible <u>Service</u>	<u>Fuel Ratio</u>	<u>Commodity Charge</u>
Storage Injections	\$0.118/GJ	1.03%	\$0.059/GJ
Storage Withdrawals	\$0.118/GJ	1.03%	\$0.059/GJ
Transportation	0.5233 ¢/m <sup>3</sup>	0.723%	0.3648 ¢/m <sup>3</sup>

### Unauthorized

For all quantities on any Day in excess of 103% of the customer's contractual rights, for which authorization has not been received, the customer will be charged 36.0¢ per m<sup>3</sup> or \$9.536 per GJ, as appropriate.

## 3. Short Term Storage Services

### Authorized

The following Overrun rates are applied to any quantities stored in excess of the Contract parameters. Overrun will be authorized by Union Gas at its sole discretion.

	Firm Service <u>Rate/GJ</u>
Space	\$6.000
Injection Maximum	\$6.000



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## OTHER SERVICES & CHARGES

### 1. Monthly Charge

In addition to the rates and charges described previously for each Point of redelivery a Monthly Charge shall be applied to each specific customer as follows:

	Monthly Charge
City of Kitchener	\$ 17,567.33
NRG	\$ 2,696.77
Six Nations	\$ 898.92

If a customer combines Sales Service with Contract Carriage Service, the monthly charge will be prorated such that the customer will under both services pay no more than the above monthly charge.

### 2. Diversion of Gas

The availability of the right to divert gas will be based on Union's ability to accommodate the diversion. The price to be charged for the right to divert shall be determined through negotiation.

3. Unless otherwise authorized by Union, customers who are delivering gas to Union under direct purchase arrangements must obligate to deliver at a point(s) specified by Union and must acquire and maintain firm transportation on all upstream pipeline systems. Customers initiating direct purchase arrangements must also accept, unless otherwise authorized by Union, an assignment from Union of transportation capacity on upstream pipeline systems.

### (D) Delayed Payment

When payment of the monthly bill has not been made in full 16 days after the bill has been issued, the unpaid balance including previous arrears shall be increased by 1.5% (annual effective rate of 19.56%).

Effective

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Chatham, Ontario

Supersedes XX-XXXX-XXXX Rate Schedule effective XXXX-XX-XX.



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Schedule "A"

**Gas Supply Charges**

**(A) Availability:**

Available to customers in Union's Southern Delivery Zone.

**(B) Applicability:**

To all sales customers served under Rate M1, Rate M2, Rate M4, Rate M5A, Rate M7, Rate M9, Rate M10 and storage and transportation customers taking supplemental services under Rate T1, Rate T2 and Rate T3.

**(C) Rates:**

cents / m<sup>3</sup>

Utility Sales

Commodity and Fuel	14.2878 (1)
Transportation	4.3503
Total Gas Supply Commodity Charge	<u>18.6381</u>

Minimum Annual Gas Supply Commodity Charge

Rate M4 Firm and Rate M5A Interruptible Contract	4.9558
--	--------

Storage and Transportation Supplemental Services - Rate T1, Rate T2 & Rate T3

\$/GJ

Monthly demand charges:

Firm gas supply service	47.379
Firm backstop gas	2.115

Commodity charges:

Gas supply	3.799
Backstop gas	5.338

Reasonable Efforts Backstop Gas

6.307

Supplemental Inventory

Note (2)

Supplemental Gas Sales Service (cents / m<sup>3</sup>)

21.7524

Failure to Deliver: Applied to quantities not delivered to Union  
in the event the customer's supply fails

2.737

Discretionary Gas Supply Service (DGSS)

Note (3)

Notes:

- (1) The Commodity and Fuel line includes gas supply administration charge of 0.2085 cents/ m<sup>3</sup>.
- (2) The charge for banked gas purchases shall be the higher of the daily spot gas cost at Dawn in the month of or the month following the month in which gas is sold under this rate and shall not be less than Union's approved weighted average cost of gas.
- (3) Reflects the "back to back" price plus gas supply administration charge.

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STORAGE RATES FOR  
UNBUNDLED CUSTOMERS

**(A) Availability**

Available to customers in Union's Southern Delivery Zone.

**(B) Applicability**

To a customer, or an agent, who is authorized to service residential and non-contract commercial and industrial end-users paying for the Monthly Fixed Charge and Delivery charge under Rate M1 or Rate M2:

- a) who enters into an Unbundled Service Contract with Union for the storage of Gas for use at facilities located within Union's gas franchise area;
- b) who contracts for Standard Peaking Service (SPS) with Union unless the customer can demonstrate that it has a replacement to the deliverability available in the SPS physically tied into Union's system and an OEB approved rate to provide the SPS replacement service;
- c) who accepts daily estimates of consumption at Points of Consumption as prepared by Union so that they may nominate an equivalent amount from storage, upstream transportation, or Ontario Producers authorized to sell to third parties;
- d) who nominates injections and withdrawals from storage and deliveries on upstream pipeline systems daily or Ontario Producers authorized to sell to third parties;
- e) for whom Union has determined storage capacity is available; and
- f) who accepts a monthly bill as prepared by Union.

**(C) Rates**

The following rates shall be charged for all volumes contracted or handled as appropriate. The identified rates represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated, which may be higher than the identified rates.

STORAGE SERVICE		Demand Charge Rate/GJ/mo	Fuel Ratio	Commodity Charge Rate/GJ
i)	Standard Storage Service (SSS)			
	a) Combined Storage Space & Deliverability Applied to contracted Maximum Storage Space	\$0.021		
	b) Injection Commodity		0.598%	\$0.015
	c) Withdrawal Commodity		0.598%	\$0.015
ii)	Standard Peaking Service (SPS)			
	a) Combined Storage Space & Deliverability Applied to contracted Maximum Storage Space	\$0.102		
	b) Injection Commodity		0.598%	\$0.015
	c) Withdrawal Commodity		1.03%	\$0.015



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	Demand Charge Rate/GJ/mo	Fuel Ratio	Commodity Charge Rate/GJ
iii) Supplemental Service			
a) Incremental Firm Injection Right: (5) Applied to the contracted Maximum Incremental Firm Injection Right	\$0.921		
b) Incremental Firm Withdrawal Right: (5) Applied to the contracted Maximum Incremental Firm Withdrawal Right	\$0.921		
c) Short Term Storage / Balancing Service - Maximum			\$6.000

Notes:

1. Demand charges for Annual Services are paid monthly during the term of the Contract, which shall not be less than one year, unless Union, in its sole discretion, accepts a term of less than one year.
2. Daily Firm Injection and Withdrawal Rights shall be pursuant to the Storage Contract.
3. Storage Space, Withdrawal Rights, and Injection Rights are not assignable to any other party without the prior written consent of Union and where necessary, approval from the Ontario Energy Board.
4. Short Term Storage / Balancing service (less than 2 years) is:
  - i) a combined space and interruptible deliverability service for short-term or off-peak storage in Union's storage facilities, OR
  - ii) short-term incremental firm deliverability, OR
  - iii) a component of an operational balancing service offered.

In negotiating the rate to be charged for service, the matters that are to be considered include:

  - i) The minimum amount of storage service to which a customer is willing to commit,
  - ii) Whether the customer is contracting for firm or interruptible service during Union's peak or non-peak periods,
  - iii) Utilization of facilities,
  - iv) Competition, and
  - v) Term.
5. Union's ability to offer incremental injection and withdrawal rights is subject to annual asset availability.



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## OVERRUN SERVICE

### 1. Injection and Withdrawal

Authorized

	<u>Fuel Ratio</u>	<u>Commodity Charge Rate/GJ</u>
Injection	1.03%	\$0.045
Withdrawal	1.03%	\$0.045

The Authorized Overrun rate is payable on all quantities on any Day in excess of the customer's contractual rights, for which authorization has been received. Overrun will be authorized by Union at its sole discretion.

Unauthorized

If in any month, the customer has gas in storage in excess of the contracted Maximum Storage Space or the gas storage balance for the account of the customer is less than zero or the customer has injected or withdrawn volumes from storage which exceeds their contractual rights, and which has not been authorized by Union or provided for under a short term storage/balancing service, such an event will constitute an occurrence of Unauthorized Overrun. The Unauthorized Overrun rate during the November 1 to April 15 period will be \$60.00 per GJ. The Unauthorized Overrun rate during the April 16 to October 31 period will be \$6.000 per GJ.

## OTHER SERVICES & CHARGES

1. Unless otherwise authorized by Union, customers who are delivering gas to Union under direct purchase arrangements must commit to provide a call at Parkway, throughout the winter period, for a specified number of days. Customers initiating direct purchase arrangements, who previously received Gas Supply service, must also accept, unless otherwise authorized by Union, an assignment from Union of transportation capacity on upstream pipeline systems.

### (D) Delayed Payment

When payment of the monthly bill has not been made in full 16 days after the bill has been issued, the unpaid balance including previous arrears shall be increased by 1.5% (annual effective rate of 19.56%).

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Chatham, Ontario

Supersedes XX-XXXX-XXXX Rate Schedule effective XXXX-XX-XX.

TRANSPORTATION RATES**(A) Applicability**

The charges under this schedule shall be applicable to a Shipper who enters into a Transportation Service Contract with Union.

Applicable Points

Dawn as a receipt point: Dawn (TCPL), Dawn (Facilities), Dawn (Tecumseh), Dawn (Vector) and Dawn (TSLE).

Dawn as a delivery point: Dawn (Facilities).

**(B) Services**

Transportation Service under this rate schedule shall be for transportation on Union's Dawn - Trafalgar facilities.

**(C) Rates**

The identified rates represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated, which may be higher than the identified rates.

	<b>Monthly Demand Charge (applied to daily contract demand) <u>Rate/GJ</u></b>	<b>Commodity and Fuel Charges</b>	<b>Commodity Charge Rate/GJ</b>
		<b>Fuel Ratio %</b>	<b>AND</b>
<b><u>Firm Transportation (1)</u></b>			
Dawn to Oakville/Parkway	\$2.332	Monthly fuel rates and ratios shall be in accordance with schedule "C".	
Dawn to Kirkwall	\$1.985		
Parkway to Dawn	n/a		
<b><u>M12-X Firm Transportation</u></b>			
Between Dawn, Kirkwall and Parkway	\$2.877	Monthly fuel rates and ratios shall be in accordance with schedule "C".	
<b><u>Limited Firm/Interruptible Transportation (1)</u></b>			
Dawn to Parkway – Maximum	\$5.597	Monthly fuel rates and ratios shall be in accordance with schedule "C".	
Dawn to Kirkwall – Maximum	\$5.597		
Parkway (TCPL) to Parkway (Cons) (2)		0.328%	

**Authorized Overrun (3)**

Authorized overrun rates will be payable on all quantities in excess of Union's obligation on any day. The overrun charges payable will be calculated at the following rates. Overrun will be authorized at Union's sole discretion.

	<b>If Union supplies fuel Commodity Charge <u>Rate/GJ</u></b>	<b>Commodity and Fuel Charges</b>	<b>Commodity Charge Rate/GJ</b>
		<b>Fuel Ratio %</b>	<b>AND</b>
Transportation Overrun			
Dawn to Parkway		Monthly fuel rates and ratios shall be in accordance with schedule "C".	\$0.077
Dawn to Kirkwall			\$0.065
Parkway to Dawn			\$0.077
Parkway (TCPL) Overrun (4)	n/a	0.540%	n/a
M12-X Firm Transportation		Monthly fuel rates and ratios shall be in accordance with schedule "C".	
Between Dawn, Kirkwall and Parkway			\$0.095



**(C) Rates (Cont'd)**Unauthorized Overrun

Authorized Overrun rates will be payable on all quantities up to 2% in excess of Union's contractual obligation.

The Unauthorized Overrun shall be the higher of the reported daily spot price of gas at either Dawn, Parkway, Niagara or Iroquois in the month of or the month following the month in which the overrun occurred plus 25% for all usage on any day in excess of 102% of Union's contractual obligation.

Nomination Variances

Where Union and the shipper have entered into a Limited Balancing Agreement ("LBA"), the rate for unauthorized parking or drafting which results from nomination variances shall equal the "Balancing Fee" rate as described under Article XXII of TransCanada PipeLines Transportation Tariff.

## Notes for Section (C) Rates:

- (1) The annual transportation commodity charge is calculated by application of the YCRR Formula, as per Section (D). The annual transportation fuel required is calculated by application of the YCR Formula, as per Section (D).
- (2) This rate is for westerly transportation within the Parkway yard, from Parkway (TCPL) to Parkway (Cons) or Lisgar.
- (3) For purposes of applying the YCRR Formula or YCR Formula (Section (D)) to transportation overrun quantities, the transportation commodity revenue will be deemed to be equal to the commodity charge of the applicable service as detailed in Section (B).
- (4) This ratio will be applied to all gas quantities for which Union is obligated to deliver to Parkway (Cons) or Lisgar and has agreed to deliver to Parkway (TCPL) on an interruptible basis. This will be in addition to any rate or ratio paid for transportation easterly to Parkway (Cons) or Lisgar.
- (5) A demand charge of \$0.690/GJ/day/month will be applicable to customers contracting for firm all day transportation service in addition to the demand charges appearing on this schedule for firm transportation service to either Kirkwall or Parkway

**(D) Transportation Commodity**

The annual fuel charge in kind or in dollars for transportation service in any contract year shall be equal to the sum of the application of the following equation applied monthly for the 12 months April through March (The "YCRR" or "YCR" Formula). An appropriate adjustment in the fuel charges will be made in May for the previous 12 months ending March 31<sup>st</sup> to obtain the annual fuel charges as calculated using the applicable "YCRR" or "YCR" Formula. At Union's sole discretion Union may make more frequent adjustments than once per year. The YCRR and YCR adjustments must be paid/remitted to/from Shippers at Dawn within one billing cycle after invoicing.



(D) Transportation Commodity (Cont'd)

$$YCR = \sum_{1}^{4} [(0.003280 \times (QT1 + QT3)) + (DSF \times (QT1 + QT3)) + F_{ST}] \text{ For June 1 to Sept. 30}$$

plus

$$\sum_{5}^{12} [(0.003280 \times (QT1 + Q3)) + (DWF \times QT1) + F_{WT}] \text{ For Oct. 1 to May 31}$$

$$YCRR = \sum_{1}^{4} [(0.003280 \times (QT1 + QT3)) + (DSF \times (QT1 + QT3)) + F_{ST}] \times R \text{ For June 1 to Sept. 30}$$

plus

$$\sum_{5}^{12} [(0.003280 \times (QT1 + Q3)) + (DWF \times QT1) + F_{WT}] \times R \text{ For Oct. 1 to May 31}$$

where: DSF = 0.00000 for Dawn summer fuel requirements  
DWF = 0.0020 for Dawn winter fuel requirements

in which:

YCR Yearly Commodity Required

The sum of 12 separate monthly calculations of Commodity Quantities required for the period from April through March.

YCRR Yearly Commodity Revenue Required

The sum of 12 separate monthly calculations of Commodity Revenue required for the period April through March.

QT1 Monthly quantities in GJ transported easterly hereunder received at Dawn at not less than 4 850 kPa but less than 5 860 kPa (compression required at Dawn).

QT3 Monthly quantities in GJ transported westerly hereunder received at the Parkway (Oakville) Delivery Point.

F<sub>WT</sub> The individual Shipper's monthly share of compressor fuel used in GJ which was required at Union's Lobo, Bright, Trafalgar and Parkway Compressor Stations ("Lobo", "Bright", "Trafalgar" and "Parkway") to transport the same Shipper's QT1 monthly quantities easterly.

Lobo, Bright, Trafalgar and Parkway compressor fuel required by each Shipper will be calculated each month.

The monthly Lobo and Bright compressor fuel will be allocated to each Shipper in the same proportion as the Shipper's monthly quantities transported is to the monthly transported quantity for all users including Union.

The monthly Parkway and Trafalgar compressor fuel used will be allocated to each Shipper in the same proportion as the monthly quantity transported to Parkway (TCPL) for each user is to the total monthly quantity transported for all users including Union.



**(D) Transportation Commodity (Cont'd)**

$F_{ST}$  The individual Shipper's monthly share of compressor fuel used in GJ which was required at Union's Lobo, Bright, Trafalgar and Parkway compressor stations to transport the same Shipper's quantity on the Trafalgar system.

Lobo, Bright, Trafalgar and Parkway compressor fuel required by each Shipper will be calculated each month.

R Union's weighted average cost of gas in \$/GJ.

**Notes**

- (i) In the case of Easterly flow, direct deliveries by TCPL at Parkway to Union or on behalf of Union to Union's Transportation Shippers will be allocated to supply Union's markets on the Dawn-Oakville/Parkway facilities starting at Parkway and proceeding westerly to successive laterals until exhausted.

**(E) Provision for Compressor Fuel**

For a Shipper that has elected to provide its own compressor fuel.

**Transportation Fuel**

On a daily basis, the Shipper will provide Union at the delivery point and delivery pressure as specified in the contract, a quantity (the "Transportation Fuel Quantity") representing the Shipper's share of compressor fuel and unaccounted for gas for transportation service on Union's system.

The Transportation Fuel Quantity will be determined on a daily basis, as follows:

Transportation Fuel Quantity = Transportation Quantity x Transportation Fuel Ratio.

In the event that the actual quantity of fuel supplied by the Shipper was different from the actual fuel quantity as calculated using the YCR formula, an adjustment will be made in May for the previous 12 months ending March 31<sup>st</sup>.

**Nominations**

The Shipper will be required to nominate its Transportation Fuel Quantity in addition to its normal nominations for transportation services.

**(F) Terms of Service**

The General Terms & Conditions applicable to this rate schedule shall be in accordance with the attached Schedule "A" for contracts in effect before October 1, 2010. The General Terms & Conditions applicable to this rate schedule shall be in accordance with the attached Schedule "A 2010" for contracts in effect on or after October 1, 2010.

**(G) Nominations**

Nominations under this rate schedule shall be in accordance with the attached Schedule "B" for contracts in effect before October 1, 2010.

Nominations under this rate schedule shall be in accordance with the attached Schedule "B 2010" for contracts in effect on or after October 1, 2010.



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**(H) Monthly Fuel Rates and Ratios**

Monthly fuel rates and ratios under this rate schedule shall be in accordance with Schedule "C".

**(I) Receipt and Delivery Points and Pressures**

Receipt and Delivery Points and Pressures under this rate schedule shall be in accordance with Schedule "D 2010" for contracts in effect on or after October 1, 2010.

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Supersedes XX-XXXX-XXXX Rate Schedule effective XXXX-XX-XX.



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TRANSPORTATION OF LOCALLY PRODUCED GAS

**(A) Applicability**

The charges under this rate schedule shall be applicable to a customer who enters into a contract with Union for gas received at a local production point to be transported to Dawn.

Applicable Points

Dawn as a delivery point: Dawn (Facilities).

**(B) Rates**

The identified rates (excluding gas supply charges, if applicable) represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated, which may be higher than the identified rates.

Demand Commodity

	<b>Demand Charge Rate/Month</b>	<b>Commodity Charge Union Provides Fuel Rate/GJ</b>	<b>Customer Provides Own Fuel Fuel Ratio</b>
1. Monthly fixed charge per Customer Station	\$656.48		
2. Transmission Commodity Charge		\$0.025	
3. Delivery Commodity Charge		\$0.020	0.328%

These charges are in addition to the transportation, storage and/or balancing charges which shall be paid for under Rate M12 or Rate C1, or other services that may be negotiated.

4. Overrun Services

Authorized Overrun

Authorized overrun will be payable on all quantities transported in excess of Union's obligation on any day. The overrun charges payable will be calculated at \$0.077 /GJ. Overrun will be authorized at Union's sole discretion.

	<b>Commodity Charge Union Provides Fuel Rate/GJ</b>	<b>Customers Provides Own Fuel Commodity Charge Rate/GJ</b>	<b>Fuel Ratio</b>
Authorized Overrun Charge	\$0.077	\$0.057	0.328%

Unauthorized Overrun

Authorized Overrun rates payable on all volumes up to 2% in excess of Union's contractual obligation.

The Unauthorized Overrun rate during the November 1 to April 15 period will be \$50 per GJ for all usage on any day in excess of 102% of Union's contractual obligation. The Unauthorized Overrun rate during the April 16 to October 31 period will be \$9.373 per GJ for all usage on any day in excess of 102% of Union's contractual obligation.

**(C) Terms of Service**

General Terms & Conditions applicable to this rate shall be in accordance with the attached Schedule "A".

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Chatham, Ontario

Supersedes XX-XXXX-XXXX Rate Schedule effective XXXX-XX-XX.

STORAGE AND TRANSPORTATION SERVICES TRANSPORTATION CHARGES**(A) Availability**

The charges under this rate schedule shall be applicable for transportation service rendered by Union for all quantities transported to and from embedded storage pools located within Union's franchise area and served using Union's distribution and transmission assets.

Applicable Points

Dawn as a receipt point: Dawn (Facilities).

Dawn as a delivery point: Dawn (Facilities).

**(B) Rates**

The identified rates (excluding gas supply charges, if applicable) represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated, which may be higher than the identified rates.

a) Charges Applicable to both Firm and/or Interruptible Transportation Services:

Monthly Fixed Charge per customer station (\$ per month) (1) \$664.93

Transmission Commodity Charge to Dawn (\$ per GJ) \$0.025

Transportation Fuel	Customers located East of Dawn	Customers located West of Dawn
<b>Fuel Charges to Dawn:</b>		
Commodity Rate - Union provides fuel (\$ per GJ)	\$0.020	\$0.020
Fuel Ratio - customer provides fuel (%)	0.328%	0.328%

**Fuel Charge to the Pool**

Commodity Rate - Union provides fuel (\$ per GJ)	\$0.025	\$0.028
Fuel Ratio - customer provides fuel (%)	0.423%	0.496%

b) Firm Transportation Demand Charges: (2)

	Customers located East of Dawn	Customers located West of Dawn
Monthly Demand Charge applied to contract demand (\$ per GJ)	\$0.727	\$0.971

Authorized Overrun:

The authorized overrun rate payable on all quantities transported in excess of Union's obligation any day shall be:

	Customers located East of Dawn	Customers located West of Dawn
<b>Firm Transportation:</b>		
<b>Charges to Dawn</b>		
Commodity Rate - Union provides fuel (\$ per GJ)	\$0.069	\$0.077
Commodity Rate - customer provides fuel (\$ per GJ)	\$0.049	\$0.057
Fuel Ratio - customer provides fuel (%)	0.328%	0.328%
<b>Charges to the Pool</b>		
Commodity Rate - Union provides fuel (\$ per GJ)	\$0.049	\$0.060
Commodity Rate - customer provides fuel (\$ per GJ)	\$0.024	\$0.032
Fuel Ratio - customer provides fuel (%)	0.423%	0.496%

Overrun will be authorized at Union's sole discretion.



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Unauthorized Overrun

Authorized Overrun rates payable on all transported quantities up to 2% in excess of Union's contractual obligation.

The Unauthorized Overrun rate during the November 1 to April 15 period will be \$50 per GJ for all usage on any day in excess of 102% of Union's contractual obligation. The Unauthorized Overrun rate during the April 16 to October 31 period will be \$9.373 per GJ for all usage on any day in excess of 102% of Union's contractual obligation.

Charges aforesaid in respect of any given month in accordance with General Terms & Conditions shall be payable no later than the twenty-fifth day of the succeeding month.

Notes for Section (B) Rates:

- (1) The monthly fixed charge will be applied once per month per customer station regardless of service being firm, interruptible or a combination thereof.
- (2) Demand charges will be applicable to customers firm daily contracted demand or the firm portion of a combined firm and interruptible service.

**(C) Terms of Service**

The General Terms & Conditions applicable to this rate schedule shall be in accordance with the attached Schedule "A" for contracts in effect before October 1, 2010. The General Terms & Conditions applicable to this rate schedule shall be in accordance with the attached Schedule "A 2010" for contracts in effect on or after October 1, 2010.

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O.E.B. Order # XX-XXXX-XXXX

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Supersedes XX-XXXX-XXXX Rate Schedule effective XXXX-XX-XX.



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CROSS FRANCHISE TRANSPORTATION RATES

**(A) Applicability**

To a Shipper who enters into a Contract with Union for delivery by Shipper of gas to Union at one of Union's points listed below for redelivery by Union to Shipper at one of Union's points.

<u>Applicable Points</u>	(1)	(2)
	Ojibway	WDA
	St. Clair	NDA
	Dawn*	SSMDA
	Parkway	SWDA
	Kirkwall	CDA
	Bluewater	EDA

\*Dawn as a receipt point: Dawn (TCPL), Dawn (Facilities), Dawn (Tecumseh), Dawn (Vector) and Dawn (TSLE).

\*Dawn as a delivery point: Dawn (Facilities).

**(B) Services**

Transportation Service under this rate schedule is transportation on Union's pipeline facilities between any two Points as specified in Section (A), column 1.

**(C) Rates**

The identified rates (excluding gas supply charges, if applicable) represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated, which may be higher than the identified rates.

**Transportation Service:**

	Monthly Demand Charge (applied to daily contract demand) <u>Rate/GJ</u>	Commodity Charges			
		If Union supplies fuel		If Shipper supplies fuel	
		Commodity Charge		Fuel Ratio	
		Apr.1-Oct.31	Nov.1-Mar.31	Apr.1-Oct.31	Nov.1-Mar.31
		<u>Rate/GJ</u>	<u>Rate/GJ</u>	<u>%</u>	<u>%</u>
a) Firm Transportation					
Between:					
St.Clair & Dawn	\$0.971	\$0.022	\$0.026	0.352%	0.431%
Ojibway & Dawn	\$0.971	\$0.028	\$0.031	0.496%	0.566%
Bluewater & Dawn	\$0.971	\$0.022	\$0.026	0.352%	0.431%
From:					
Parkway to Kirkwall	\$0.545	\$0.022	\$0.020	0.353%	0.328%
Parkway to Dawn	\$0.545	\$0.022	\$0.020	0.353%	0.328%
Kirkwall to Dawn	\$1.176	\$0.022	\$0.020	0.353%	0.328%
Dawn to Kirkwall	\$1.985	\$0.030	\$0.068	0.517%	1.136%
Dawn to Parkway	\$2.332	\$0.030	\$0.068	0.517%	1.136%
b) Interruptible and Short Term (1 year or less) Firm Transportation:					
Maximum		\$75.00	\$75.00		
c) Firm Transportation between two points within Dawn					
Dawn to Dawn-Vector	\$0.042	n/a	n/a	0.205%	n/a
Dawn to Dawn-TCPL	\$0.220	n/a	n/a	0.328%	0.638%
d) Interruptible Transportation between two points within Dawn*					
*includes Dawn (TCPL), Dawn Facilities, Dawn (Tecumseh), Dawn (Vector) and Dawn (TSLE)				0.328%	0.328%





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**(C) Rates (Cont'd)**

**Authorized Overrun:**

The following Overrun rates are applied to any quantities transported in excess of the Contract parameters. Overrun will be authorized at Union's sole discretion.

	If Union supplies fuel		Commodity Charges If Shipper supplies fuel		
	Commodity Charge		Fuel Ratio		Commodity Charge
	Apr.1-Oct.31	Nov.1-Mar.31	Apr.1-Oct.31	Nov.1-Mar.31	
	<u>Rate/GJ</u>	<u>Rate/GJ</u>	<u>%</u>	<u>%</u>	<u>Rate/GJ</u>
a) Firm Transportation					
Between:					
St.Clair & Dawn	\$0.053	\$0.059	0.352%	0.431%	\$0.032
Ojibway & Dawn	\$0.061	\$0.065	0.496%	0.566%	\$0.032
Bluewater & Dawn	\$0.053	\$0.059	0.352%	0.431%	\$0.032
From:					
Parkway to Kirkwall	\$0.018	\$0.016	0.947%	0.923%	\$0.018
Parkway to Dawn	\$0.018	\$0.016	0.947%	0.923%	\$0.018
Kirkwall to Dawn	\$0.018	\$0.016	0.947%	0.923%	\$0.039
Dawn to Kirkwall	\$0.075	\$0.111	1.112%	1.731%	\$0.065
Dawn to Parkway	\$0.086	\$0.121	1.112%	1.731%	\$0.077
b) Firm Transportation within Dawn					
Dawn to Dawn-Vector	n/a	n/a	0.438%	n/a	\$0.001
Dawn to Dawn-TCPL	n/a	n/a	0.328%	0.638%	\$0.007

Authorized overrun for short-term firm transportation is available at negotiated rates.

**Unauthorized Overrun:**

The Unauthorized Overrun rate shall be the higher of the reported daily spot price of gas at either, Dawn, Parkway, Niagara, Iroquois or Chicago in the month of or the month following the month in which the overrun occurred plus 25% for all usage on any day in excess of 102% of Union's contractual obligation.

Notes for Section (C) Rates:

- (1) A demand charge of \$0.690/GJ/day/month will be applicable to customers contracting for firm all day transportation service in addition to the demand charges appearing on this schedule for all firm transportation service paths.

**(D) Terms of Service**

The General Terms & Conditions applicable to this rate schedule shall be in accordance with the attached Schedule "A" for contracts in effect before October 1, 2010. The General Terms & Conditions applicable to this rate schedule shall be in accordance with the attached Schedule "A 2010" for contracts in effect on or after October 1, 2010.

**(E) Nominations**

Nominations under this rate schedule shall be in accordance with the attached Schedule "B" for contracts in effect before October 1, 2010. Nominations under this rate schedule shall be in accordance with the attached Schedule "B 2010" for contracts in effect on or after October 1, 2010.

**(F) Receipt and Delivery Points and Pressures**

Receipt and Delivery Points and Pressures under this rate schedule shall be in accordance with Schedule "C 2010" for contracts in effect on or after October 1, 2010.

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O.E.B. Order # XX-XXXX-XXXX

Chatham, Ontario

Supersedes XX-XXXX-XXXX Rate Schedule effective XXXX-XX-XX.



STORAGE AND TRANSPORTATION RATES  
FOR CONTRACT CARRIAGE CUSTOMERS

**(A) Availability**

Available to customers in Union's Southern Delivery Zone.

**(B) Applicability**

To a customer:

- a) whose qualifying annual transportation volume for combined firm and interruptible service is at least 2 500 000 m<sup>3</sup> or greater and has a daily firm contracted demand up to 140 870 m<sup>3</sup>; and
- b) who enters into a Carriage Service Contract with Union for the transportation or the storage and transportation of Gas for use at facilities located within Union's gas franchise area; and
- c) who has meters with electronic recording at each Point of Consumption; and
- d) who has site specific energy measuring equipment installed at each Point of Consumption that will be used in determining energy balances; and
- e) for whom Union has determined transportation and/or storage capacity is available.

For the purposes of qualifying for a rate class, the total quantities of gas consumed or expected to be consumed on the customer's contiguous property will be used, irrespective of the number of meters installed.

**(C) Rates**

The following rates shall be charged for all quantities contracted or handled as appropriate. The identified rates represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated, which may be higher than the identified rates.

**STORAGE SERVICE:**

	Demand Charge Rate/GJ/mo	Commodity Charge Rate/GJ	For Customers Providing Their Own Compressor Fuel	
			Fuel Ratio	Commodity Charge Rate/GJ
a) Annual Firm Storage Space Applied to contracted Maximum Annual Storage Space	\$0.010			
b) Annual Firm Injection/Withdrawal Right: Applied to the contracted Maximum Annual Firm Injection/Withdrawal Right Union provides deliverability Inventory	\$1.574			
Customer provides deliverability Inventory (4)	\$1.016			
c) Incremental Firm Injection Right: Applied to the contracted Maximum Incremental Firm Injection Right	\$1.016			
d) Annual Interruptible Withdrawal Right: Applied to the contracted Maximum Annual Interruptible Withdrawal Right	\$1.016			



	Demand Charge Rate/GJ/mo	Commodity Charge Rate/GJ	For Customers Providing Their Own Compressor Fuel	
			Fuel Ratio	Commodity Charge Rate/GJ
e) Withdrawal Commodity Paid on all quantities withdrawn from storage up to the Maximum Daily Storage Withdrawal Quantity		\$0.042	0.598%	\$0.007
f) Injection Commodity Paid on all quantities injected into storage up to the Maximum Daily Storage Injection Quantity		\$0.042	0.598%	\$0.007
g) Short Term Storage / Balancing Service Maximum		\$6.000		

Notes:

1. Demand charges for Annual Services are paid monthly during the term of the contract for not less than one year unless Union, in its sole discretion, accepts a term of less than one year. Demand charges apply whether Union or the customer provides the fuel.
2. Annual Firm Injection Rights are equal to 100% of their respective Annual Firm Withdrawal Rights. Injection Rights in excess of the Annual Firm Injection Rights will be charged at the Incremental Firm Injection Right.
3. Annual Firm Storage Space

The maximum storage space available to a customer at the rates specified herein is determined by one of the following storage allocation methodologies:

3.1 Aggregate Excess

Aggregate excess is the difference between a customer's gas consumption in the 151-day winter period and consumption during the balance of the year. This calculation will be done using two years of historical data (with 25% weighting for each year) and one year of forecast data (with 50% weighting). If a customer is new, or an existing customer is undergoing a significant change in operations, the allocation will be based on forecast consumption only, as negotiated between Union and the customer. Once sufficient historical information is available for the customer, the standard calculation will be done. At each contract renewal, the aggregate excess calculation will be performed to set the new space allocation.

3.2 Obligated daily contract quantity multiple of 15

Obligated daily contract quantity is the firm daily quantity of gas which the customer must deliver to Union. The 15 x obligated daily contract quantity calculation will be done using the daily contract quantity for the upcoming contract year. At each contract renewal, the 15 x obligated daily contract quantity calculation will be performed to set the new space allocation.

3.3 For new, large (daily firm transportation demand requirements in excess of 1,200,000 m<sup>3</sup>/day) gas fired power generation customers, storage space is determined by peak hourly consumption x 24 x 4 days. Should the customer elect firm deliverability less than their maximum entitlement (see Note 4.2), the maximum storage space available at the rates specified herein is 10 x firm storage deliverability contracted, not to exceed peak hourly consumption x 24 x 4 days.

Customers may contract for less than their maximum entitlement of firm storage space.



4. Annual Injection/Withdrawal Right

The maximum level of deliverability available to a customer at the rates specified herein is determined by one of the following methodologies:

4.1 The greater of obligated daily contract quantity or firm daily contract demand less obligated daily contract quantity.

~~4.2 For new, large (daily firm transportation demand requirements in excess of 1,200,000 m<sup>3</sup>/day) gas fired power generation customers, the maximum entitlement of firm storage deliverability is 24 times the customer's peak hourly consumption, with 1.2% firm deliverability available at the rates specified herein.~~

Customers may contract for less than their maximum entitlement of deliverability. A customer may contract up to this maximum entitlement with a combination of firm and interruptible deliverability as specified in Section (C) Storage Service.

5. Additional storage space or deliverability, in excess of the allocated entitlements per Notes 3 and 4, may be available at market prices.

6. Storage Space and Withdrawal Rights are not assignable to any other party without the prior written consent of Union.

7. Deliverability Inventory being defined as 20% of annual storage space.

8. Short Term Storage / Balancing Service is:

- i) a combined space and interruptible deliverability service for short-term or off-peak storage in Union's storage facilities, or
- ii) short-term firm deliverability, or
- iii) a component of an operational balancing service offered.

In negotiating the rate to be charged for service, the matters that are to be considered include:

- i) The minimum amount of storage service to which a customer is willing to commit,
- ii) Whether the customer is contracting for firm or interruptible service during Union's peak or non-peak periods,
- iii) Utilization of facilities, and
- iv) Competition



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**TRANSPORTATION CHARGES:**

	Demand Charge <u>Rate/m<sup>3</sup>/mo</u>	Commodity Charge <u>Rate/m<sup>3</sup></u>	For Customers Providing Their Own Compressor Fuel	
			Fuel Ratio (5) (6)	Commodity Charge <u>Rate/m<sup>3</sup></u>
a) Annual Firm Transportation Demand Applied to the Firm Daily Contract Demand				
First 28,150 m <sup>3</sup> per month	19.0898 ¢			
Next 112,720 m <sup>3</sup> per month	13.0445 ¢			
b) Firm Transportation Commodity Paid on all firm quantities redelivered to the customer's Point(s) of Consumption				
Commodity Charge (All volumes)		0.3052 ¢	0.555%	0.1835 ¢
c) Interruptible Transportation Commodity Paid on all interruptible quantities redelivered to the customer's Point(s) of Consumption				
Maximum		2.6180 ¢	0.555%	2.4963 ¢

Notes:

1. All demand charges are paid monthly during the term of the contract for not less than one year unless Union, at its sole discretion, accepts a term of less than one year. Demand charges apply whether Union or the customer provides the fuel.
2. ~~Effective January 1, 2007, new customers and existing customers with incremental daily firm demand requirements in excess of 1,200,000 m<sup>3</sup>/day and who are directly connected to i) the Dawn-Trafalgar transmission system in close proximity to Parkway or ii) a third party pipeline, have the option to pay for service using a Billing Contract Demand. The Billing Contract Demand shall be determined by Union such that the annual revenues over the term of the contract will recover the invested capital, return on capital and operating and maintenance costs associated with the dedicated service in accordance with Union's system expansion policy. The firm transportation demand charge will be applied to the Billing Contract Demand. For customers choosing the Billing Contract Demand option, the authorized transportation overrun rate will apply to all volumes in excess of the Billing Contract Demand but less than the daily firm demand requirement.~~
3. In negotiating the rate to be charged for the transportation of gas under Interruptible Transportation, the matters that are to be considered include:
  - a) The amount of the interruptible transportation for which customer is willing to contract,
  - b) The anticipated load factor for the interruptible transportation quantities,
  - c) Interruptible or curtailment provisions, and
  - d) Competition.
4. In each contract year, the customer shall pay for a Minimum Interruptible Transportation Activity level as specified in the Contract. Overrun activity will not contribute to the minimum activity level.
5. Transportation fuel ratios do not apply to customers served from dedicated facilities directly connected to third party transmission systems with custody transfer metering at the interconnect.



6. Firm transportation fuel ratio does not apply to new customers or existing customers with incremental daily firm demand requirements in excess of 1,200,000 m<sup>3</sup>/day that contract for M12 Dawn to Parkway transportation service equivalent to 100% of their daily firm demand requirement. If a customer with a daily firm demand requirement in excess of 1,200,000 m<sup>3</sup>/day contracts for M12 Dawn to Parkway transportation service at less than 100% of their firm daily demand requirement, the firm transportation fuel ratio will be applicable to daily volumes not transported under the M12 transportation contract.
7. Either Union or a customer, or potential customer, may apply to the Ontario Energy Board to fix rates and other charges different from the rates and other charges specified herein if the changed rates and other charges are considered by either party to be necessary, desirable and in the public interest.

#### **SUPPLEMENTAL CHARGES:**

Rates for supplemental services are provided in Schedule "A".

#### Notes:

1. All demand charges are paid monthly during the term of the contract for not less than one year unless Union, in its sole discretion, accepts a term of less than one year.

#### **OVERRUN SERVICE:**

##### **1. Annual Storage Space**

###### Authorized

Authorized Overrun is provided as Storage/Balancing Service. It is payable on all quantities on any Day in excess of the customer's contracted Maximum Storage Space. Overrun will be authorized by Union at its sole discretion. Storage Space Overrun equal to the customer's firm deliveries from TCPL: less the customer's Firm Daily Contract Demand, all multiplied by the Days of Interruption called during the period of November 1 to March 31, will be automatically authorized until the following July 1.

###### Unauthorized

If in any month, the customer has gas in storage in excess of the contracted Maximum Storage Space, and which has not been authorized by Union or provided for under a short term supplemental storage service, such an event will constitute an occurrence of Unauthorized Overrun. The Unauthorized Overrun rate will be \$6.000 per GJ applied to the greatest excess for each occurrence.

If on any Day the gas storage balance for the account of the customer is less than zero, the Unauthorized Overrun charge will apply for each GJ of gas below a zero inventory level and this amount of gas shall be deemed not to have been withdrawn from storage. The gas shall be deemed to have been sold to the customer at the highest spot price at Dawn in the month of occurrence and the month following occurrence as identified in the Canadian Gas Price Reporter and shall not be less than Union's approved weighted average cost of gas. If the customer has contracted to provide its own deliverability inventory, the zero inventory level shall be deemed to mean twenty percent (20%) of the Annual Firm Storage Space.



## 2. Injection, Withdrawals and Transportation

### Authorized

The following Overrun rates are applied to any quantities transported, injected or withdrawn in excess of 103% of the Contract parameters. Overrun will be authorized by Union at its sole discretion.

Automatic authorization of Injection Overrun will be given during all Days a customer has been interrupted.

	Union Providing Fuel	For Customers Providing Their Own Compressor Fuel Firm or Interruptible Service	
	Firm or Interruptible Service	Fuel Ratio	Commodity Charge
Storage Injections	\$0.118/GJ	1.03%	\$0.059/GJ
Storage Withdrawals	\$0.118/GJ	1.03%	\$0.059/GJ
Transportation	0.9328 ¢/m <sup>3</sup>	0.555%	0.8111 ¢/m <sup>3</sup>

### Unauthorized

For all quantities on any Day in excess of 103% of the customer's contractual rights, for which authorization has not been received, the customer will be charged 4.7715 ¢ per m<sup>3</sup> or \$1.264 per GJ, as appropriate.

## 3. Storage / Balancing Service

### Authorized

The following Overrun rates are applied to any quantities stored in excess of the Contract parameters. Overrun will be authorized by Union Gas at its sole discretion.

	Firm Service Rate/GJ
Space	\$6.000
Injection / Withdrawal Maximum	\$6.000

**OTHER SERVICES & CHARGES:****1. Monthly Charge**

In addition to the rates and charges described previously for each Point of Consumption, a Monthly Charge shall be applied as follows:

Monthly Charge	\$1,795.31
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**2. Diversion of Gas**

The availability of the right to divert gas will be based on Union's ability to accommodate the diversion. The price to be charged for the right to divert shall be determined through negotiation.

**3. Delivery Obligations**

~~Effective January 1, 2007, new customers and existing customers with incremental daily firm demand requirements in excess of 1,200,000 m<sup>3</sup>/day who are delivering gas to Union under direct purchase arrangements may be entitled to non-obligated deliveries. The delivery options available to customers are detailed at [www.uniongas.com/aboutus/regulatory/rates/deliveryobligations.asp](http://www.uniongas.com/aboutus/regulatory/rates/deliveryobligations.asp).~~

Unless otherwise authorized by Union, all other customers who are delivering gas to Union under direct purchase arrangements must obligate to deliver at a point(s) specified by Union and must acquire and maintain firm transportation on all upstream pipeline systems. Customers initiating direct purchase arrangements, who previously received Gas Supply service, must also accept, unless otherwise authorized by Union, an assignment from Union of transportation capacity on upstream pipeline systems.

**4. Nominations**

~~Effective January 1, 2007, new customers and existing customers with incremental daily firm demand requirements in excess of 1,200,000 m<sup>3</sup>/day who have non-obligated deliveries may contract to use Union's 5 additional nomination windows (13 in total) for the purposes of delivering gas to Union. These windows are in addition to the standard NAESB and TCPL STS nomination windows. Customers taking the additional nomination window service will pay an additional monthly demand charge of \$0.690/GJ/day/month multiplied by the non-obligated daily contract quantity.~~

**5. Additional Service Information**

Additional information on Union's T1 service offering can be found at [www.uniongas.com/aboutus/regulatory/rates/T1info.asp](http://www.uniongas.com/aboutus/regulatory/rates/T1info.asp). The additional information consists of, but is not limited to, the following:

- i. Storage space and deliverability entitlement;
- ii. The determination of gas supply receipt points and delivery obligations;
- iii. The nomination schedule;
- iv. The management of multiple redelivery points by a common fuel manager; and
- v. The availability of supplemental transactional services including title transfers.





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**(D) Delayed Payment**

When payment of the monthly bill has not been made in full 16 days after the bill has been issued, the unpaid balance including previous arrears shall be increased by 1.5% (annual effective rate of 19.56%).

Effective

XXXX-XX-XX  
O.E.B. Order # XX-XXXX-XXXX

Chatham, Ontario

Supersedes XX-XXXX-XXXX Rate Schedule effective XXXX-XX-XX.



STORAGE AND TRANSPORTATION RATES  
FOR CONTRACT CARRIAGE CUSTOMERS

**(A) Availability**

Available to customers in Union's Southern Delivery Zone.

**(B) Applicability**

To a customer:

- a) who has a daily firm contracted demand of at least 140 870 m<sup>3</sup>. Firm and/or interruptible daily contracted demand of less than 140,870 m<sup>3</sup> cannot be combined for the purposes of qualifying for this rate class; and
- b) who enters into a Carriage Service Contract with Union for the transportation or the storage and transportation of Gas for use at facilities located within Union's gas franchise area; and
- c) who has meters with electronic recording at each Point of Consumption; and
- d) who has site specific energy measuring equipment installed at each Point of Consumption that will be used in determining energy balances; and
- e) for whom Union has determined transportation and/or storage capacity is available.

For the purposes of qualifying for a rate class, the total quantities of gas consumed or expected to be consumed on the customer's contiguous property will be used, irrespective of the number of meters installed.

**(C) Rates**

The following rates shall be charged for all quantities contracted or handled as appropriate. The identified rates represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated, which may be higher than the identified rates.

**STORAGE SERVICE:**

	Demand Charge <u>Rate/GJ/mo</u>	Commodity Charge <u>Rate/GJ</u>	<u>For Customers Providing Their Own Compressor Fuel</u>	
			<u>Fuel Ratio</u>	<u>Commodity Charge Rate/GJ</u>
a) Annual Firm Storage Space Applied to contracted Maximum Annual Storage Space	\$0.010			
b) Annual Firm Injection/Withdrawal Right: Applied to the contracted Maximum Annual Firm Injection/Withdrawal Right Union provides deliverability Inventory	\$1.574			
Customer provides deliverability Inventory (4)	\$1.016			
c) Incremental Firm Injection Right: Applied to the contracted Maximum Incremental Firm Injection Right	\$1.016			
d) Annual Interruptible Withdrawal Right: Applied to the contracted Maximum Annual Interruptible Withdrawal Right	\$1.016			



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	Demand Charge Rate/GJ/mo	Commodity Charge Rate/GJ	For Customers Providing Their Own Compressor Fuel	
			Fuel Ratio	Commodity Charge Rate/GJ
e) Withdrawal Commodity Paid on all quantities withdrawn from storage up to the Maximum Daily Storage Withdrawal Quantity		\$0.042	0.598%	\$0.007
f) Injection Commodity Paid on all quantities injected into storage up to the Maximum Daily Storage Injection Quantity		\$0.042	0.598%	\$0.007
g) Short Term Storage / Balancing Service Maximum		\$6.000		

Notes:

1. Demand charges for Annual Services are paid monthly during the term of the contract for not less than one year unless Union, in its sole discretion, accepts a term of less than one year. Demand charges apply whether Union or the customer provides the fuel.
2. Annual Firm Injection Rights are equal to 100% of their respective Annual Firm Withdrawal Rights. Injection Rights in excess of the Annual Firm Injection Rights will be charged at the Incremental Firm Injection Right.
3. Annual Firm Storage Space

The maximum storage space available to a customer at the rates specified herein is determined by one of the following storage allocation methodologies:

**3.1 Aggregate Excess**

Aggregate excess is the difference between a customer's gas consumption in the 151-day winter period and consumption during the balance of the year. This calculation will be done using two years of historical data (with 25% weighting for each year) and one year of forecast data (with 50% weighting). If a customer is new, or an existing customer is undergoing a significant change in operations, the allocation will be based on forecast consumption only, as negotiated between Union and the customer. Once sufficient historical information is available for the customer, the standard calculation will be done. At each contract renewal, the aggregate excess calculation will be performed to set the new space allocation.

**3.2 Obligated daily contract quantity multiple of 15**

Obligated daily contract quantity is the firm daily quantity of gas which the customer must deliver to Union. The 15 x obligated daily contract quantity calculation will be done using the daily contract quantity for the upcoming contract year. At each contract renewal, the 15 x obligated daily contract quantity calculation will be performed to set the new space allocation.

**3.3** For new, large (daily firm transportation demand requirements in excess of 1,200,000 m<sup>3</sup>/day) gas fired power generation customers, storage space is determined by peak hourly consumption x 24 x 4 days. Should the customer elect firm deliverability less than their maximum entitlement (see Note 4.2), the maximum storage space available at the rates specified herein is 10 x firm storage deliverability contracted, not to exceed peak hourly consumption x 24 x 4 days.

Customers may contract for less than their maximum entitlement of firm storage space.



4. Annual Injection/Withdrawal Right

The maximum level of deliverability available to a customer at the rates specified herein is determined by one of the following methodologies:

4.1 The greater of obligated daily contract quantity or firm daily contract demand less obligated daily contract quantity.

4.2 For new, large (daily firm transportation demand requirements in excess of 1,200,000 m<sup>3</sup>/day) gas fired power generation customers, the maximum entitlement of firm storage deliverability is 24 times the customer's peak hourly consumption, with 1.2% firm deliverability available at the rates specified herein.

Customers may contract for less than their maximum entitlement of deliverability. A customer may contract up to this maximum entitlement with a combination of firm and interruptible deliverability as specified in Section (C) Storage Service.

5. Additional storage space or deliverability, in excess of the allocated entitlements per Notes 3 and 4, may be available at market prices.

6. Storage Space and Withdrawal Rights are not assignable to any other party without the prior written consent of Union.

7. Deliverability Inventory being defined as 20% of annual storage space.

8. Short Term Storage / Balancing Service is:

- i) a combined space and interruptible deliverability service for short-term or off-peak storage in Union's storage facilities, or
- ii) short-term firm deliverability, or
- iii) a component of an operational balancing service offered.

In negotiating the rate to be charged for service, the matters that are to be considered include:

- i) The minimum amount of storage service to which a customer is willing to commit,
- ii) Whether the customer is contracting for firm or interruptible service during Union's peak or non-peak periods,
- iii) Utilization of facilities, and
- iv) Competition

**TRANSPORTATION CHARGES:**

	Demand Charge <u>Rate/m<sup>3</sup>/mo</u>	Commodity Charge <u>Rate/m<sup>3</sup></u>	<u>For Customers Providing Their Own Compressor Fuel</u>	
			Fuel <u>Ratio (5) (6)</u>	Commodity Charge <u>Rate/m<sup>3</sup></u>
a) Annual Firm Transportation Demand Applied to the Firm Daily Contract Demand First 140,870 m <sup>3</sup> per month All over 140,870 m <sup>3</sup> per month	19.0898 ¢ 13.0445 ¢			
b) Firm Transportation Commodity Paid on all firm quantities redelivered to the customer's Point(s) of Consumption Commodity Charge (all volumes)		0.3052 ¢	0.555%	0.1835 ¢
c) Interruptible Transportation Commodity Paid on all interruptible quantities redelivered to the customer's Point(s) of Consumption Maximum		2.6180 ¢	0.555%	2.4963 ¢

Notes:

1. All demand charges are paid monthly during the term of the contract for not less than one year unless Union, at its sole discretion, accepts a term of less than one year. Demand charges apply whether Union or the customer provides the fuel.
2. Effective January 1, 2007, new customers and existing customers with incremental daily firm demand requirements in excess of 1,200,000 m<sup>3</sup>/day and who are directly connected to i) the Dawn-Trafalgar transmission system in close proximity to Parkway or ii) a third party pipeline, have the option to pay for service using a Billing Contract Demand. The Billing Contract Demand shall be determined by Union such that the annual revenues over the term of the contract will recover the invested capital, return on capital and operating and maintenance costs associated with the dedicated service in accordance with Union's system expansion policy. The firm transportation demand charge will be applied to the Billing Contract Demand. For customers choosing the Billing Contract Demand option, the authorized transportation overrun rate will apply to all volumes in excess of the Billing Contract Demand but less than the daily firm demand requirement.
3. In negotiating the rate to be charged for the transportation of gas under Interruptible Transportation, the matters that are to be considered include:
  - a) The amount of the interruptible transportation for which customer is willing to contract,
  - b) The anticipated load factor for the interruptible transportation quantities,
  - c) Interruptible or curtailment provisions, and
  - d) Competition.
4. In each contract year, the customer shall pay for a Minimum Interruptible Transportation Activity level as specified in the Contract. Overrun activity will not contribute to the minimum activity level.
5. Transportation fuel ratios do not apply to customers served from dedicated facilities directly connected to third party transmission systems with custody transfer metering at the interconnect.



6. Firm transportation fuel ratio does not apply to new customers or existing customers with incremental daily firm demand requirements in excess of 1,200,000 m<sup>3</sup>/day that contract for M12 Dawn to Parkway transportation service equivalent to 100% of their daily firm demand requirement. If a customer with a daily firm demand requirement in excess of 1,200,000 m<sup>3</sup>/day contracts for M12 Dawn to Parkway transportation service at less than 100% of their firm daily demand requirement, the firm transportation fuel ratio will be applicable to daily volumes not transported under the M12 transportation contract.
7. Either Union or a customer, or potential customer, may apply to the Ontario Energy Board to fix rates and other charges different from the rates and other charges specified herein if the changed rates and other charges are considered by either party to be necessary, desirable and in the public interest.

**SUPPLEMENTAL CHARGES:**

Rates for supplemental services are provided in Schedule "A".

Notes:

1. All demand charges are paid monthly during the term of the contract for not less than one year unless Union, in its sole discretion, accepts a term of less than one year.

**OVERRUN SERVICE:****1. Annual Storage Space****Authorized**

Authorized Overrun is provided as Storage/Balancing Service. It is payable on all quantities on any Day in excess of the customer's contracted Maximum Storage Space. Overrun will be authorized by Union at its sole discretion. Storage Space Overrun equal to the customer's firm deliveries from TCPL: less the customer's Firm Daily Contract Demand, all multiplied by the Days of Interruption called during the period of November 1 to March 31, will be automatically authorized until the following July 1.

**Unauthorized**

If in any month, the customer has gas in storage in excess of the contracted Maximum Storage Space, and which has not been authorized by Union or provided for under a short term supplemental storage service, such an event will constitute an occurrence of Unauthorized Overrun. The Unauthorized Overrun rate will be \$6.000 per GJ applied to the greatest excess for each occurrence.

If on any Day the gas storage balance for the account of the customer is less than zero, the Unauthorized Overrun charge will apply for each GJ of gas below a zero inventory level and this amount of gas shall be deemed not to have been withdrawn from storage. The gas shall be deemed to have been sold to the customer at the highest spot price at Dawn in the month of occurrence and the month following occurrence as identified in the Canadian Gas Price Reporter and shall not be less than Union's approved weighted average cost of gas. If the customer has contracted to provide its own deliverability inventory, the zero inventory level shall be deemed to mean twenty percent (20%) of the Annual Firm Storage Space.



## 2. Injection, Withdrawals and Transportation

### Authorized

The following Overrun rates are applied to any quantities transported, injected or withdrawn in excess of 103% of the Contract parameters. Overrun will be authorized by Union at its sole discretion.

Automatic authorization of Injection Overrun will be given during all Days a customer has been interrupted.

	Union Providing Fuel	For Customers Providing Their Own Compressor Fuel Firm or Interruptible Service	
	Firm or Interruptible Service	Fuel Ratio	Commodity Charge
Storage Injections	\$0.118/GJ	1.03%	\$0.059/GJ
Storage Withdrawals	\$0.118/GJ	1.03%	\$0.059/GJ
Transportation	0.9328 ¢/m <sup>3</sup>	0.555%	0.8111 ¢/m <sup>3</sup>

### Unauthorized

For all quantities on any Day in excess of 103% of the customer's contractual rights, for which authorization has not been received, the customer will be charged 4.7715 ¢ per m<sup>3</sup> or \$1.264 per GJ, as appropriate.

## 3. Storage / Balancing Service

### Authorized

The following Overrun rates are applied to any quantities stored in excess of the Contract parameters. Overrun will be authorized by Union Gas at its sole discretion.

	Firm Service Rate/GJ
Space	\$6.000
Injection / Withdrawal Maximum	\$6.000

**OTHER SERVICES & CHARGES:****1. Monthly Charge**

In addition to the rates and charges described previously for each Point of Consumption, a Monthly Charge shall be applied as follows:

Monthly Charge	\$1,795.31
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**2. Diversion of Gas**

The availability of the right to divert gas will be based on Union's ability to accommodate the diversion. The price to be charged for the right to divert shall be determined through negotiation.

**3. Delivery Obligations**

Effective January 1, 2007, new customers and existing customers with incremental daily firm demand requirements in excess of 1,200,000 m<sup>3</sup>/day who are delivering gas to Union under direct purchase arrangements may be entitled to non-obligated deliveries. The delivery options available to customers are detailed at [www.uniongas.com/aboutus/regulatory/rates/deliveryobligations.asp](http://www.uniongas.com/aboutus/regulatory/rates/deliveryobligations.asp).

Unless otherwise authorized by Union, all other customers who are delivering gas to Union under direct purchase arrangements must obligate to deliver at a point(s) specified by Union and must acquire and maintain firm transportation on all upstream pipeline systems. Customers initiating direct purchase arrangements, who previously received Gas Supply service, must also accept, unless otherwise authorized by Union, an assignment from Union of transportation capacity on upstream pipeline systems.

**4. Nominations**

Effective January 1, 2007, new customers and existing customers with incremental daily firm demand requirements in excess of 1,200,000 m<sup>3</sup>/day who have non obligated deliveries may contract to use Union's 5 additional nomination windows (13 in total) for the purposes of delivering gas to Union. These windows are in addition to the standard NAESB and TCPL STS nomination windows. Customers taking the additional nomination window service will pay an additional monthly demand charge of \$0.690/GJ/day/month multiplied by the non-obligated daily contract quantity.

**5. Additional Service Information**

Additional information on Union's T1 service offering can be found at [www.uniongas.com/aboutus/regulatory/rates/T1info.asp](http://www.uniongas.com/aboutus/regulatory/rates/T1info.asp). The additional information consists of, but is not limited to, the following:

- i. Storage space and deliverability entitlement;
- ii. The determination of gas supply receipt points and delivery obligations;
- iii. The nomination schedule;
- iv. The management of multiple redelivery points by a common fuel manager; and
- v. The availability of supplemental transactional services including title transfers.





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**(D) Delayed Payment**

When payment of the monthly bill has not been made in full 16 days after the bill has been issued, the unpaid balance including previous arrears shall be increased by 1.5% (annual effective rate of 19.56%).

Effective

XXXX-XX-XX  
O.E.B. Order # XX-XXXX-XXXX

Chatham, Ontario

Supersedes XX-XXXX-XXXX Rate Schedule effective XXXX-XX-XX.

UNION GAS LIMITED  
Southern Operations Area  
General Service Customer Bill Impacts

Line No.		Rate M1 - Residential (Annual Consumption of 2,200 m³)				Rate M2 - Commercial (Annual Consumption of 73,000 m³)			
		EB-2010-0359 Approved 01-Jan-11 Total Bill (\$) (1) (a)	EB-2011-0210 Proposed 01-Jan-13 Total Bill (\$) (1) (b)	Impact (\$) (c) = (b) - (a)		EB-2010-0359 Approved 01-Jan-11 Total Bill (\$) (1) (d)	EB-2011-0210 Proposed 01-Jan-13 Total Bill (\$) (1) (e)	Impact (\$) (f) = (e) - (d)	
	<u>Delivery Charges</u>								
1	Monthly Charge	240.00	252.00	12.00		840.00	840.00	-	
2	Delivery Commodity Charge	78.32	91.15	12.83		2,557.50	2,997.62	440.12	
3	Prospective Recovery - Delivery	-	-	-		0.21	0.21	-	
4	Storage Services	21.50	17.92	(3.58)		525.60	608.68	83.08	
5	Total Delivery Charge	339.82	361.07	21.25	6.3%	3,923.31	4,446.51	523.20	13.3%
	<u>Supply Charges</u>								
6	Transportation to Union	95.71	95.71	-		3,175.70	3,175.70	-	
7	Commodity & Fuel (2)	316.65	314.34	(2.31)		10,506.97	10,430.06	(76.91)	
8	Prospective Recovery - Commodity & Fuel	(20.26)	(20.26)	-		(672.12)	(672.12)	-	
9	Subtotal	296.39	294.08	(2.31)		9,834.85	9,757.94	(76.91)	
10	Total Gas Supply Charge (line 6 + line 9)	392.10	389.79	(2.31)		13,010.55	12,933.64	(76.91)	
11	Total Bill	731.92	750.86	18.94	2.6%	16,933.86	17,380.15	446.29	2.6%
12	Impacts for Customer Notices - Sales (line 11)			18.94				446.29	
13	Impacts for Customer Notices - Direct Purchase (line 5)			21.25				523.20	

Notes:

(1) Excludes temporary charges/(credits).

(2) Reflects changes in the Gas Supply Administration charge only.

UNION GAS LIMITED  
Northern & Eastern Operations Area  
General Service Customer Bill Impacts

		(Fort Frances) Rate 01 - Residential (Annual Consumption of 2,200 m³)				(Western) Rate 01 - Residential (Annual Consumption of 2,200 m³)			
Line No.		EB-2010-0359	EB-2011-0210	Impact (\$) (c) = (b) - (a)		EB-2010-0359	EB-2011-0210	Impact (\$) (f) = (e) - (d)	
	Approved 01-Jan-11	Proposed 01-Jan-13	Approved 01-Jan-11			Proposed 01-Jan-13			
	Total	Total	Total			Total			
	Bill (\$ (1))	Bill (\$ (1))	Bill (\$ (1))			Bill (\$ (1))			
		(a)	(b)			(d)	(e)		
	<u>Delivery Charges</u>								
1	Monthly Charge	240.00	252.00	12.00		240.00	252.00	12.00	
2	Delivery Commodity Charge	164.09	216.95	52.86		164.09	216.95	52.86	
3	Total Delivery Charge	404.09	468.95	64.86	16.1%	404.09	468.95	64.86	16.1%
	<u>Supply Charges</u>								
4	Transportation to Union	95.09	91.64	(3.45)		102.00	99.75	(2.25)	
5	Prospective Recovery - Transportation	5.26	5.26	-		5.26	5.26	-	
6	Storage Services	41.32	41.06	(0.26)		41.27	44.70	3.43	
7	Prospective Recovery - Storage	-	-	-		-	-	-	
8	Subtotal	141.67	137.96	(3.71)	-2.6%	148.53	149.71	1.18	0.8%
9	Commodity & Fuel (2)	310.64	308.33	(2.31)		312.40	310.08	(2.32)	
10	Prospective Recovery - Commodity & Fuel	(51.26)	(51.26)	-		(51.26)	(51.26)	-	
11	Subtotal	259.38	257.07	(2.31)		261.14	258.82	(2.32)	
12	Total Gas Supply Charge (line 8 + line 11)	401.05	395.03	(6.02)		409.67	408.53	(1.14)	
13	Total Bill	805.14	863.98	58.84	7.3%	813.76	877.48	63.72	7.8%
14	Impacts for Customer Notices - Sales (line 13)			58.84				63.72	
15	Impacts for Customer Notices - Direct Purchase (line 3 + line 8)			61.15				66.04	

Notes:

(1) Excludes temporary charges/(credits).

(2) Reflects changes in the Gas Supply Administration charge only.

UNION GAS LIMITED  
Northern & Eastern Operations Area  
General Service Customer Bill Impacts

Line No.		(Northern) Rate 01 - Residential (Annual Consumption of 2,200 m³)				(Eastern) Rate 01 - Residential (Annual Consumption of 2,200 m³)			
		EB-2010-0359 Approved 01-Jan-11 Total Bill (\$) (1) (a)	EB-2011-0210 Proposed 01-Jan-13 Total Bill (\$) (1) (b)	Impact (\$) (c) = (b) - (a)		EB-2010-0359 Approved 01-Jan-11 Total Bill (\$) (1) (d)	EB-2011-0210 Proposed 01-Jan-13 Total Bill (\$) (1) (e)	Impact (\$) (f) = (e) - (d)	
	<u>Delivery Charges</u>								
1	Monthly Charge	240.00	252.00	12.00		240.00	252.00	12.00	
2	Delivery Commodity Charge	164.00	216.87	52.87		163.70	216.59	52.89	
3	Total Delivery Charge	404.00	468.87	64.87	16.1%	403.70	468.59	64.89	16.1%
	<u>Supply Charges</u>								
4	Transportation to Union	123.67	125.01	1.34		142.18	146.64	4.46	
5	Prospective Recovery - Transportation	5.28	5.28	-		5.28	5.28	-	
6	Storage Services	49.72	56.02	6.30		56.54	65.72	9.18	
7	Prospective Recovery - Storage	-	-	-		-	-	-	
8	Subtotal	178.67	186.31	7.64	4.3%	204.00	217.64	13.64	6.7%
9	Commodity & Fuel (2)	314.67	312.37	(2.30)		316.65	314.32	(2.33)	
10	Prospective Recovery - Commodity & Fuel	(51.25)	(51.25)	-		(51.26)	(51.26)	-	
11	Subtotal	263.42	261.12	(2.30)		265.39	263.06	(2.33)	
12	Total Gas Supply Charge (line 8 + line 11)	442.09	447.43	5.34		469.39	480.70	11.31	
13	Total Bill	846.09	916.30	70.21	8.3%	873.09	949.29	76.20	8.7%
14	Impacts for Customer Notices - Sales (line 13)			70.21				76.20	
15	Impacts for Customer Notices - Direct Purchase (line 3 + line 8)			72.51				78.53	

Notes:

(1) Excludes temporary charges/(credits).

(2) Reflects changes in the Gas Supply Administration charge only.

UNION GAS LIMITED  
Northern & Eastern Operations Area  
General Service Customer Bill Impacts

Line No.		(Fort Frances) Rate 10 - Commercial / Industrial (Annual Consumption of 93,000 m³)				(Western) Rate 10 - Commercial / Industrial (Annual Consumption of 93,000 m³)			
		EB-2010-0359 Approved 01-Jan-11 Total Bill (\$) (1) (a)	EB-2011-0210 Proposed 01-Jan-13 Total Bill (\$) (1) (b)	Impact (\$) (c) = (b) - (a)		EB-2010-0359 Approved 01-Jan-11 Total Bill (\$) (1) (d)	EB-2011-0210 Proposed 01-Jan-13 Total Bill (\$) (1) (e)	Impact (\$) (f) = (e) - (d)	
	<u>Delivery Charges</u>								
1	Monthly Charge	840.00	840.00	-		840.00	840.00	-	
2	Delivery Commodity Charge	5,055.97	5,816.67	760.70		5,055.97	5,816.67	760.70	
3	Total Delivery Charge	5,895.97	6,656.67	760.70	12.9%	5,895.97	6,656.67	760.70	12.9%
	<u>Supply Charges</u>								
4	Transportation to Union	3,697.38	3,429.89	(267.49)		3,989.60	3,772.61	(216.99)	
5	Prospective Recovery - Transportation	223.11	223.11	-		223.11	223.11	-	
6	Storage Services	1,116.45	1,016.78	(99.67)		1,114.33	1,170.39	56.06	
7	Prospective Recovery - Storage	-	-	-		-	-	-	
8	Subtotal	5,036.94	4,669.78	(367.16)	-7.3%	5,327.04	5,166.11	(160.93)	-3.0%
9	Commodity & Fuel (2)	13,132.25	13,034.29	(97.96)		13,205.64	13,107.68	(97.96)	
10	Prospective Recovery - Commodity & Fuel	(2,166.53)	(2,166.53)	-		(2,166.53)	(2,166.53)	-	
11	Subtotal	10,965.72	10,867.76	(97.96)		11,039.11	10,941.15	(97.96)	
12	Total Gas Supply Charge (line 8 + line 11)	16,002.66	15,537.54	(465.12)		16,366.15	16,107.26	(258.89)	
13	Total Bill	21,898.63	22,194.21	295.58	1.3%	22,262.12	22,763.93	501.81	2.3%
14	Impacts for Customer Notices - Sales (line 13)			295.58				501.81	
15	Impacts for Customer Notices - Direct Purchase (line 3 + line 8)			393.54				599.77	

Notes:

(1) Excludes temporary charges/(credits).

(2) Reflects changes in the Gas Supply Administration charge only.

UNION GAS LIMITED  
Northern & Eastern Operations Area  
General Service Customer Bill Impacts

Line No.		(Northern) Rate 10 - Commercial / Industrial (Annual Consumption of 93,000 m³)				(Eastern) Rate 10 - Commercial / Industrial (Annual Consumption of 93,000 m³)			
		EB-2010-0359 Approved 01-Jan-11 Total Bill (\$) (1) (a)	EB-2011-0210 Proposed 01-Jan-13 Total Bill (\$) (1) (b)	Impact (\$) (c) = (b) - (a)		EB-2010-0359 Approved 01-Jan-11 Total Bill (\$) (1) (d)	EB-2011-0210 Proposed 01-Jan-13 Total Bill (\$) (1) (e)	Impact (\$) (f) = (e) - (d)	
	<u>Delivery Charges</u>								
1	Monthly Charge	840.00	840.00	-		840.00	840.00	-	
2	Delivery Commodity Charge	5,050.37	5,811.09	760.72		5,064.72	5,825.43	760.71	
3	Total Delivery Charge	5,890.37	6,651.09	760.72	12.9%	5,904.72	6,665.43	760.71	12.9%
	<u>Supply Charges</u>								
4	Transportation to Union	4,905.49	4,841.68	(63.81)		5,687.13	5,754.85	67.72	
5	Prospective Recovery - Transportation	223.11	223.11	-		223.12	223.12	-	
6	Storage Services	1,473.20	1,649.45	176.25		1,762.84	2,058.73	295.89	
7	Prospective Recovery - Storage	-	-	-		-	-	-	
8	Subtotal	6,601.80	6,714.24	112.44	1.7%	7,673.09	8,036.70	363.61	4.7%
9	Commodity & Fuel (2)	13,302.36	13,204.39	(97.97)		13,385.58	13,287.63	(97.95)	
10	Prospective Recovery - Commodity & Fuel	(2,166.52)	(2,166.52)	-		(2,166.55)	(2,166.55)	-	
11	Subtotal	11,135.84	11,037.87	(97.97)		11,219.03	11,121.08	(97.95)	
12	Total Gas Supply Charge (line 8 + line 11)	17,737.64	17,752.11	14.47		18,892.12	19,157.78	265.66	
13	Total Bill	23,628.01	24,403.20	775.19	3.3%	24,796.84	25,823.21	1,026.37	4.1%
14	Impacts for Customer Notices - Sales (line 13)			775.19				1,026.37	
15	Impacts for Customer Notices - Direct Purchase (line 3 + line 8)			873.16				1,124.32	

Notes:

(1) Excludes temporary charges/(credits).

(2) Reflects changes in the Gas Supply Administration charge only.

UNION GAS LIMITED  
Southern Operations Area  
Storage Rate Detail

Line No.	Particulars	T1/T3 Storage Rates Approved 2007			T1/T3 Storage Rates Proposed 2013			Unbundled Storage Rates Proposed 2013		
		Costs (1) (\$000's)	Allocation Units (2) (GJ)	Rate (3) (\$/GJ)	Costs (4) (\$000's)	Allocation Units (5) (GJ)	Rate (\$/GJ)	Costs (8) (\$000's)	Allocation Units (5) (GJ)	Rate (\$/GJ)
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
	<u>Demand</u>									
1	Space	16,432	138,693,411	0.010	10,745	75,177,124	0.012 (6)	10,745	75,177,124	0.012 (9)
2	Deliverability	51,876			27,132			27,132		
3	Less:									
3	Inventory Carrying Costs	-			-			(7,154)		
4	Demand/Commodity Shift	-			-			(2,500)		
5	Subtotal	51,876	2,183,669	1.980	27,132	1,332,764	1.696 (6)	17,478	1,332,764	1.093 (9)
6	Total Demand	<u>68,308</u>	138,693,411	0.041	<u>37,877</u>	75,177,124	0.042 (6)	<u>28,223</u>	75,177,124	0.031 (9)
	<u>Commodity</u>									
7	Fuel/Unaccounted for Gas	17,264	305,234,225	0.057	4,118	135,748,736	0.030 (7)	4,118	135,748,736	0.030 (10)
8	Other	2,143	305,234,225	0.007	1,014	135,748,736	0.007 (7)	1,014	135,748,736	0.007 (10)
9	Plus:									
9	Demand/Commodity Shift	-			-			2,500	135,748,736	0.018 (10)
10	Subtotal	19,407	305,234,225	0.064	5,132	135,748,736	0.038 (7)	7,632	135,748,736	0.056 (10)
11	Total	<u>87,715</u>	305,234,225	0.287	<u>43,009</u>	135,748,736	0.317 (7)	<u>35,855</u>	135,748,736	0.264 (10)

Notes:

- (1) EB-2005-0520, Rate Order, Working Papers, Schedule 9, Page 1, column (d).  
(2) EB-2005-0520, Rate Order, Working Papers, Schedule 9, Page 1, column (e).  
(3) EB-2005-0520, Rate Order, Working Papers, Schedule 9, Page 1, column (f).  
(4) EB-2011-0210, Exhibit H3, Tab 5, Schedule 1, Page 2, column (a).  
(5) EB-2011-0210, Exhibit G3, Tab 2 (South only).

- (6) Column (d) / Column (e) \* 1000 / 12.  
(7) Column (d) / Column (e) \* 1000.  
(8) EB-2011-0210, Exhibit H3, Tab 5, Schedule 1, Page 2.  
(9) Column (g) / Column (h) \* 1000 / 12.  
(10) Column (g) / Column (h) \* 1000.

UNION GAS LIMITED  
Southern Operations Area  
Storage Rate Detail

Line No.	Particulars	Costs (1) (\$000's) (a)	Volumes (GJ) (b)
	<u>Space</u>		
1	Storage Excl. Dehydrator Space	23,417	
2	Less: Working Capital - Gas in Storage (2)	(12,672)	
3	Total Space Costs	<u>10,745</u>	
	<u>Deliverability</u>		
4	Storage Dehydrator Demand	273	
5	Storage Excl. Dehydrator Demand	19,705	
6	Inventory Carrying Costs (3)	7,154	
7	Total Deliverability	<u>27,132</u>	
	<u>Inventory Carrying Costs</u>		
8	Space (4)		75,177,124
9	Inventory Percentage		20%
10	Inventory		<u>15,035,425</u>
11	WACOG in Costs (5)		5.370
12	ICC %		<u>8.9%</u>
13	Inventory Carrying Costs (line 10 * line 11 * line 12)	<u>7,154</u>	
	<u>Fuel and UFG</u>		
14	Fuel (6)	2,829	
15	UFG (6)	1,289	
16	Fuel and UFG	<u>4,118</u>	
	<u>Other Commodity Costs</u>		
17	Storage Dehydrator Commodity	128	
18	Storage Excl. Dehydrator Commodity	5,004	
19	Less: Fuel and UFG	(4,118)	
20	Other Commodity Costs	<u>1,014</u>	

Notes:

- (1) EB-2011-0210, Exhibit G3, Tab 2, Schedules 5-9.
- (2) EB-2011-0210, Exhibit G3, Tab 5, Schedule 9, pages 16-19 (South only)\* ICC%.
- (3) Per Line 13.
- (4) EB-2011-0210, Exhibit H3, Tab 5, Schedule 1, Page 1 of 2, line 1, column (e).
- (5)  $\$202.718/10^3\text{m}^3 / 37.75 \text{ GJ}/10^3\text{m}^3$ .
- (6) EB-2011-0210, Exhibit G3, Tab 5, Schedule 8.



UNION GAS LIMITED  
Unbundled Storage Rate Detail - Northern and Eastern Operations Area

Line No.	Particulars	Storage Rates Approved 2007			Storage Rates Proposed 2013			Unbundled Storage Rates Proposed 2013		
		Costs (1) (\$000's)	Allocation Units (2) (GJ)	Rate (3) (\$/GJ)	Costs (4) (\$000's)	Allocation Units (5) (GJ)	Rate (\$/GJ)	Costs (8) (\$000's)	Allocation Units (GJ)	Rate (\$/GJ)
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	Demand Storage	9,198			10,563			10,563		
2	Delivery/Redelivery	18,172			18,888			18,888		
3	Less:									
3	Demand/Commodity Shift	1,865			370			370		
4	Inventory Carrying Costs	(2,789)			(1,551)			(4,001)		
5	Delivery/Redelivery in Delivery	(2,334)			(2,394)			(2,394)		
6	Unbundled Delivery/Redelivery	-			-			(16,494)		
7	Total Demand	<u>24,113</u>	178,000	11.289	<u>25,876</u>	292,902	7.362 (6)	<u>6,932</u>	15,295,734 (9)	0.038 (10)
8	Commodity Storage	4,140			2,095			2,095		
9	Delivery/Redelivery	1,741			904			904		
10	Plus:									
10	Demand/Commodity Shift	(1,865)			(370)			(370)		
11	Less:									
11	Delivery/Redelivery in Delivery	(225)			(115)			(115)		
12	Unbundled Delivery/Redelivery	-			-			(789)		
13	Total Commodity	<u>3,791</u>	15,800,995	0.240	<u>2,514</u>	15,295,734	0.164 (7)	<u>1,725</u>	30,591,468 (11)	0.056 (12)
14	Total	<u>27,904</u>	15,800,995	1.766	<u>28,390</u>	15,295,734	1.856 (7)	<u>8,657</u>	30,591,468	0.283 (12)

Notes:

- (1) EB-2005-0520, Rate Order, Working Papers, Schedule 10, Page 1, column (d).  
(2) EB-2005-0520, Rate Order, Working Papers, Schedule 10, Page 1, column (e).  
(3) EB-2005-0520, Rate Order, Working Papers, Schedule 10, Page 1, column (f).  
(4) EB-2011-0210, Exhibit H3, Tab 5, Schedule 2, Page 5.  
(5) EB-2011-0210, Exhibit G3, Tab 2.  
(6) Column (d) / Column (e) \* 1000 / 12.

- (7) Column (d) / Column (e) \* 1000.  
(8) EB-2011-0210, Exhibit H3, Tab 5, Schedule 2, Page 5.  
(9) Line 13, column (e).  
(10) Column (g) / Column (h) \* 1000 / 12.  
(11) Line 13, column (e) \* 2.  
(12) Column (g) / Column (h) \* 1000.

UNION GAS LIMITED  
Unbundled Storage Rate Detail - Northern and Eastern Operations Area

Unbundled Delivery/Redelivery Rates  
Proposed 2013

Line No.	Particulars	Costs (1) (\$000's) (a)	Allocation Units (2) (GJ) (b)	Rate (\$/GJ) (c)	
	Delivery Demand				
1	Fort Frances	-	-	-	(3)
2	Western	765	2,751	23.187	(3)
3	Northern	3,300	30,279	9.083	(3)
4	Eastern	483	44,287	0.908	(3)
5	Total Delivery Demand	4,548	77,316		
	Redelivery Demand				
6	Fort Frances	5	219	1.858	(3)
7	Western	647	29,003	1.858	(3)
8	Northern	2,499	112,089	1.858	(3)
9	Eastern	8,795	91,536	8.007	(3)
10	Total Redelivery Demand	11,946	232,847		
11	Total Demand	16,494	(4) 310,163		
	Delivery Commodity				
12	Fort Frances	-	-	-	(5)
13	Western	31	670,946	0.046	(5)
14	Northern	113	5,123,278	0.022	(5)
15	Eastern	62	7,594,114	0.008	(5)
16	Total Delivery Commodity	206	13,388,338		
	Redelivery Commodity				
17	Fort Frances	-	-	-	(5)
18	Western	147	3,662,064	0.040	(5)
19	Northern	196	4,880,114	0.040	(5)
20	Eastern	240	4,536,193	0.053	(5)
21	Total Redelivery Commodity	583	13,078,371		
22	Total Commodity	789	(6) 26,466,709		

Notes:

- (1) EB-2011-0210, Exhibit H3, Tab 5, Schedule 2, Page 4 of 5, column (a).
- (2) EB-2011-0210, Exhibit H3, Tab 5, Schedule 2, Page 4 of 5 multiplied by 37.51 GJ/10<sup>3</sup>m<sup>3</sup>.
- (3) Column (a) / Column (b) \* 1000 / 12.
- (4) EB-2011-0210, Exhibit H3, Tab 5, Schedule 2, Page 4 of 5, line 13, column (a).
- (5) Column (a) / Column (b) \* 1000.
- (6) EB-2011-0210, Exhibit H3, Tab 5, Schedule 2, Page 4 of 5, line 22, column (a).

UNION GAS LIMITED  
Northern and Eastern Delivery/Redelivery  
Costs and System Integrity Allocation

Line No.	Particulars	Injections			Withdrawals	
		Total	Del-Demand	Del-Comm	Re-Del-Demand	Re-Del-Comm
		(a)	(b)	(c )	(d)	(e)
<u>Costs (\$000's)</u>						
1	STS	10,892 (1)	5,210	236	5,210	236
2	Storage WPS	-	-	-	-	-
3	Dawn-Trafalgar Transportation	8,900 (2)	-	0	8,468	432
4	Backhauls/Exchanges	-	-	-	-	-
5	Total	<u>19,792</u>	<u>5,210</u>	<u>236</u>	<u>13,678</u>	<u>668</u>
<u>Allocation of System Integrity</u>						
6	Total Demand (10 <sup>3</sup> m <sup>3</sup> /d)	9,469	2,361	-	7,108	-
7	System Integrity Demand (10 <sup>3</sup> m <sup>3</sup> /d)	1,200	300	-	900	-
8	System Integrity % of Demand		12.71%	12.71%	12.66%	12.66%
9	System Integrity Costs	<u>2,508</u>	<u>662</u>	<u>30</u>	<u>1,732</u>	<u>85</u>
10	Service Costs	<u>17,283</u>	<u>4,548</u>	<u>206</u>	<u>11,946</u>	<u>583</u>

Notes:

- (1) EB-2011-0210, Exhibit G3, Tab 4, Schedule 3, page 4.  
(2) EB-2011-0210, Exhibit G3, Tab 2, Schedules 12-16.

UNION GAS LIMITED  
Northern and Eastern Delivery/Redelivery  
Delivery/Redelivery Costs by Zone

Line No.	Particulars	Total (a)	Fort Frances (b)	Western (c)	Northern (d)	Eastern (e)
<u>Demand - Delivery</u>						
1	Service Demand (10 <sup>3</sup> m <sup>3</sup> /d)	2,061	-	73	807	1,181
2	System Integrity (10 <sup>3</sup> m <sup>3</sup> /d)	300 (1)	-	11	117	172
3	Total Demand (10 <sup>3</sup> m <sup>3</sup> /d)	2,361 (2)	-	84	925	1,353
4	TCPL/Union Rate (\$/10 <sup>3</sup> m <sup>3</sup> /d)		-	1,178.362	461.591	46.159
5	Allocator to zones (Line 1 * Line 4)	513,506	-	86,406	372,602	54,498
6	Service Demand Costs (\$000's)	4,548 (3)	-	765	3,300	483
<u>Demand - Redelivery</u>						
7	Service Demand (10 <sup>3</sup> m <sup>3</sup> /d)	6,208	6	773	2,988	2,440
8	System Integrity (10 <sup>3</sup> m <sup>3</sup> /d)	900 (4)	1	112	433	354
9	Total Demand (10 <sup>3</sup> m <sup>3</sup> /d)	7,108 (5)	7	885	3,422	2,794
10	TCPL/Union Rate (\$/10 <sup>3</sup> m <sup>3</sup> /d)		90.699	90.699	90.699	390.828
11	Allocator to zones (Line 7 * Line 10)	1,295,428	531	70,129	271,032	953,736
12	Service Demand Costs (\$000's)	11,946 (6)	5	647	2,499	8,795
13	Total Demand Costs (\$000's)	16,494	5	1,412	5,800	9,278
<u>Commodity - Delivery</u>						
14	Service Commodity (10 <sup>3</sup> m <sup>3</sup> )	356,927	-	17,887 (7)	136,584	202,456
15	TCPL/Union Rate (\$/10 <sup>3</sup> m <sup>3</sup> )		-	3.151	1.519	0.563
16	Allocator to zones (Line 14 * Line 15)	377,764	-	56,359	207,493	113,912
17	Service Commodity Costs (\$000's)	206 (8)	-	31	113	62
<u>Commodity - Redelivery</u>						
18	Service Commodity (10 <sup>3</sup> m <sup>3</sup> )	-	-	97,629 (9)	130,102	120,933
19	TCPL/Union Rate (\$/10 <sup>3</sup> m <sup>3</sup> )		-	2.138	2.138	2.825
20	Allocator to zones (Line 18 * Line 19)	828,479	-	208,738	278,167	341,575
21	Service Commodity Costs (\$000's)	583 (10)	-	147	196	240
22	Total Commodity Costs (\$000's)	789	-	178	309	303

Notes:

- (1) EB-2011-0210, Exhibit H3, Tab 5, Schedule 2, Page 3 of 5, line 7, column (b).  
(2) EB-2011-0210, Exhibit H3, Tab 5, Schedule 2, Page 3 of 5, line 6, column (b).  
(3) EB-2011-0210, Exhibit H3, Tab 5, Schedule 2, Page 3 of 5, line 10, column (b).  
(4) EB-2011-0210, Exhibit H3, Tab 5, Schedule 2, Page 3 of 5, line 7, column (d).  
(5) EB-2011-0210, Exhibit H3, Tab 5, Schedule 2, Page 3 of 5, line 6, column (d).  
(6) EB-2011-0210, Exhibit H3, Tab 5, Schedule 2, Page 3 of 5, line 10, column (d).

- (7) STS Injections less System Integrity portion.  
(8) EB-2011-0210, Exhibit H3, Tab 5, Schedule 2, Page 3 of 5, line 10, column (c).  
(9) STS Withdrawals less System Integrity portion.  
(10) EB-2011-0210, Exhibit H3, Tab 5, Schedule 2, Page 3 of 5, line 10, column (e).

UNION GAS LIMITED  
Northern and Eastern Operations Area  
Storage Rate Detail

Line No.	Particulars	Costs (1) (\$000's) (a)
	<u>Storage Demand</u>	
1	Storage Dehydration Demand	60
2	Storage Excl. Dehydration Demand	14,736
3	Storage Space	6,188
4	Less: Delivery/ Redelivery Demand (2)	(10,420)
5	Less: Storage Winter Peaking Service	-
6	Storage Demand	<u>10,563</u>
	<u>Delivery/ Redelivery Demand</u>	
7	Delivery/ Redelivery Demand (3)	<u>18,888</u>
	<u>Inventory Carrying Costs</u>	
8	Working Capital - Gas in Storage Space (4)	27,650
9	Working Capital - Balancing Gas in Storage (4)	17,509
10	Total Gas in Working Capital	45,159
11	ICC %	8.9%
12	Gas in Storage Space Carrying Costs (line 8 * line 11)	2,450
13	Balancing Gas in Storage Carrying Costs (line 9 * line 11)	1,551
14	Total Inventory Carrying Costs	<u>4,001</u>
	<u>Delivery/ Redelivery in Delivery Demand</u>	
15	Delivery/ Redelivery in Delivery (5)	<u>2,394</u>
	<u>Unbundled Delivery Redelivery</u>	
16	Delivery/ Redelivery Demand (3)	18,888
17	Delivery/ Redelivery in Delivery (5)	(2,394)
18	Unbundled Delivery/ Redelivery	<u>16,494</u>
	<u>Storage Commodity</u>	
19	Storage Dehydrator Commodity	25
20	Storage Excl. Dehydrator Commodity	2,541
21	Less: Delivery/ Redelivery Commodity (6)	(471)
22	Storage Commodity	<u>2,095</u>
	<u>Delivery/ Redelivery Commodity</u>	
23	Delivery/ Redelivery Commodity (7)	<u>904</u>
	<u>Delivery/ Redelivery in Delivery Commodity</u>	
24	Delivery/ Redelivery in Delivery (8)	<u>115</u>

Notes:

- (1) EB-2011-0210, Exhibit G3, Tab 2, Schedules 5-9.
- (2) EB-2011-0210, Exhibit H3, Tab 5, Schedule 2, Page 3 of 5, line 1, column (b) + (d).
- (3) EB-2011-0210, Exhibit H3, Tab 5, Schedule 2, Page 3 of 5, line 5, column (b) + (d).
- (4) EB-2011-0210, Exhibit G3, Tab 5, Schedule 9, Page 20 of 40 (North only).
- (5) EB-2011-0210, Exhibit H3, Tab 5, Schedule 2, Page 3 of 5, line 9, column (b) + (d).
- (6) EB-2011-0210, Exhibit H3, Tab 5, Schedule 2, Page 3 of 5, line 1, column (c) + (e).
- (7) EB-2011-0210, Exhibit H3, Tab 5, Schedule 2, Page 3 of 5, line 5, column (c) + (e).
- (8) EB-2011-0210, Exhibit H3, Tab 5, Schedule 2, Page 3 of 5, line 9, column (c) + (e).

UNION GAS LIMITED  
Southern Operations Area  
Unbundled Delivery Rate Detail  
Effective January 1, 2013

Line No.	Particulars	Billing Units	2013 Forecast Usage (1)	SSS & SPS (\$000's)	Gas Supply Balancing Costs (\$000's)	Gas in Storage Inventory Carrying Costs (\$000's)	Unbundled Storage Revenue (\$000's)	Unbundled Storage Rates (cents/m <sup>3</sup> )	Unbundled Delivery Rates (6) (cents/m <sup>3</sup> )
		(a)	(b)	(c)	(d)	(e)	(f) = (c+d+e)	(g) = (f / b) *100	(h)
<u>Rate M1</u>									
Monthly delivery commodity charge:									
1	First 100 m <sup>3</sup>	10 <sup>3</sup> m <sup>3</sup>	868,730	4,511	-	2,567	7,078	0.8148	4.3477
2	Next 150 m <sup>3</sup>	10 <sup>3</sup> m <sup>3</sup>	767,998	3,988	-	2,269	6,257	0.8148	4.1412
3	All over 250 m <sup>3</sup>	10 <sup>3</sup> m <sup>3</sup>	1,239,684	6,438	-	3,663	10,100	0.8148	3.6527
4	Total		<u>2,876,411</u>	<u>14,937</u>	(2) <u>-</u>	<u>8,499</u>	(3) <u>23,436</u>		
<u>Rate M2</u>									
Monthly delivery commodity charge:									
5	First 1,000 m <sup>3</sup>	10 <sup>3</sup> m <sup>3</sup>	52,132	276	-	158	435	0.8338	4.2259
6	Next 6,000 m <sup>3</sup>	10 <sup>3</sup> m <sup>3</sup>	253,275	1,343	-	769	2,112	0.8338	4.1496
7	Next 13,000 m <sup>3</sup>	10 <sup>3</sup> m <sup>3</sup>	285,869	1,516	-	868	2,384	0.8338	3.9222
8	All over 20,000 m <sup>3</sup>	10 <sup>3</sup> m <sup>3</sup>	365,375	1,937	-	1,109	3,047	0.8338	3.6493
9	Total		<u>956,651</u>	<u>5,072</u>	(4) <u>-</u>	<u>2,904</u>	(5) <u>7,977</u>		

Notes:

- (1) EB-2011-0210, Exhibit H3, Tab 1, Schedule 2, column (a).
- (2) EB-2011-0210, Exhibit H3, Tab 6, Schedule 1, Page 2, line 6, column (a).
- (3) EB-2011-0210, Exhibit H3, Tab 6, Schedule 1, Page 2, line 10, column (a).
- (4) EB-2011-0210, Exhibit H3, Tab 6, Schedule 1, Page 2, line 6, column (b).
- (5) EB-2011-0210, Exhibit H3, Tab 6, Schedule 1, Page 2, line 10, column (b).
- (6) EB-2011-0210, Exhibit H3, Tab 1, Schedule 2, column (h).

UNION GAS LIMITED  
Southern Operations Area  
Unbundled Delivery Cost Detail  
Effective January 1, 2013

Line No.	Particulars (\$000's)	Rate M1 (a)	Rate M2 (b)
	<u>SSS/ SPS</u>		
1	Storage Dehydrator (1)	175	59
2	Storage Ex. Dehydrator (2)	10,117	3,426
3	Storage Space (3)	13,144	4,491
4	Storage	23,436	7,977
5	Less: ICC on Gas in Storage (4)	8,499	2,904
6	Total SSS/SPS	<u>14,937</u>	<u>5,072</u>
	<u>Gas Supply Balancing</u>		
7	Total Gas Supply Balancing	<u>-</u>	<u>-</u>
	<u>Gas In Storage Inventory Carrying Costs</u>		
8	Gas in Storage (5)	95,925	32,779
9	ICC %	8.9%	8.9%
10	Gas in Storage Inventory Carrying Costs	<u>8,499</u>	<u>2,904</u>

Notes:

- (1) EB-2011-0210, Exhibit G3, Tab 2, Schedules 6 and 7.
- (2) EB-2011-0210, Exhibit G3, Tab 2, Schedule 8 and 9.
- (3) EB-2011-0210, Exhibit G3, Tab 2, Schedule 10.
- (4) Per line 10.
- (5) EB-2011-0210, Exhibit G3, Tab 5, Schedule 9, page 16 of 40.

UNION GAS LIMITED  
Northern & Eastern Operations Area  
Gas Supply Transportation Charges  
Effective January 1, 2013

Line No.	Particulars	Billing Units (1) (10 <sup>3</sup> m <sup>3</sup> ) (a)	EB-2010-0359 Approved		EB-2011-0210 Proposed		Rate Difference (cents/m <sup>3</sup> ) (f) = (d-b)	Revenue Difference (\$000's) (g) = (e-c)
			Rate (2) (cents/m <sup>3</sup> ) (b)	Revenue (\$000's) (c) = (b*a/100)	Rate (3) (cents/m <sup>3</sup> ) (d)	Revenue (\$000's) (e) = (d*a/100)		
	<u>Rate 01 (cents/ m<sup>3</sup>)</u>							
	Gas Transportation							
1	Fort Frances	11,920	4.3225	515	4.1651	496	(0.1574)	(19)
2	Western	164,290	4.6368	7,618	4.5336	7,448	(0.1032)	(170)
3	Northern	373,193	5.6216	20,980	5.6831	21,209	0.0615	229
4	Eastern	306,195	6.4621	19,787	6.6650	20,408	0.2029	621
5	Total Rate 01	855,598	5.7152	48,899	5.7926	49,562	0.0774	663
	Gas Storage							
6	Fort Frances	11,920	1.8781	224	1.8667	223	(0.0114)	(1)
7	Western	164,290	1.8757	3,082	2.0319	3,338	0.1562	257
8	Northern	373,193	2.2600	8,434	2.5470	9,505	0.2870	1,071
9	Eastern	306,195	2.5702	7,870	2.9871	9,146	0.4169	1,277
10	Total Rate 01	855,598	2.2919	19,609	2.5961	22,212	0.3042	2,603
	<u>Rate 10 (cents/ m<sup>3</sup>)</u>							
	Gas Transportation							
11	Fort Frances	2,603	3.9757	103	3.6881	96	(0.2876)	(7)
12	Western	43,804	4.2899	1,879	4.0566	1,777	(0.2333)	(102)
13	Northern	128,486	5.2747	6,777	5.2061	6,689	(0.0686)	(88)
14	Eastern	141,376	6.1152	8,645	6.1880	8,748	0.0728	103
15	Total Rate 10	316,269	5.5033	17,405	5.4733	17,310	(0.0300)	(95)
	Gas Storage							
16	Fort Frances	2,603	1.2005	31	1.0933	28	(0.1072)	(3)
17	Western	43,804	1.1982	525	1.2585	551	0.0603	26
18	Northern	128,486	1.5841	2,035	1.7736	2,279	0.1895	243
19	Eastern	141,376	1.8955	2,680	2.2137	3,130	0.3182	450
20	Total Rate 10	316,269	1.6667	5,271	1.8934	5,988	0.2267	717

Notes:

- (1) EB-2011-0210, Exhibit H3, Tab 1, Schedule 2, column (a).
- (2) EB-2010-0359, Appendix A effective January 1, 2011 (Excludes Price Adjustments).
- (3) EB-2011-0210, Exhibit H3, Tab 1, Schedule 2, column (h).



UNION GAS LIMITED  
Northern & Eastern Operations Area  
Gas Supply Transportation Charges  
Effective January 1, 2013

Line No.	Particulars	Billing Units (1) (10 <sup>3</sup> m <sup>3</sup> ) (a)	EB-2010-0359 Approved		EB-2011-0210 Proposed		Rate Difference (cents/m <sup>3</sup> ) (f) = (d-b)	Revenue Difference (\$000's) (g) = (e-c)
			Rate (2) (cents/m <sup>3</sup> ) (b)	Revenue (\$000's) (c) = (b*a/100)	Rate (3) (cents/m <sup>3</sup> ) (d)	Revenue (\$000's) (e) = (d*a/100)		
	<u>Rate 20</u>							
	Gas Supply Demand							
1	Fort Frances	-	34.7281	-	18.0347	-	(16.6934)	-
2	Western	2,650	40.4378	1,072	27.8129	737	(12.6249)	(335)
3	Northern	702	64.1901	451	56.9225	400	(7.2676)	(51)
4	Eastern	3,521	84.1517	2,963	81.7820	2,879	(2.3697)	(83)
	Commodity Trans. 1							
5	Fort Frances	-	3.2962	-	2.8562	-	(0.4400)	-
6	Western	24,899	3.4210	852	3.0697	764	(0.3513)	(87)
7	Northern	7,775	3.9699	309	3.7355	290	(0.2344)	(18)
8	Eastern	40,782	4.4313	1,807	4.3043	1,755	(0.1270)	(52)
	Commodity Trans. 2							
9	Fort Frances	-	0.1258	-	0.1260	-	0.0002	-
10	Western	10,903	0.1234	13	0.1236	13	0.0002	0
11	Northern	6,194	0.1930	12	0.1933	12	0.0003	0
12	Eastern	31,381	0.2528	79	0.2533	79	0.0005	0
13	Total Rate 20	121,935	6.1979	7,557	5.6843	6,931	(0.5136)	(626)
	<u>R100</u>							
	Gas Supply Demand							
14	Fort Frances	-	63.7749	-	50.7536	-	(13.0213)	-
15	Western	-	70.5057	-	62.1615	-	(8.3442)	-
16	Northern	-	98.2553	-	96.1227	-	(2.1326)	-
17	Eastern	-	121.5703	-	125.1255	-	3.5552	-
	Commodity Trans. 1							
18	Fort Frances	-	5.8480	-	5.2821	-	(0.5659)	-
19	Western	-	5.9416	-	5.4422	-	(0.4994)	-
20	Northern	-	6.3533	-	5.9416	-	(0.4117)	-
21	Eastern	-	6.6993	-	6.3682	-	(0.3311)	-
	Commodity Trans. 2							
22	Fort Frances	-	0.1258	-	0.1260	-	0.0001	-
23	Western	-	0.1234	-	0.1236	-	0.0002	-
24	Northern	-	0.1930	-	0.1933	-	0.0004	-
25	Eastern	-	0.2528	-	0.2533	-	0.0005	-
26	Total Rate 100	-	-	-	-	-	-	-
27	Total Difference							3,261

Notes:

- (1) EB-2011-0210, Exhibit H3, Tab 1, Schedule 2, column (a).
- (2) EB-2010-0359, Appendix A effective January 1, 2011 (Excludes Price Adjustments).
- (3) EB-2011-0210, Exhibit H3, Tab 1, Schedule 2, column (h).

UNION GAS LIMITED  
Northern & Eastern Operations Area  
Gas Supply Charges for Rates 01 and 10

Line No.	Particulars	Rate 01		Rate 10	
		Transport (a)	Storage (b)	Transport (c)	Storage (d)
1	Allocated Costs	49,562	22,212	17,310	5,988
2	Change in Costs	-	-	-	-
3	Total Allocated Costs (\$000's)	<u>49,562</u>	<u>22,212</u>	<u>17,310</u>	<u>5,988</u>
<u>Western District Adjustment</u>					
4	Volume (10 <sup>3</sup> m <sup>3</sup> )	164,290	164,290	43,804	43,804
5	Zonal Commodity Differential (cents / m <sup>3</sup> )	<u>0.3685</u>	<u>0.1652</u>	<u>0.3685</u>	<u>0.1652</u>
6	Cost (\$000's)	605	271	161	72
<u>Northern Zone Adjustment</u>					
7	Volume (10 <sup>3</sup> m <sup>3</sup> )	373,193	373,193	128,486	128,486
8	Zonal Commodity Differential (cents / m <sup>3</sup> )	<u>1.5180</u>	<u>0.6803</u>	<u>1.5180</u>	<u>0.6803</u>
9	Cost (\$000's)	5,665	2,539	1,950	874
<u>Eastern Zone Adjustment</u>					
10	Volume (10 <sup>3</sup> m <sup>3</sup> )	306,195	306,195	141,376	141,376
11	Zonal Commodity Differential (cents / m <sup>3</sup> )	<u>2.5000</u>	<u>1.1204</u>	<u>2.5000</u>	<u>1.1204</u>
12	Cost (\$000's)	7,655	3,431	3,534	1,584
13	Total Cost Differential (\$000's)	<u>13,925</u>	<u>6,241</u>	<u>5,646</u>	<u>2,530</u>
14	Remaining Cost (\$000's) (line 3 - line 13)	<u>35,636</u>	<u>15,971</u>	<u>11,664</u>	<u>3,458</u>
15	Total Volume (10 <sup>3</sup> m <sup>3</sup> )	855,598	855,598	316,269	316,269
<u>Rate By Zone (cents/m<sup>3</sup>)</u>					
16	Avg. Ft. Frances (line 14 / line 15 *100)	4.1651	1.8667	3.6881	1.0933
17	Western District	4.5336	2.0319	4.0566	1.2585
18	Northern Zone	5.6831	2.5470	5.2061	1.7736
19	Eastern Zone	6.6650	2.9871	6.1880	2.2137

### Allocation of Costs

### R20 Annual Billing Units By Zone

Sales & Bundled-T Volume ( $10^3 \text{ m}^3$ )

<u>Gas Supply Demand Volume (10<sup>3</sup> m<sup>3</sup> / day)</u>						
11	Annual Billing Volume	-	2,650	702	3,521	6,873

**UNION GAS LIMITED**  
Northern & Eastern Operations  
Separation of Gas Supply Costs  
Allocated to Rate 20

Line No.	Particulars	Fort Frances (a)	Western Zone (b)	Northern Zone (c)	Eastern Zone (d)	Total (\$000's) (e)
<b><u>Commodity Transportation 2</u></b>						
1	Commodity Related Costs					237
2	Demand Related Costs					2,678
3	Total Costs (\$000's) (1)					2,915
4	Volume (Second Block) (10 <sup>3</sup> m <sup>3</sup> )	-	10,903	6,194	31,381	
5	Commodity Transportation (cents / m <sup>3</sup> )	0.1260	0.1236	0.1933	0.2533	
6	Base Cost (line 4 * line 5 / 100)	-	13	12	79	105
7	Remaining Cost Recovered in Commodity Trans 1 (line 3 - line 6)					2,810
<b><u>Commodity Transportation 1</u></b>						
8	Total Cost Differential (cents / m <sup>3</sup> )	-	0.5337	2.1984	3.6203	
9	Adjustment Factor	-	40%	40%	40%	
10	Adjusted Differential (line 8 * line 9)	-	0.2135	0.8793	1.4481	
11	Volume (First Block) (10 <sup>3</sup> m <sup>3</sup> )	-	24,899	7,775	40,782	
12	Cost Differential (\$000's)	-	53	68	591	712
13	Remaining Costs (\$000's) (line 7 - line 12)					2,098
14	Total Volume (First Block)					73,456
15	Avg. Fort Frances Zone Rate					2.8562
16	Zone Rates (cents / m <sup>3</sup> ) (line 10 + line 15)	2.8562	3.0697	3.7355	4.3043	
<b><u>Gas Supply Demand Charge</u></b>						
17	Total Gas Supply Demand Costs (\$000's) (2)					4,016
18	Total Demand Differential (cents / m <sup>3</sup> / day)	-	16.2971	64.8130	106.2456	
19	Adjustment Factor	-	60%	60%	60%	
20	Adjusted Differential (line 18 * line 19)	-	9.7782	38.8878	63.7473	
21	Annual Demand Volume (10 <sup>3</sup> m <sup>3</sup> / day)	-	2,650	702	3,521	
22	Cost Differential (\$000's)	-	259	273	2,244	2,777
23	Remaining Costs (\$000's) (line 17 - line 22)					1,239
24	Total Annual Demand Volume (10 <sup>3</sup> m <sup>3</sup> / day)					6,873
25	Avg. Fort Frances Zone Rate					18.0347
26	Zone Rates (cents / m <sup>3</sup> ) (line 20 + line 25)	18.0347	27.8129	56.9225	81.7820	

**Notes:**

- (1) EB-2011-0210, Exhibit H3, Tab 7, Schedule 1, Page 4 of 8, line 7, column (c).  
(2) EB-2011-0210, Exhibit H3, Tab 7, Schedule 1, Page 4 of 8, line 6, column (c).

## Allocation of Costs

### R100 Annual Billing Units By Zone

Sales & Bundled-T Volume ( $10^3 \text{ m}^3$ )

Gas Supply Demand Volume ( $10^3 \text{ m}^3 / \text{day}$ )

11	Annual Billing Volume	2,880	2,640	41,351	25,104	71,975
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UNION GAS LIMITED  
Northern & Eastern Operations  
Separation of Gas Supply Costs  
Allocated to Rate 100

Line No.	Particulars	Fort Frances (a)	Western Zone (b)	Northern Zone (c)	Eastern Zone (d)	Total (\$000's) (e)
<b><u>Commodity Transportation 2</u></b>						
1	Commodity Related Costs					5,367
2	Demand Related Costs					31,826
3	Total Costs (\$000's) (1)					37,193
4	Volume (Second Block) (10 <sup>3</sup> m <sup>3</sup> )	34,289	35,928	776,077	477,087	
5	Commodity Transportation (cents / m <sup>3</sup> )	0.1260	0.1236	0.1933	0.2533	
6	Base Cost (line 4 * line 5 / 100)	43	44	1,500	1,209	2,797
7	Remaining Cost Recovered in Commodity Trans 1 (line 3 - line 6)					34,397
<b><u>Commodity Transportation 1</u></b>						
8	Total Cost Differential (cents / m <sup>3</sup> )	-	0.5337	2.1984	3.6203	
9	Adjustment Factor	-	30%	30%	30%	
10	Adjusted Differential (line 8 * line 9)	-	0.1601	0.6595	1.0861	
11	Volume (First Block) (10 <sup>3</sup> m <sup>3</sup> )	14,695	15,398	332,604	204,466	
12	Cost Differential (\$000's)	-	25	2,194	2,221	4,439
13	Remaining Costs (\$000's) (line 7 - line 12)					29,958
14	Total Volume (First Block)					567,163
15	Avg. Fort Frances Zone Rate					5.2821
16	Zone Rates (cents / m <sup>3</sup> ) (line 10 + line 15)	5.2821	5.4422	5.9416	6.3682	
<b><u>Gas Supply Demand Charge</u></b>						
17	Total Gas Supply Demand Costs (\$000's) (2)					74,262
18	Total Demand Differential (cents / m <sup>3</sup> / day)	-	16.2971	64.8130	106.2456	
19	Adjustment Factor	-	70%	70%	70%	
20	Adjusted Differential (line 18 * line 19)	-	11.4079	45.3691	74.3719	
21	Annual Demand Volume (10 <sup>3</sup> m <sup>3</sup> / day)	2,880	2,640	41,351	25,104	
22	Cost Differential (\$000's)	-	301	18,760	18,670	37,732
23	Remaining Costs (\$000's) (line 17 - line 22)					36,530
24	Total Annual Demand Volume (10 <sup>3</sup> m <sup>3</sup> / day)					71,975
25	Avg. Fort Frances Zone Rate					50.7536
26	Zone Rates (cents / m <sup>3</sup> ) (line 20 + line 25)	50.7536	62.1615	96.1227	125.1255	

Notes:

- (1) EB-2011-0210, Exhibit H3, Tab 7, Schedule 1, Page 6 of 8, line 7, column (c).  
(2) EB-2011-0210, Exhibit H3, Tab 7, Schedule 1, Page 6 of 8, line 6, column (c).

Northern & Eastern Operations Area  
Derivation of Zonal Differentials  
Effective January 1, 2013

Line No.	Particulars	Fort Frances District (a)	Western Zone (b)	Northern Zone (c)	Eastern Zone (d)	Zonal Differential Transport			Zonal Differential Storage		
						Fort Frances to West (e)	Fort Frances to North (f)	Fort Frances to East (g)	Fort Frances to West (h)	Fort Frances to North (i)	Fort Frances to East (j)
<u>Commodity Charges</u>											
<u>Firm Service (cents / m<sup>3</sup>)</u>											
1	Commodity Transportation	0.0712	0.1236	0.1933	0.2533						
2	Centra Transmission Commodity	0.0548	-	-	-						
3	Commodity Transportation	0.1260	0.1236	0.1933	0.2533	(0.0016)	0.0465	0.0879	(0.0007)	0.0208	0.0394
4	Contract Daily Demand at 100% Load Factor	2.3980	2.9340	4.5290	5.8910	0.3701	1.4715	2.4120	0.1659	0.6595	1.0810
5	Total Commodity Charges at 100% Load Factor	2.5240	3.0576	4.7223	6.1443	0.3685	1.5180	2.5000	0.1652	0.6803	1.1204
<u>Demand Charges</u>											
6	CD Transportation Demand Rate (cents / m <sup>3</sup> / day)	53.7471	89.2403	137.7562	179.1888						
7	Centra Transmission Demand	12.5652	-	-	-						
8	Centra Minnesota Pipelines Demand	6.6309	-	-	-						
9	Total Demand Charges	72.9432	89.2403	137.7562	179.1888	11.2536	44.7552	73.3655	5.0435	20.0578	32.8801

UNION GAS LIMITED  
Calculation of Firm All Day (F24-T) Transportation Service Charges  
Effective January 1, 2013

Line No.	Particulars	(\$ 000's)
	<u>Cost of Service</u>	
1	Operating & Maintenance Costs (1)	1,147
2	Depreciation Expense	-
3	Return, Income and Capital Taxes	-
4	Total Cost of Service	<u>1,147</u>
5	Demand (GJ/day)	356,500
6	Demand Rate (\$/GJ) ((line 4 * 1000) / (line 5 *12))	0.268
7	Demand Rate Commoditized (\$/GJ) (line 6 *12 /365)	0.009
8	Demand Rate (\$/10 <sup>3</sup> m <sup>3</sup> ) (line 6 * 37.75)	10.121

Notes:

(1) Assumes 6 staff at an average annual salary and benefits of \$124,487 each, \$300,000 personnel overtime STO and \$100,000 additional compressor maintenance.



UNION GAS LIMITED  
Derivation of M12-X Transportation Rate  
Effective January 1, 2013

<u>Line</u> <u>No.</u>	<u>Particulars</u>	
	<u>M12-X - Monthly Firm Demand Rate</u>	
1	M12 Dawn to Parkway Firm Demand Rate - 2013 Proposed	2.476
2	C1 Parkway to Dawn Firm Demand Rate - 2013 Proposed	<u>0.603</u>
3	M12-X Demand Rate (\$/GJ) (line 1 + line 2)	3.079
4	M12-X Demand Rate Commoditized (line 3 * 12 / 365)	0.101
5	M12-X Demand Rate (\$/10 <sup>3</sup> m <sup>3</sup> ) (line 3 * 37.75)	116.240

UNION GAS LIMITED  
Derivation of M13 Monthly Fixed Charge per Customer Station  
Effective January 1, 2013

Line No.	Particulars	(\$ 000's)
	<u>Rate Base (1)</u>	
1	Average net plant investment	494
2	Working capital	46
	Total rate base before deduction of	
3	accumulated deferred income taxes	539
4	Accumulated deferred income taxes	(15)
5	Total rate base (line 3 - line 4)	524
	<u>Cost of Service (1)</u>	
6	Operating and maintenance costs	153
7	Depreciation expense	22
8	Return	41
9	Property taxes and income taxes	7
10	Accumulated deferred tax drawdown	(3)
11	Total cost of service	220
12	Cost of Service allocated to commodity (2)	49
13	Cost of Service allocated to demand (line 11 - line 12)	171
14	Number of customer stations	15
15	Monthly fixed charge per customer station (\$000's/month) (line 13 / (line 14 * 12))	0.949

Notes:

(1) EB-2011-0210, Exhibit G3, Tab 2, Schedule 2, Page 2.

(2) EB-2011-0210, Exhibit G3, Tab 2, Schedule 4, Page 2.

UNION GAS LIMITED  
Derivation of M16 Monthly Fixed Charge per Customer Station  
Effective January 1, 2013

Line No.	Particulars	(\$ 000's)
	<u>Rate Base - Other Transmission Demand</u>	
1	Net plant investment	15
2	Working capital	0
	Total rate base before deduction of	
3	accumulated deferred income taxes	16
4	Accumulated deferred income taxes	(0)
5	Total rate base (line 3 - line 4)	15
	<u>Cost of Service - Other Transmission Demand</u>	
6	Operating and maintenance costs	69
7	Depreciation expense	1
8	Return	1
9	Property taxes and income taxes	0
10	Accumulated deferred tax drawdown	(0)
11	Total cost of service (1)	71
12	Number of customer stations	4
13	Monthly fixed charge per customer station (\$000's/month) (line 11 / (line 12 * 12))	1.476

Note:

(1) EB-2011-0210, Exhibit G3, Tab 2, Schedule 17, Page 2.

UNION GAS LIMITED  
Derivation of M16 Monthly Demand Charge For Customers Served East of Dawn  
Effective January 1, 2013

Line No.	Particulars		
1	M12 Dawn to Parkway Firm Demand charge with Dawn compression (\$/10 <sup>3</sup> m <sup>3</sup> /day/month)	(1)	93.469
2	Distance - Dawn to Stratford lateral (km)		121.450
3	Distance - Dawn to Parkway (km)		<u>228.940</u>
4	Distance adjusted Dawn to Parkway demand charge (line 1 * line 2 / line 3) (\$/10 <sup>3</sup> m <sup>3</sup> /day/month)		49.584
5	Percentage of Easterly flow from April 1 - Oct. 31 (214 days/365 days)		<u>58.6%</u>
6	Distance weighted demand charge East of Dawn (line 4 * line 5) (\$/10 <sup>3</sup> m <sup>3</sup> /day/month)		29.071
7	Distance weighted demand charge East of Dawn (line 6 / 37.75) (\$/GJ/day/month)		<u><u>0.770</u></u>

Note:

(1) EB-2011-0210, Exhibit H3, Tab 1, Schedule 2, Page 9, Col (h), Line 5.

UNION GAS LIMITED  
Derivation of M13/M16 Transmission Commodity Charge  
Effective January 1, 2013

Line No.	Particulars	(\$ 000's)
	Rate Base (1)	
1	Net plant investment	137,502
2	Working capital	2,663
3	Accumulated deferred taxes	(4,143)
4	Total rate base	<u>136,022</u>
	Cost of Service (1)	
5	Return	10,610
6	Operating & maintenance costs	4,947
7	Depreciation expense	5,927
8	Property taxes and income taxes	3,971
9	Accumulated deferred tax drawdown	(902)
10	Total Cost of Service	<u>24,553</u>
11	In-franchise Design Day Demand ( $10^3\text{m}^3/\text{day}$ ) (2)	50,580
12	Cost per unit of Demand ( $\$/10^3\text{m}^3$ ) ((line 10*1000) / (line 11 * 12))	<u>40.45</u>
13	Commoditized cost ( $\$/10^3\text{m}^3$ ) (line 12 *12 /365)	1.330
14	Commoditized cost ( $\$/\text{GJ}$ ) (line 13 / 37.75)	0.035

Notes:

(1) EB-2011-0210, Exhibit G3, Tab 2, Schedule 14, In-franchise only.

(2) EB-2011-0210, Exhibit G3, Tab 5, Schedule 23, Page 8, Line 2 plus Line 5, UG Northern & Eastern allocation.

UNION GAS LIMITED  
Derivation of C1 - Long Term Firm Transportation Demand Rates  
Effective January 1, 2013

Line No.	Particulars (\$ 000's)	Dawn - St.Clair (a)	Dawn - Ojibway (b)	Total (c) = (a + b)	C1 Firm Transportation Demand Rates (d)
<u>Rate Base (1)</u>					
1	Net plant investment	4,911	23,515	28,426	
2	Working capital	151	722	873	
	Total rate base before deduction of				
3	accumulated deferred income taxes	5,061	24,237	29,299	
4	Accumulated deferred income taxes	(155)	(744)	(899)	
5	Total rate base	4,906	23,493	28,400	
<u>Cost of Service (1)</u>					
6	Cost of gas	168	804	972	
7	Operating and maintenance costs	251	1,204	1,455	
8	Depreciation	274	1,311	1,585	
9	Taxes	235	1,124	1,359	
10	Return on rate base	383	1,833	2,215	
11	Deferred tax drawdown	(34)	(162)	(196)	
12	Total cost of service	1,277	6,113	7,390	
<u>Transportation Demand Allocation Unit: (2)</u>					
13	Maximum day demand (10 <sup>3</sup> m <sup>3</sup> )	2,833	12,355	15,188	
<u>Transportation Demand Rates:</u>					
Monthly demand per unit (\$/10 <sup>3</sup> m <sup>3</sup> /d/month)					
14	Dawn - St.Clair / Ojibway ((line 12 * 1000) / (line 13 * 12))			40.545	
15	C1 Long Term Firm Contingency Costs (\$000's) (3)		34		
16	C1 Long Term Firm annual billing units (10 <sup>3</sup> m <sup>3</sup> ) (4)		27,166		
17	Monthly demand charge for contingency ((line 15 * 1000 / line 16))			1.267	
18	Dawn - St. Clair / Ojibway demand (\$/10 <sup>3</sup> m <sup>3</sup> /d/month) (line 14 + line 17)				41.811
19	Dawn to Kirkwall demand (\$/10 <sup>3</sup> m <sup>3</sup> /d/month)				78.850
20	Dawn to Parkway demand (\$/10 <sup>3</sup> m <sup>3</sup> /d/month)				93.469
21	Kirkwall to Parkway demand (\$/10 <sup>3</sup> m <sup>3</sup> /d/month)				14.620
22	Parkway to Dawn demand (\$/10 <sup>3</sup> m <sup>3</sup> /d/month)				22.771
23	Kirkwall to Dawn demand (\$/10 <sup>3</sup> m <sup>3</sup> /d/month)				40.159

Notes:

- (1) EB-2011-0210, Exhibit G3, Tab 2, Schedule 18, Page 1.  
(2) EB-2011-0210, Exhibit G3, Tab 5, Schedule 23, Page 9, Line 2.  
(3) EB-2011-0210, Exhibit G3, Tab 2, Schedule 11, Page 2.  
(4) EB-2011-0210, Exhibit H3, Tab 1, Schedule 2, Page 11, Col (a), Line 3 \* 12.

UNION GAS LIMITED  
Derivation of C1 - Firm Kirkwall to Dawn Transportation Rate  
Effective January 1, 2013

Line No.	Particulars	
	<u>Kirkwall to Dawn - Monthly Firm Demand Rate (No compression)</u>	
1	M12 Dawn to Kirkwall firm demand rate without Dawn compression (\$/10 <sup>3</sup> m <sup>3</sup> /day/month)	68.495
2	Kirkwall to Dawn demand rate - 214 days service (\$/10 <sup>3</sup> m <sup>3</sup> ) (line 1 * 214/365)	40.159
3	Kirkwall to Dawn demand rate - 214 days service (\$/GJ) (line 2 / 37.75)	1.064
4	Kirkwall to Dawn demand rate commoditized (\$/GJ) (line 3 *12 / 365)	0.035

UNION GAS LIMITED  
Derivation of C1 - Firm Transportation Commodity Charges  
Effective January 1, 2013

Line No.	Particulars	Parkway to Kirkwall/Dawn		Dawn to Kirkwall		Dawn to Parkway		Kirkwall to Parkway		Dawn - St.Clair		Dawn - Ojibway	
		Nov. 1 - Mar. 31	April 1 - Oct. 31	Nov. 1 - Mar. 31	April 1 - Oct. 31	Nov. 1 - Mar. 31	April 1 - Oct. 31	Nov. 1 - Mar. 31	April 1 - Oct. 31	Nov. 1 - Mar. 31	April 1 - Oct. 31	Nov. 1 - Mar. 31	April 1 - Oct. 31
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
1	M12 commodity rate for Easterly flow with Dawn compression excluding unaccounted for losses (\$/10 <sup>3</sup> m <sup>3</sup> )			1.166	0.318	1.666	0.757						
2	Distance - Dawn to Parkway (km)					228.94	228.94						
3	M12 charge (\$/10 <sup>3</sup> m <sup>3</sup> per km) (line 1 / line 2)					0.007	0.003			0.007	0.003		
4	<u>Rate C1 - Firm Transportation Commodity Charges</u> Distance (km)									29.40	29.40		
5	Applying M12 charges per 10 <sup>3</sup> m <sup>3</sup> /km: Average cost (\$/10 <sup>3</sup> m <sup>3</sup> ) (line 3 * line 4)									0.214	0.097		
6	M12 commodity rate for Easterly flow with Dawn compression excluding unaccounted for losses (\$/10 <sup>3</sup> m <sup>3</sup> ) (line 1)			1.166	0.318	1.666	0.757						
7	M12 commodity rate for Easterly flow without Dawn compression excluding unaccounted for losses (\$/10 <sup>3</sup> m <sup>3</sup> )							0.500	0.439				
8	M12 commodity rate for Westerly flow with Dawn compression excluding unaccounted for losses (\$/10 <sup>3</sup> m <sup>3</sup> )	0.000	0.233										
9	C1 Ojibway Fuel (\$/10 <sup>3</sup> m <sup>3</sup> )											0.288	0.571
10	Plus unaccounted for losses (\$/10 <sup>3</sup> m <sup>3</sup> )	0.314	0.314	0.314	0.314	0.314	0.314	0.314	0.314	0.314	0.314	0.314	0.314
11	Rate C1 Firm Commodity Charges (\$/10 <sup>3</sup> m <sup>3</sup> )	0.314	0.547	1.479	0.632	1.979	1.071	0.814	0.753	0.528	0.411	0.602	0.885



UNION GAS LIMITED

Derivation of C1 - Firm Dawn to Dawn-Vector Transportation Rate

Effective January 1, 2013

Line

No. Particulars

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Dawn to Dawn-Vector - Monthly Firm Demand Rate

1	Dawn Compression Revenue Requirement (\$000's) (1)	1,223
2	Maximum Day Demand (GJ)	573,357
3	Monthly Demand per Unit (\$/GJ/d/month) ((line 1 * 1000) / (line 2 * 12))	0.178
4	Adjusted Monthly Demand per Unit (\$/GJ/d/month) (line 3 * (60/365))	0.029
5	Adjusted Monthly Demand per Unit (\$/10 <sup>3</sup> m <sup>3</sup> /d/month) (line 4 * 37.75)	1.103

Notes:

(1) Dawn transmission compression-related costs related to the Ojibway/St.Clair transmission system.

UNION GAS LIMITED  
Derivation of C1 - Firm Dawn to Dawn-Vector Transportation Fuel Ratio - April 1 to October 31  
Effective January 1, 2013

Line No.	Particulars		Fuel (a)	UFG (b)	Total (c)
1	Total Fuel and UFG	GJ	22,525	19,673	42,198
2	Forecasted Activity 60 days (1)	GJ	4,904,944	N/A	N/A
3	Fuel Ratio Over 60 days (2)	%	0.459%	N/A	N/A
4	Forecasted Activity 214 days (3)	GJ	12,709,732	12,709,732	12,709,732
5	Fuel Ratio Over 214 days (4)	%	0.177%	0.155%	0.332%

Notes:

(1) Activity: July and August.

(2) Line 1 / Line 2.

(3) Summer Activity: April to October.

(4) Line 1 / Line 4.

UNION GAS LIMITED  
Derivation of C1 - Firm Dawn to Dawn-TCPL Transportation Rate  
Effective January 1, 2013

Line No.	Particulars	
	<u>Dawn to Dawn (TCPL) - Monthly Firm Demand Rate</u>	
1	Dawn Compression Revenue Requirement (\$000's) (1)	1,223
2	Maximum Day Demand (GJ)	573,357
3	Monthly Demand per Unit (\$/GJ/d/month) ((line 1 * 1000) / (line 2 * 12))	0.178
4	Adjusted Monthly Demand per Unit (\$/GJ/d/month) (line 3 * (90/365))	0.044
5	Dawn Station Demand Revenue Requirement (2)	553
6	Maximum Day Demand (GJ)	500,000
7	Monthly Demand per Unit (\$/GJ/d/month) ((line 5 * 1000) / (line 6 * 12))	0.092
8	Monthly Firm Demand Rate - 90 day service (\$/GJ/d/month) (line 4 + line 7)	0.136
9	Monthly Firm Demand Rate - 90 day service (\$/10 <sup>3</sup> m <sup>3</sup> /d/month) (line 8 * 37.75)	5.136

Notes:

- (1) Dawn transmission compression-related costs related to the Ojibway/St.Clair transmission system.  
(2) Exhibit G3, Tab 2, Schedule 12, Page 2.

UNION GAS LIMITED  
Derivation of C1 - Firm Dawn to Dawn-TCPL Transportation Fuel Ratio - November 1 to March 31  
Effective January 1, 2013

Line No.	Particulars		Fuel (a)	UFG (1) (b)	Total (c)
1	Total Fuel and UFG Over 90 Days	GJ	9,435	7,739	17,174
2	2013 Forecasted Activity (2)	GJ	5,000,000	5,000,000	5,000,000
3	Fuel Ratio Over 90 Days (3)	%	0.189%	0.155%	0.343%

Notes:

(1) The transportation fuel ratio for service between April 1 and October 31 will be 0.155% (UFG only).

(2) Activity for January and February.

(3) Line 1 / Line 2.

UNION GAS LIMITED  
Calculation of Heritage Pool M16 Transmission Commodity and Fuel Charges  
Effective January 1, 2013

Line No.	Particulars	Rates (1) (\$/GJ)	Costs (\$)
1	Transmission commodity charge to Dawn (\$/GJ) (2)	0.035	31,707
2	Commodity charge to Dawn (2)	0.008	7,477
3	Commodity charge to the Pool (3)	0.023	<u>21,094</u>
4	Total		<u><u>60,277</u></u>

Notes:

(1) Exhibit H3, Tab 2, Schedule 1, page 14 of 15, line 4, line 6 and line 10, col. (c).

(2) Transportation to Dawn of 900,000 GJ.

(3) Transportation to the Pool of 900,000 GJ.

**UNION GAS LIMITED**  
Calculation of Supplemental Service Charges  
Commissioning and Decommissioning Rates  
Effective January 1, 2013

Line No.	Particulars	Ft. Frances (a)	Western (b)	Northern (c)	Eastern (d)
<b>Northern and Eastern Operations Area</b>					
<b>Rate 20 - At 50% Load Factor</b>					
Delivery (cents / m <sup>3</sup> )					
1	Monthly Demand (1)	28.8466	28.8466	28.8466	28.8466
2	Line 1 x 12 months	346.1596	346.1596	346.1596	346.1596
3	Line 2 / 365 days	0.9484	0.9484	0.9484	0.9484
4	Line 3 @ 50% Load Factor	1.8968	1.8968	1.8968	1.8968
5	Commodity Charge (1)	0.5583	0.5583	0.5583	0.5583
6	Total Delivery Commissioning	2.4550	2.4550	2.4550	2.4550
Gas Supply (cents / m <sup>3</sup> )					
7	Monthly Demand (1)	18.0347	27.8129	56.9225	81.7820
8	Gas Supply Demand - Price Adjustment (1)	0.0000	0.0000	0.0000	0.0000
9	(Line 7 + Line 8) x 12 months	216.4164	333.7548	683.0700	981.3840
10	Line 9 / 365 days	0.5929	0.9144	1.8714	2.6887
11	Line 10 @ 50% Load Factor	1.1858	1.8288	3.7428	5.3774
12	Commodity Transportation 1 (1)	2.8562	3.0697	3.7355	4.3043
13	Commodity Transportation 1 - Price Adjustment	0.0000	0.0000	0.0000	0.0000
14	(Line 12 + Line 13) x (4/5)	2.2850	2.4558	2.9884	3.4434
15	Commodity Transportation 2 (1)	0.1260	0.1236	0.1933	0.2533
16	Line 15 * (1/5)	0.0252	0.0247	0.0387	0.0507
17	Total Commodity Transportation Charge for Commissioning Rate	3.4960	4.3093	6.7699	8.8715
<b>Rate 100 - At 70% Load Factor</b>					
Delivery (cents / m <sup>3</sup> )					
18	Monthly Demand (2)	15.9125	15.9125	15.9125	15.9125
19	Line 18 x 12 months	190.9505	190.9505	190.9505	190.9505
20	Line 19 / 365 days	0.5232	0.5232	0.5232	0.5232
21	Line 20 @ 70% Load Factor	0.7474	0.7474	0.7474	0.7474
22	Commodity Charge (2)	0.2372	0.2372	0.2372	0.2372
23	Total Delivery Commissioning	0.9845	0.9845	0.9845	0.9845
Gas Supply (cents / m <sup>3</sup> )					
24	Monthly Demand (2)	50.7536	62.1615	96.1227	125.1255
25	Line 24 x 12 months	609.0432	745.9380	1,153.4724	1,501.5060
26	Line 25 / 365 days	1.6686	2.0437	3.1602	4.1137
27	Line 26 @ 70% Load Factor	2.3837	2.9195	4.5146	5.8767
28	Commodity Transportation 1 (2)	5.2821	5.4422	5.9416	6.3682
29	Line 28 * (3/7)	2.2638	2.3324	2.5464	2.7292
30	Commodity Transportation 2 (2)	0.1260	0.1236	0.1933	0.2533
31	Line 30 * (4/7)	0.0720	0.0706	0.1105	0.1447
32	Total Commodity Transportation Charge for Commissioning Rate	4.7195	5.3225	7.1714	8.7507

**Notes:**

- (1) EB-2011-0210, Exhibit H3, Tab 2, Schedule 1, Page 3.  
(2) EB-2011-0210, Exhibit H3, Tab 2, Schedule 1, Page 4.

UNION GAS LIMITED  
Southern Operations Area  
Calculation of Supplemental Service Charges  
Effective January 1, 2013

Line No.	Particulars	cents / m <sup>3</sup> (a)	\$ / GJ (b)
	Minimum annual gas supply commodity charge - Rate M4, Rate M5A		
1	Compressor Fuel	0.3948	
2	Transportation Tolls	4.3526	
3	Administration Charge	0.2085	
4	Minimum annual gas supply commodity charge	<u>4.9558</u>	<u>1.313</u>
	<u>Gas Supply Commodity Charges</u>		
5	Commodity Cost of Gas	13.6919	
6	FT Transportation Commodity	0.2528	
7	FT Fuel	0.3948	
8	Total Gas Supply Commodity Charge	<u>14.3395</u>	<u>3.799</u>
	<u>Firm Gas Supply Service Monthly Demand Charge</u>		
9	FT Demand Charge	<u>178.8544</u>	<u>47.379</u>

UNION GAS LIMITED  
Southern Operations Area  
Calculation of Supplemental Service Charges  
Effective January 1, 2013

Line No.	Particulars			cents / m <sup>3</sup> (a)	\$ / GJ (b)
	Firm backstop gas:				
	Demand:				
1	Monthly space charge	0.0450			
2	Units required (1)	Note: Each unit of added delivery requires 43 m <sup>3</sup> of additional inventory.	43		
3	Number of months		12	23.2010 (a)	
	Inventory carrying costs:				
4	Sales WACOG		18.6470		
5	Overrun storage withdrawal		0.4120		
6			19.0590		
7	Units required (m <sup>3</sup> )		43		
8	Pre-tax return (%)		8.860%	72.6110 (b)	
9	Annual demand charge			95.8120 (a) + (b)	
10				12	
11	Monthly demand charge			7.9843	2.115
	Commodity:				
12	Sales WACOG			18.6470	
13	Overrun storage withdrawal			0.4120	
14	Overrun transportation			1.0935	
15	Commodity charge			20.1525	5.338
	Reasonable efforts backstop gas:				
16	M1 Block 1 plus Storage			5.1624	
17	Sales WACOG			18.6470	
18				23.8094	6.307
	Supplemental inventory:				
19	Sales WACOG			18.6470	
20	Injection commodity			0.2015	
21	Space charge	0.0450 x 12		0.5396	
22				19.3880	5.136
	Carrying costs (1/2 year)				
23	19.3880 x 8.860% / 2			0.8589	
24				20.2469	5.363
	Supplemental gas sales:				
25	Supplemental inventory			20.2469	
26	Overrun storage withdrawal			0.4120	
27	Overrun transportation			1.0935	
28				21.7524	
	Failure to Deliver:				
29	M1 Block 1 plus Storage			5.1624	1.368
30	Failure to Deliver Adjustment			5.1708	1.370
31	Failure to Deliver Charge			10.3333	2.737

Notes:

(1) Each unit of added delivery requires 43 m<sup>3</sup> of additional inventory.



UNION GAS LIMITED  
Southern Operations Area  
Calculation of Supplemental Service Charges  
Calculation of Minimum, Maximum & Seasonal Charges  
Effective January 1, 2013

Line No.		cents / m <sup>3</sup> (a)
	<u>Minimum Charges</u>	
	Rate M4	
1	Minimum annual delivery commodity charge:	
2	Monthly delivery commodity charge (1st Block M4)	1.1034
3	Administration Fee	0.2085
	Minimum annual delivery commodity charge	<u>1.3119</u>
	Rate M5	
4	Minimum annual delivery commodity charge:	
5	Monthly delivery commodity charge (1st block M5)	2.4340
6	Administration Fee	0.2085
	Minimum annual delivery commodity charge	<u>2.6424</u>
	<u>Maximum Charges</u>	
	Rate M7 Interruptible	
7	Maximum interruptible delivery commodity charge:	
8	M7 firm commodity charge	0.3389
9	M7 firm demand charge commoditized using 23% Load Factor	3.6145
	M7 maximum interruptible charge	<u>3.9534</u>
10	Rate T1 Interruptible	<u>3.9534</u>
11	Rate T2 Interruptible	<u>3.9534</u>
	<u>Rate M7 - Commissioning and Decommissioning Rate</u>	
	<u>Delivery (cents / m<sup>3</sup>)</u>	
12	Monthly Demand (1)	25.3195
13	x 12 months	303.8337
14	/ 365 days	0.8324
15	@ Class Average Firm Load Factor : 142,488 (2) / (14,220 (2) / 12 * 365) = 32.9%	2.5271
16	Commodity Charge (1)	0.3389
17	Commodity - Price Adjustment	-
18	Total Delivery Commissioning	<u><u>2.8660</u></u>

Notes:

- (1) EB-2011-0210, Exhibit H3, Tab 2, Schedule 1, Page 8.  
(2) EB-2011-0210, Exhibit H3, Tab 1, Schedule 2, Page 7, column (a).

UNION GAS LIMITED  
Southern Operations Area  
Calculation of Supplemental Service Charges  
Effective January 1, 2013

Line No.		Union Supplies Fuel	Customer Supplies Fuel
<b><u>Rate T1 and Rate T2 Redesign - At 100% Load Factor</u></b>			
	<u>Authorized Storage Overrun (\$ / GJ)</u>		
1	Monthly Demand (1)	1.696	1.696
2	x 12 months	20.357	20.357
3	/ 365 days	0.056	0.056
4	@ 100% Load Factor	0.056	0.056
5	Commodity Charge (WACOG / Heat Value * Overrun Fuel Ratio + Injection Commodity) (2)	0.053	0.007
6	Total Storage Overrun	<u>0.109</u>	<u>0.063</u>
<b><u>Rate T1 Redesign - At 100% Load Factor</u></b>			
	<u>Authorized Transportation Overrun (cents / m<sup>3</sup>)</u>		
7	Monthly Demand (3)	31.0721	31.0721
8	x 12 months	372.8652	372.8652
9	/ 365 days	1.0215	1.0215
10	@ 100% Load Factor	1.0215	1.0215
11	Commodity Charge (WACOG / 10 * Transportation Fuel Ratio / 100 + Firm Commodity Transport) (4)	0.0719	0.0714
12	Total Transportation Overrun	<u>1.0935</u>	<u>1.0930</u>
<b><u>Rate T2 Redesign - At 100% Load Factor</u></b>			
	<u>Authorized Transportation Overrun (cents / m<sup>3</sup>)</u>		
13	Monthly Demand (5)	21.8224	21.8224
14	x 12 months	261.8686	261.8686
15	/ 365 days	0.7174	0.7174
16	@ 100% Load Factor	0.7174	0.7174
17	Commodity Charge (WACOG / 10 * Transportation Fuel Ratio / 100 + Firm Commodity Transport) (6)	0.0086	0.0081
18	Total Transportation Overrun	<u>0.7260</u>	<u>0.7256</u>
<b><u>Rate T3 - At 100% Load Factor</u></b>			
	<u>Authorized Transportation Overrun (cents / m<sup>3</sup>)</u>		
19	Monthly Demand (7)	10.1718	10.1718
20	x 12 months	122.0614	122.0614
21	/ 365 days	0.3344	0.3344
22	@ 100% Load Factor	0.3344	0.3344
23	Commodity Charge (7)	0.0705	0.0110
24	Total Transportation Overrun	<u>0.4049</u>	<u>0.3454</u>

Notes:

- (1) EB-2011-0210, Exhibit H3, Tab 2, Schedule 1, Page 9, 10 and 11.
- (2)  $\$202.718/10^3\text{m}^3 / 37.75 \text{ GJ}/10^3\text{m}^3 * 1.03\% + \$0.007/\text{GJ}$ .
- (3) EB-2011-0210, Exhibit H3, Tab 2, Schedule 1, Page 10.
- (4)  $\$202.718/10^3\text{m}^3 / 10 * 0.376\% / 100 + 0.0705 \text{ cents}/\text{m}^3$ .
- (5) EB-2011-0210, Exhibit H3, Tab 2, Schedule 1, Page 11.
- (6)  $\$202.718/10^3\text{m}^3 / 10 * 0.354\% / 100 + 0.0074 \text{ cents}/\text{m}^3$ .
- (7) EB-2011-0210, Exhibit H3, Tab 2, Schedule 1, Page 12.

UNION GAS LIMITED  
Southern Operations Area  
Calculation of Union Supplied Fuel Rates for  
In-Franchise Semi-UnBundled Rates T1, T2 and T3  
Effective January 1, 2013

<u>Line No.</u>		<u>Customer Supplies Fuel (a)</u>	<u>Union Supplies Fuel (b)</u>
<b><u>Rate T1 Redesign Transportation Service (cents/m<sup>3</sup>)</u></b>			
1	Ontario Landed Reference Price as per EB-2010-0359		20.2718
2	2013 Fuel Ratio as per EB-2011-0210	0.256%	0.256%
3	Fuel Rate (line 1 * line 2)		0.0519
	Firm Transportation Commodity Charge		
4	All volumes	0.0714	0.1233
5	Interruptible Transportation Commodity Charge	3.9015	3.9534
<b><u>Rate T2 Redesign Transportation Service (cents/m<sup>3</sup>)</u></b>			
6	Ontario Landed Reference Price as per EB-2010-0359		20.2718
7	2013 Fuel Ratio as per EB-2011-0210	0.234%	0.234%
8	Fuel Rate (line 6 * line 7)		0.0474
	Firm Transportation Commodity Charge		
9	All volumes	0.0081	0.0556
10	Interruptible Transportation Commodity Charge	3.9060	3.9534
<b><u>Rate T3 Transportation Service (cents/m<sup>3</sup>)</u></b>			
11	Ontario Landed Reference Price as per EB-2010-0359		20.2718
12	2013 Fuel Ratio as per EB-2011-0210	0.293%	0.293%
13	Fuel Rate (line 11 * line 12)		0.0595
14	Firm Transportation Commodity Charge	0.0110	0.0705
<b><u>Rate T1 Redesign, Rate T2 Redesign &amp; Rate T3 Storage Service (\$/GJ)</u></b>			
15	Ontario Landed Reference Price as per EB-2010-0359		5.370
16	2013 Fuel Ratio as per EB-2011-0210	0.403%	0.403%
17	Fuel Rate (line 15 * line 16)		0.022
18	Storage Commodity Charge	0.007	0.029

UNION GAS LIMITED  
Summary of S&T Transactional Margin Included In 2013 In-Franchise Rates

Line No.	Particulars (\$ 000's)	Total Revenue (1) (a)	Allocated Cost (2) (b)	Total Margin (c) = (a - b)	Shareholder Portion of Margin (3) (d) = (c) * 10%	Margin Included in 2013 Rates (e) = (c - d)
	Short-term Storage and Other Balancing Services Acct. 179-70					
1	Short Term Peak Storage Services	8,988	6,261	2,727		
2	Off Peak Storage/Balancing/Loans Services	2,500	-	2,500		
3	Total Short-term Storage and Other Balancing Services	<u>11,488</u>	<u>6,261</u>	<u>5,227</u>	<u>523</u>	<u>4,704</u>
	M12					
4	M12 Long-term Transportation	125,334	130,314	(4,980)		
5	F24-T	1,147	1,147	-		
6	M12-X	14,448	12,081	2,367		
7	Fuel	25,323	25,322	0		
8	Total M12	<u>166,252</u>	<u>168,865</u>	<u>(2,613)</u>		
9	M13	429	220	209		
10	M16	777	480	298		
	C1					
11	Long-term Transportation	5,121	1,724	3,396		
12	Fuel	701	707	(7)		
13	Short-term Transportation & Exchanges	20,186	6,448	13,738		
14	Other Transactional	1,067	-	1,067		
15	Total C1	<u>27,074</u>	<u>8,879</u>	<u>18,194</u>		
16	Heritage Pool M16 Transmission Charge			60		
17	Total S&T Transactional Margin Included in 2013 Rates	<u>206,020</u>	<u>184,705</u>	<u>21,375</u>	<u>523</u>	<u>20,852</u>

Notes:

(1) EB-2011-0210, Exhibit H3, Tab 1, Schedule 2, Page 9 - 11, Col (g).

(2) EB-2011-0210, Exhibit H3, Tab 1, Schedule 2, Page 9 - 11, Col (e).

(3) EB-2011-0210, Exhibit H1, Tab 1, Table 3.

UNION GAS LIMITED  
Rate T1 Firm Transportation Redesign based on 2013 Revenue Requirement  
Revenue Proof for Proposed Rate T1 and Rate T2

Line No.	Particulars	Annual Billing Units (a)	Rates (cents/m <sup>3</sup> ) (b)	Revenue (\$'000's) (c)	Revenue Requirement (\$'000's) (d)	Revenue to Cost Ratio (e) = (c / d)
<b><u>Rate T1 with Current Rate Design</u></b>						
<b><u>2013 Proposed Current Rate T1 Firm Transportation (1)</u></b>						
1	Monthly Charge	972	\$6,605.75	6,421	6,421	1.000
	Firm Transportation Demand (10 <sup>3</sup> m <sup>3</sup> /day/month)					
2	First 140,870 m <sup>3</sup> per month	71,774	17.9438	12,879		
3	All Over 140,870 m <sup>3</sup> per month	167,088	12.2614	20,487		
4	Total Firm Transportation Demand	<u>238,861</u>		<u>33,366</u>	34,911	0.956
	Firm Transportation Commodity (10 <sup>3</sup> m <sup>3</sup> )					
5	First 2,360,653 m <sup>3</sup> per month	1,241,155	0.0232	288		
6	All Over 2,360,653 m <sup>3</sup> per month	<u>3,502,055</u>	0.0116	<u>405</u>		
7	Total Firm Transportation Commodity	<u>4,743,211</u>		<u>693</u>	693	1.000
8	Total 2013 Proposed Current Rate T1 Firm Transportation	<u>4,743,211</u>		<u>40,480</u>	<u>42,025</u>	<u>0.963</u>
<b><u>Proposed Rate T1 and Rate T2 Redesign</u></b>						
<b><u>2013 Proposed Rate T1 Firm Transportation Redesign</u></b>						
9	Monthly Charge	528	\$1,998.83	1,055	1,055	1.000
	Firm Transportation Demand (10 <sup>3</sup> m <sup>3</sup> /day/month)					
10	First 28,150 m <sup>3</sup> per month	12,448	31.0721	3,868		
11	Next 112,720 m <sup>3</sup> per month	<u>13,002</u>	23.4173	<u>3,045</u>		
12	Total Firm Transportation Demand	<u>25,450</u>		<u>6,913</u>	8,458	0.817
	Firm Transportation Commodity (10 <sup>3</sup> m <sup>3</sup> )					
13	All Volumes	485,700	0.0714	347	347	1.000
14	Total 2013 Proposed Rate T1 Firm Transportation Redesign	<u>485,700</u>		<u>8,315</u>	<u>9,860</u>	<u>0.843</u>
<b><u>2013 Proposed Rate T2 Firm Transportation Redesign</u></b>						
15	Monthly Charge	444	\$6,000.00	2,664	5,366	0.496
	Firm Transportation Demand (10 <sup>3</sup> m <sup>3</sup> /day/month)					
16	First 140,870 m <sup>3</sup> per month	46,323	21.8224	10,109		
17	All Over 140,870 m <sup>3</sup> per month	<u>167,088</u>	11.3992	<u>19,047</u>		
18	Total Firm Transportation Demand	<u>213,411</u>		<u>29,155</u>	26,454	1.102
	Firm Transportation Commodity (10 <sup>3</sup> m <sup>3</sup> )					
19	All Volumes	4,257,511	0.0081	346	346	1.000
20	Total 2013 Proposed Rate T2 Firm Transportation Redesign	<u>4,257,511</u>		<u>32,165</u>	<u>32,165</u>	<u>1.000</u>
21	Grand Total 2013 Proposed Rate T1 and Rate T2 Redesign	<u>4,743,211</u>		<u>40,480</u>	<u>42,025</u>	

**Notes:**

(1) EB-2011-0210, Exhibit H3, Tab 1, Schedule 2, Page 8.

UNION GAS LIMITED  
Union North - Summary of Proposed 2013 and 2014 General Service Delivery Rates  
including 2014 Annual Volume Breakpoint and Rate Structure Redesign

2013 Proposed					2014 Proposed			
Line No.	Particulars	Annual Billing Units (10 <sup>3</sup> m <sup>3</sup> ) (a)	Revenue (\$000's) (b)	Rates (cents/m <sup>3</sup> ) (c)	Particulars	Annual Billing Units (10 <sup>3</sup> m <sup>3</sup> ) (d)	Revenue (\$000's) (e)	Rates (cents/m <sup>3</sup> ) (f)
<b><u>Proposed 2013 Rate 01 Delivery</u></b>					<b><u>Proposed 2014 Rate 01 Delivery</u></b>			
1	Monthly Charge	3,832,876	80,490	\$21.00	Monthly Charge	3,602,569	75,654	\$21.00
	Monthly Delivery Charge				Monthly Delivery Charge			
2	First 100 m <sup>3</sup> per month	253,052	25,720	10.1637	First 100 m <sup>3</sup> per month	231,257	23,411	10.1235
3	Next 200 m <sup>3</sup> per month	285,237	27,495	9.6392	Next 150 m <sup>3</sup> per month	262,760	25,472	9.6941
4	Next 200 m <sup>3</sup> per month	124,436	11,531	9.2665	All Over 250 m <sup>3</sup> per month	165,752	15,075	9.0949
5	Next 500 m <sup>3</sup> per month	85,489	7,630	8.9245				
6	Over 1,000 m <sup>3</sup> per month	107,383	9,280	8.6420				
7	Total 2013 Rate 01 Delivery	<u>855,598</u>	<u>162,145</u>		Total 2014 Rate 01 Delivery	<u>659,769</u>	<u>139,612</u>	
<b><u>Proposed 2013 Rate 10 Delivery</u></b>					<b><u>Proposed 2014 Rate 10 Delivery</u></b>			
8	Monthly Charge	24,573	1,720	\$70.00	Monthly Charge	254,880	8,921	\$35.00
	Monthly Delivery Charge				Monthly Delivery Charge			
9	First 1,000 m <sup>3</sup> per month	23,230	1,763	7.5883	First 1,000 m <sup>3</sup> per month	188,187	13,233	7.0317
10	Next 9,000 m <sup>3</sup> per month	125,165	7,729	6.1747	Next 6,000 m <sup>3</sup> per month	152,274	10,300	6.7640
11	Next 20,000 m <sup>3</sup> per month	79,608	4,274	5.3685	Next 13,000 m <sup>3</sup> per month	63,469	3,803	5.9923
12	Next 70,000 m <sup>3</sup> per month	60,460	2,934	4.8524	All Over 20,000 m <sup>3</sup> per month	108,167	5,501	5.0853
13	Over 100,000 m <sup>3</sup> per month	27,805	806	2.8972				
14	Total 2013 Rate 10 Delivery	<u>316,269</u>	<u>19,224</u>		Total 2014 Rate 10 Delivery	<u>512,098</u>	<u>41,757</u>	
15	Total 2013 General Service Delivery	<u>1,171,866</u>	<u>181,370</u>		Total 2014 General Service Delivery	<u>1,171,866</u>	<u>181,370</u>	

UNION GAS LIMITED  
Union South - Summary of Proposed 2013 and 2014 General Service Delivery Rates  
including 2014 Annual Volume Breakpoint Redesign

		2013 Proposed			2014 Proposed		
Line No.	Particulars	Annual Billing Units (10 <sup>3</sup> m <sup>3</sup> ) (a)	Revenue (\$000's) (b)	Rates (cents/m <sup>3</sup> ) (c)	Annual Billing Units (10 <sup>3</sup> m <sup>3</sup> ) (d)	Revenue (\$000's) (e)	Rates (cents/m <sup>3</sup> ) (f)
<b><u>Proposed Rate M1 Delivery</u></b>							
1	Monthly Charge	12,706,802	266,843	\$21.00	12,057,495	253,207	\$21.00
	Monthly Delivery Charge						
2	First 100 m <sup>3</sup> per month	868,730	37,770	4.3477	807,714	36,232	4.4858
3	Next 150 m <sup>3</sup> per month	767,998	31,804	4.1412	703,930	29,080	4.1311
4	All Over 250 m <sup>3</sup> per month	1,239,684	45,282	3.6527	634,207	23,335	3.6794
5	Total Rate M1 Delivery	<u>2,876,411</u>	<u>381,698</u>		<u>2,145,851</u>	<u>341,855</u>	
<b><u>Proposed Rate M2 Delivery</u></b>							
6	Monthly Charge	81,451	5,702	\$70.00	730,758	25,577	\$35.00
	Monthly Delivery Charge						
7	First 1,000 m <sup>3</sup> per month	52,132	2,203	4.2259	461,452	16,341	3.5412
8	Next 6,000 m <sup>3</sup> per month	253,275	10,510	4.1496	571,592	19,625	3.4334
9	Next 13,000 m <sup>3</sup> per month	285,869	11,212	3.9222	288,792	9,489	3.2856
10	All Over 20,000 m <sup>3</sup> per month	365,375	13,334	3.6493	365,375	11,773	3.2221
11	Total Rate M2 Delivery	<u>956,651</u>	<u>42,960</u>		<u>1,687,211</u>	<u>82,804</u>	
12	Total General Service Delivery	<u>3,833,062</u>	<u>424,659</u>		<u>3,833,062</u>	<u>424,659</u>	