

July 10, 2013

Ontario Energy Board
2300 Yonge Street
Suite 2700
Toronto, Ontario
M4P 1E4

Attention: Ms. Kirsten Walli, Board Secretary

RE: EB-2012-0451 – Greater Toronto Area (“GTA”) LTC Project
EB-2012-0433 – Parkway West Project
EB-2013-0074 – Brantford – Kirkwall/Parkway D Project
Union Gas Limited – Interrogatory responses previously filed in confidence

Dear Ms. Walli,

Union previously filed materials;

- in response to Exhibit I.A1.UGL.CME.5 and Exhibits I.A1.UGL.CCC.6 and 10 which were filed with the Board in confidence on June 19, 2013 .
- in response to Exhibits I.A1.UGL.CCC.7 and 11 which were filed with the Board in confidence on June 20, 2013.

As per letters of July 8 and 9, 2013 these responses are now being filed in un-redacted form in the Board’s RESS. Paper copies have previously been provided to the Board.

If you have any questions with respect to this submission please contact me at (519) 436- 5473.

Yours truly,

Karen Hockin
Manager, Regulatory Initiatives

cc: Crawford Smith, Torys
All Intervenors

June 19, 2013

CONFIDENTIAL COPY

Ontario Energy Board
2300 Yonge Street
Suite 2700
Toronto, Ontario
M4P 1E4

Attention: Ms. Kirsten Walli, Board Secretary

RE: EB-2012-0451 – Greater Toronto Area (“GTA”) LTC Project
EB-2012-0433 – Parkway West Project
EB-2013-0074 – Brantford – Kirkwall/Parkway D Project
Union Gas Limited – Additional attachments to interrogatory responses

Dear Ms. Walli,

Please find attached Union’s correspondence related to Exhibit I.A1.UGL.CME.5 and Exhibits I.A1.UGL.CCC.6 and 10. The correspondence between Union and Enbridge Gas Distribution has been filed in redacted form. Unredacted copies will be filed with the Board in confidence. Union asks that this correspondence be treated as confidential pursuant to the Board’s *Practice Guidelines on Confidential Filings* and Rule 10 of the Board’s *Rules of Practice and Procedure* as the discussions were carried out under a signed confidentiality agreement between the parties.

Note that Union correspondence with TCPL in response to Exhibits I.A1.UGL.CCC.7 and 11 is being compiled and will follow under separate cover.

If you have any questions with respect to this submission please contact me at (519) 436- 5473.

Yours truly,



Karen Hockin
Manager, Regulatory Initiatives

cc: Crawford Smith, Torys
All Intervenors

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Filed: 2013-06-19
EB-2012-0451/EB-2012-0433/EB-2013-0074
Exhibit 1.A1.UGL.CME.5
UPDATED

UNION GAS LIMITED

Answer to Interrogatory from
Canadian Manufacturers & Exporters ("CME")

Ref: EB-2012-0451, Exhibit A, Tab 3, Schedule 1, page 10 of 14

EGD confirms that it has had discussions with Union centering on Dawn Supply, incremental transportation on the Dawn Parkway system and reliability concerns with supply concentration at Parkway.

- a) Please provide all written communications, memoranda, papers or PowerPoint/slide presentations provided by Union to EGD, or provided by EGD to Union, addressing any or all of these issues;
- b) Without limiting the generality of subparagraph (a), CME requests that EGD and Union provide all written documents exchanged that address:
 - i. Incremental compression as a result of additional volumes contracted from Dawn and Niagara;
 - ii. Back-up feed into EGD's system; or
 - iii. Loss of critical unit protection at Parkway West.

Response:

- a) and b): Union previously provided materials presented or exchanged with Enbridge regarding Union's proposed projects in EB-2011-0210 in Exhibit J.B-1-7-8(e) as attachments 9 through 13 and in Exhibit J.B-1-7-9, attachments 1 and 2.

Union also filed materials presented to Enbridge with respect to the proposed projects in EB-2012-0433, Schedule 8-4 and EB-2013-0074, Schedule 9-2.

Please see Attachment 1 for additional correspondence.

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Filed: 2013-06-19
EB-2012-0451/EB-2012-0453/RB-2013-0074
Exhibit LA1.UGL.CME.5
Attachment 1

Redford, Jim

From: Redford, Jim
Sent: February 27, 2012 9:51 AM
To: 'Malini.Giridhar@enbridge.com'
Cc: Passmore, Wayne; Murray, Mark
Subject: Re: MEETING TIMING

Here are the agenda items:

Project Details;

- ORC Coordination and Route Selection
- Parkway West Site
- Routing P-A and A-M
- Open House Detail Requirements - Pipe size, starting point, PW messaging
- Where else do we depend on each other (anticipation of issues)
- Timetable/Schedule alignment

Open Season Package

- Working around shared facilities
- Overview of the package

Government Affairs

- Decisions required before GR joint meeting (if any)
- Scope of joint meeting
- Materials for joint meeting

Regulatory Strategy

- Decisions required before Regulatory joint meeting (if any)
- Scope of joint meeting
- Materials for joint meeting

Feel free to add or move around. This was the detail I promised.

We are on our way and should be OK for 12:30 p.m. Not bringing a presentation with us...we are feeling empty.

Jim

From: Malini Giridhar [<mailto:Malini.Giridhar@enbridge.com>]
Sent: Monday, February 27, 2012 09:19 AM
To: Redford, Jim
Cc: Passmore, Wayne; Murray, Mark
Subject: RE: MEETING TIMING

Jim,

Drive safe and we will see you around 12.30.

Malini

From: Redford, Jim [<mailto:JRedford@uniongas.com>]
Sent: Monday, February 27, 2012 6:21 AM

To: Malini Giridhar
Cc: Passmore, Wayne; Murray, Mark
Subject: MEETING TIMING
Importance: High

We will be closer to 9 am leaving Chatham and will more likely be at your offices closer to 12:30 p.m. We will try and get out as quick as we can.

Jlm Redford, P. Eng.
Director, Business Development & Strategic Accounts
(519) 436-4577

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Thank you.

Passmore, Wayne

From: Passmore, Wayne
Sent: May-11-12 5:44 PM
To: Jody Sarnovsky
Cc: Redford, Jim
Subject: Enbridge Gas Distribution bids in Union Open Season

Jody –

Thanks again for bidding in our Open Season. I am pleased to inform you that Union is allocating Enbridge the full quantities bid for both 2014 and 2015, on a preliminary basis. The quantities are preliminary due to the unknown results of our pending reverse Open Season, which we expect to launch next week.

We are in the process of drafting the commercial agreements for Enbridge which will consist of:

1. M12 Contracts
2. Precedent Agreements
3. Financial Backstopping agreements.

There will be a set of three documents for each tranche of capacity – one for the 2014 capacity and one for the 2015 capacity.

I will send copies to you early next week for your review.

I would welcome an opportunity to review them with you once you have reviewed them.

Wayne Passmore
Union Gas Limited
50 Keil Drive, Chatham, ON N7M 5M1
Direct:519-436-5356 Fax:519-436-4643 Cell:519-365-0776
<mailto:wpassmore@uniongas.com> www.uniongas.com
AOL/AIM: WaynePssmr

Hagerman, Max

From: Byron Madrid [Byron.Madrid@enbridge.com]
Sent: July-26-12 8:39 AM
To: Colwell, Paul
Cc: Papini, Mario; Barnwell, Ashleigh; Van Der Meersch, Dale; Craig Fernandes; Tyler Horton; Byron Madrid; Bill Coldicott
Subject: RE: Parkway West facilities
Attachments: GA-PARKWAY WEST-001_1B.PDF
Importance: High

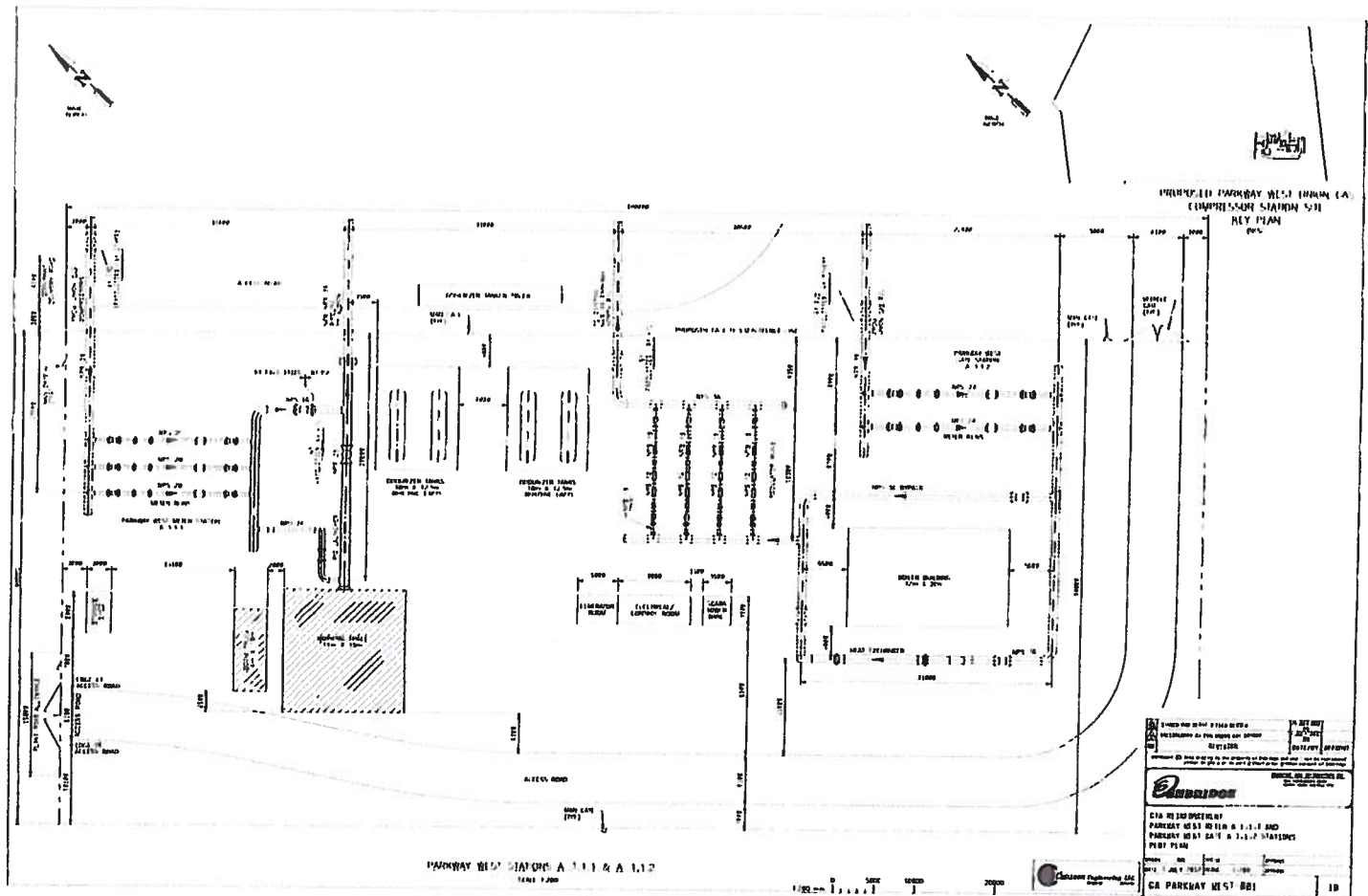
Hi Paul,

I apologize for the delay in getting the Enbridge Gas preliminary layout for our Parkway West facility to you. We wanted to ensure that our internal M&R group had a reasonable opportunity to comment and provide feedback on the layout produced by our Consultant.

Please find attached a copy of our Preliminary Facility Layout. Perhaps we can discuss it at our follow up meeting this afternoon.

Thanks.

Byron Madrid, P. Eng.
Mgr. Engineering & Construction
GTA Project
Enbridge Gas Distribution
Office: 416-758-4481
Cell: 647-519-1865



Hagerman, Max

From: Colwell, Paul
Sent: August-29-12 1:53 PM
To: Craig Fernandes (Craig.Fernandes@Enbridge.com)
Cc: Wood, Matt; Debevc, Melissa; Passmore, Wayne
Subject: Parkway West - Albion Pipeline MOP

Craig, I got your voice mail and question wrt the increased MOP required for your Parkway to Albion pipeline. You are correct, if we are pumping common to both TCPL and your Albion bound pipeline from Parkway West, in order for us to meet contract pressure to TCPL (936 psig) at our existing Parkway East TCPL outlet, we would need a higher discharge pressure from Parkway West, and consequently into your system, in order to account for losses in our 42" Parkway West to East interconnect. I don't have an exact number but I believe we would need to be discharging from our compression at slightly under 950 psig. This being the case, I would suggest that if your pipeline design was set at 960 psig maximum, that would give us sufficient buffer to ensure that we don't inadvertently exceed your pipeline MOP during operation.

Paul J Colwell P.Eng.
Manager, Engineering Services
Engineering and Construction
Union Gas Limited
Tel. (519) 437-6981
Mobile (519) 365-0616
Fax (519) 437-6985
email: pcolwell@uniongas.com

Passmore, Wayne

From: Passmore, Wayne
Sent: September-05-12 9:09 PM
To: Craig Fernandes
Subject: Enbridge needs for 2014

Craig – hopefully you can return the favour ...

At the meeting last week, Malini mentioned that Enbridge was contemplating swapping the 150 and 250 TJ/d tranches of capacity (2015 vs 2014).

That suggests to me that Enbridge now wants (or is contemplating needing) 150 TJ/d starting in Nov 2014, but that it probably won't go to the new Parkway(GTA) interconnect, since Segment A – Parkway to Albion may be deferred to 2015. My question to you is to which interconnect point for the 2014 start of 150 TJ/d?? Parkway(Cons), Lisgar, Parkway(TCPL) or the new Parkway(Cons2)?? Any insight you could share would be helpful - thanks.

Wayne Passmore
Union Gas Limited
50 Keil Drive, Chatham, ON N7M 5M1
Direct:519-436-5356 Fax:519-436-4643 Cell:519-365-0776
<mailto:wpassmore@uniongas.com> www.uniongas.com
AOL/AIM: WaynePssmr

Redford, Jim

From: Colwell, Paul
Sent: September 11, 2012 7:46 PM
To: Byron Madrid
Cc: Daniel Matthews; Barnwell, Ashleigh; Holsappel, John; Wellington, Bob; George, Michelle; Papini, Mario; Mussio, Peter
Subject: FW: Parkway West facilities
Attachments: GA-PARKWAY WEST-001_1B.PDF

Importance: High

Byron, sorry for the delay in getting the plant layout to you; we have been working on the storm water management plan as part of our site plan approval process, which is holding up finalization of our overall plant layout. It appears as though we will need to construct a storm water retention pond on the southwest corner of the property due to existing topographic and natural drainage features of the property. As a result of this requirement, we have had to move your facility northward on the property (we should be able to provide an approximate layout drawing to you later this week). I can't say that we can finalize the UTM coordinates of your facility yet though, as we are still working through our design, but we should be able to give you our best guess at this point in time (Daniel could you please provide this with the layout drawing modified as discussed). We will strive to keep this location frozen, but I can't give you a guarantee that it won't change pending final results of our study. We noticed on your layout that your outlet pipelines for both the Enbridge Cons II and Albion Road pipeline portions of the facility are laid out such that you will need to undercross both of our inlet pipelines in order to get to their respective destinations (Enbridge Cons II outlet to the south and Albion Rd. pipeline to the north). This isn't a huge issue, but if you can somehow mirror your inlet/outlets for each of your two facilities internal to your property, the running line for your outlet pipelines could be simpler with less conflict to our facilities. Also, I note from your drawing that you are assuming a buried isolation valve on our pipeline outlet; we had planned for an above grade outlet valve (to your inlet) just outside your fenceline. This above grade valve would serve as a demarcation point between Union and Enbridge facility ownership, and also provide for both operational and cathodic isolation of our two respective facilities.

Byron, on another note; do you have plans to complete a noise and emissions study on your facility? This will need to feed into our zoning amendment application and site plan approval process with the Town of Milton, and may also feed into our CCA application with the MOE. Also, have you been able to source layout drawings of your existing facility at Parkway East; we are trying to find a feasible route for our 42" Parkway West to East interconnect, and may need to skirt between your facility and TCPL's in order to get to our final destination.

Paul J Colwell P.Eng.
Manager, Engineering Services
Engineering and Construction
Union Gas Limited
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Fax (519) 437-6985
email: pcolwell@uniongas.com

-----Original Message-----

From: Byron Madrid [<mailto:Byron.Madrid@enbridge.com>]
Sent: September 10, 2012 5:53 PM
To: Colwell, Paul
Cc: Byron Madrid

Subject: FW: Parkway West facilities
Importance: High

Hi Paul,

I was wondering if you had a status on your overall Parkway West layout showing our proposed facility layout in relation to your plant?

If your layout is completed, can you please send me a copy as our Consultant is trying to determine the UTM coordinates for our inlets and outlets for the both the meter station and gate station.

Thanks.

Byron Madrid, P. Eng.
Mgr. Engineering & Construction
GTA Project
Enbridge Gas Distribution
Office: 416-758-4481
Cell: 647-519-1865

-----Original Message-----

From: Byron Madrid
Sent: Thursday, July 26, 2012 8:39 AM
To: 'PColwell@uniongas.com'
Cc: 'MPapini@uniongas.com'; 'VABarnwell@uniongas.com'; 'dvandermeersch@spectraenergy.com'; Craig Fernandes; Tyler Horton; Byron Madrid; Bill Coldicott
Subject: RE: Parkway West facilities
Importance: High

Hi Paul,

I apologize for the delay in getting the Enbridge Gas preliminary layout for our Parkway West facility to you. We wanted to ensure that our internal M&R group had a reasonable opportunity to comment and provide feedback on the layout produced by our Consultant.

Please find attached a copy of our Preliminary Facility Layout. Perhaps we can discuss it at our follow up meeting this afternoon.

Thanks.

Byron Madrid, P. Eng.
Mgr. Engineering & Construction
GTA Project
Enbridge Gas Distribution
Office: 416-758-4481
Cell: 647-519-1865

Isherwood, Mark

From: Isherwood, Mark
Sent: October-19-12 7:45 PM
To: 'Malini Giridhar'
Subject: Parkway West

Sorry I did not catch up with you today – it has been another one of those days. I see Tim has set up a meeting for Monday afternoon at 3-4pm to talk about the service. As I mentioned on our last call, I would like to move away from a long term service and focus on the LCU in 2015. Would still discuss with TC purchasing 1 or 2 turbines. I am not sure the meeting is required at this time. Are you available for a 30 min call on Monday at 8 (or earlier if that works). I have Vector coming in to talk renewals at 9 so I get tied up at 9. Let me know. Mark

Mark Isherwood

Vice President, Business Development,
Storage and Transmission
Union Gas Limited | A Spectra Energy Company
50 Keil Drive North | Chatham, ON N7M 5M1
Tel: 519-436-4527
Cell: 519-359-5700

One of Canada's Top 100 Employers



Redford, Jim

From: Wood, Matt
Sent: November 20, 2012 8:38 AM
To: Craig Fernandes; Colwell, Paul
Cc: Byron Madrid; Redford, Jim; George, Michelle
Subject: RE: Enbridge GTA Pipeline MOP

That's perfect, thanks Craig. There should be no need for anything higher than 950# into your line.

Matt

From: Craig Fernandes [<mailto:Craig.Fernandes@enbridge.com>]
Sent: November-20-12 8:29 AM
To: Wood, Matt; Colwell, Paul
Cc: Byron Madrid; Redford, Jim; George, Michelle
Subject: RE: Enbridge GTA Pipeline MOP

Matt,

To confirm, we can take 950 psi into the line after measurement. Anything more will trigger some level of design changes and therefore would require further discussion.

Regards,

Craig

From: Wood, Matt [<mailto:mawood@uniongas.com>]
Sent: Tuesday, November 20, 2012 7:58 AM
To: Craig Fernandes; Colwell, Paul
Cc: Byron Madrid; Redford, Jim; George, Michelle
Subject: RE: Enbridge GTA Pipeline MOP

Craig,

Some comments below (in red). Can you also confirm where you can take 950psig? Paul had mentioned at the compressor flange, but I'm hoping you can take 950# into your line after measurement. If not, what do you need delivered into your line?

I assume you are economizing on pipe in going with a 42" rather than a 48" and that could impact the pressure requirement. Is that correct?

The difference in pressure drop from a 42" to a 48" is relatively minor on a peak day (The net impact is around 1.5-2psig). The biggest impact will be the overall length of the line, which hasn't been nailed down 100% yet (at 600m, pressure drop with the 42" is 3.5psig; at 900m, pressure drop with the 42" is 9.5psig).

Is the routing final, as the distance would have an important impact as well, correct?
Not finalized yet, see above.

From: Colwell, Paul [<mailto:PColwell@uniongas.com>]
Sent: Monday, November 19, 2012 11:19 AM
To: Craig Fernandes
Cc: Byron Madrid; Redford, Jim; Wood, Matt; George, Michelle
Subject: Enbridge GTA Pipeline MOP
Importance: High

Craig, do you recall a while back we discussed the requirement to raise the MOP slightly for the Enbridge GTA pipeline so that we can safely discharge from our proposed Parkway West Station to both TCPL (through our proposed 42" interconnect to Parkway East) and to Enbridge GTA at a common discharge pressure. Our constraint is to meet a TCPL contract delivery of 936 psig at the Parkway East station outlet. With this delivery pressure in mind, we need a minimum of about 950 discharge from our compressor flange in order to accomplish this. We talked about the feasibility of designing your pipeline up to 960 ideally, or 950 as a minimum, so that we don't risk inadvertently exceeding your MOP. What was the final decision on this MOP for your pipeline? I just want to ensure we are consistent with the design of our facilities, including our 42" interconnect.

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Fax (519) 437-6985
email: pcolwell@uniongas.com

Isherwood, Mark

From: Isherwood, Mark
Sent: November-22-12 7:44 AM
To: 'Malini Giridhar'
Cc: Pielt, Patti
Subject: RFP for an LCU Equivalent Service
Attachments: RFP Package - Firm Exchange Service Draft Nov 21.docx.docx; TCPL LCU Discussion Letter Nov21'12 DRAFT#3.docx

Malini – I am attaching both an early draft of the actual RFP and a near final draft of a letter I want to send to Don Bell (where I explain about the RFP and ask some related questions). I do like the idea of the RFP being a joint Enbridge/Union effort. The actual RFP will need some clean up still (this is a first draft), and would be easy to make joint. For the letter, I would propose that I would just add a sentence and still have the letter as a Union letter. I have copied Patti given she is running with the Service evaluation work (including evidence and the RFP). Thoughts? Mark

Mark Isherwood
Vice President, Business Development,
Storage and Transmission
Union Gas Limited | A Spectra Energy Company
50 Keil Drive North | Chatham, ON N7M 5M1
Tel: 519-436-4527
Cell: 519-359-5700

One of Canada's Top 100 Employers



Hagerman, Max

From: Colwell, Paul
Sent: November-29-12 2:16 PM
To: Byron Madrid
Cc: Craig Fernandes (Craig.Fernandes@Enbridge.com); Redford, Jim; Papini, Mario; Wellington, Bob; Van Der Meersch, Dale; George, Michelle
Subject: Parkway West Facility
Attachments: ORLANDO-APP_B.pdf.pdf
Importance: High

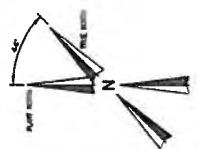
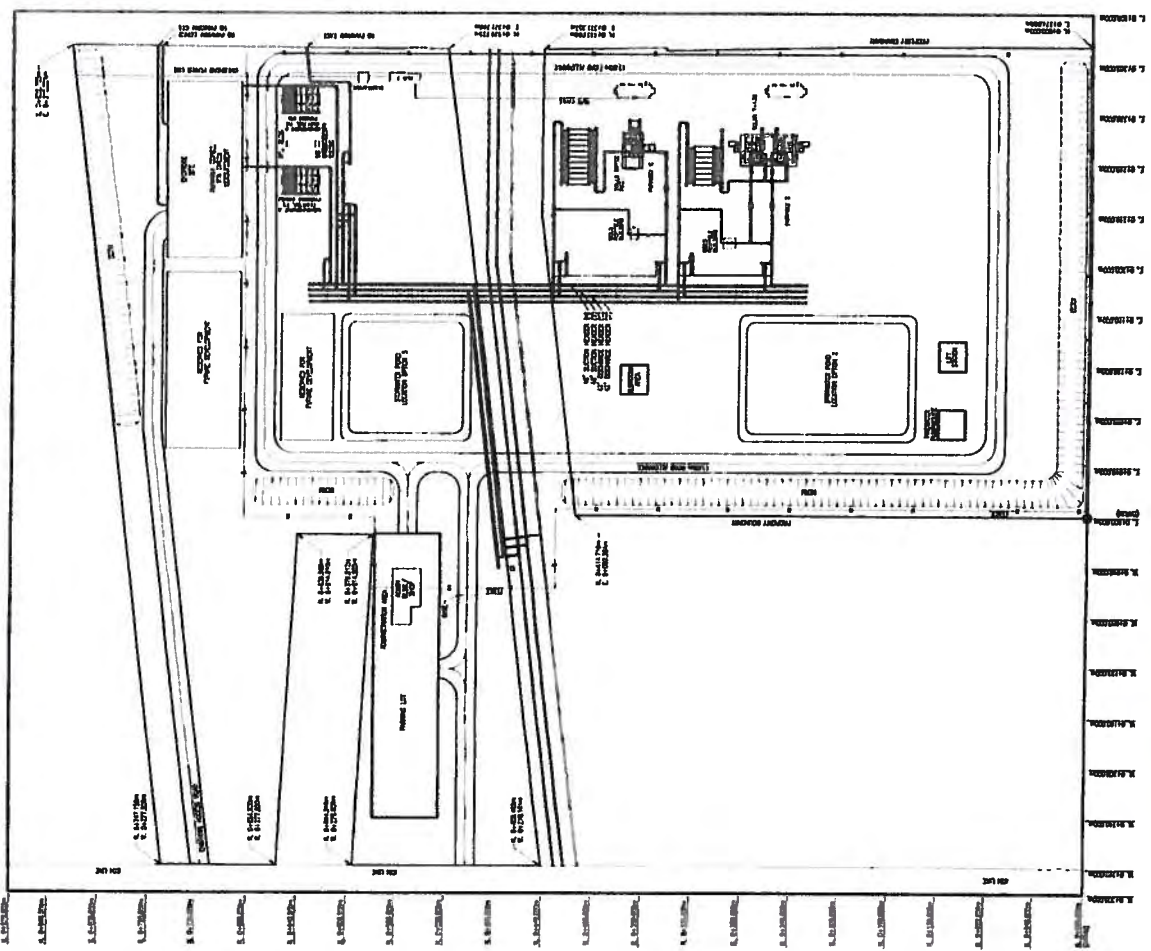
Byron, per our conversation last evening, attached is a sketch of our current thinking wrt a layout on the new property that we are now planning to build on for Parkway West. The new property is directly across the 407 from our existing Parkway facility, and straddles our existing Trafalgar pipeline system (see inset aerial photograph on the attached drawing). This property is now under option to purchase. This layout is far from finalized, but at the end of the day we should be relatively close to this. You will note that we have situated your facility on the north-east corner of the property (abutting to MTO property to our immediate north). This location for you is ideal for us based on our planned future usage within the remaining property, and we are hoping it will also be best for you in order to facilitate your tie-ins into your existing distribution pipelines and the proposed GTA pipeline. We've kept your footprint basically the same size, although you may want to evaluate whether your facility layout within your property is still suitable for this new location (note, we may end up pushing your property just a bit further north on the final layout but it will be basically in the same north/south bearing). We can discuss further at our meeting on Dec 11th. In the meantime if you need anything further please don't hesitate to contact me. I will be putting together a quick agenda for our meeting, so if you have specific items that you would like to discuss please send them through to me and I will see that they get added before sending out. Also, could you please confirm who will be attending from your group so I have a head count for the meeting facility and refreshments. Thanks Byron.

Paul J Colwell P.Eng.
Manager, Engineering Services
Engineering and Construction
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Fax (519) 437-6985
email: pcolwell@uniongas.com

1. PROJECT NO. 100-100-100
 2. SHEET NO. 100-100-100
 3. DATE 10/10/10
 4. DRAWN BY 100-100-100
 5. CHECKED BY 100-100-100
 6. APPROVED BY 100-100-100
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Lindsay, Michelle

From: Malini Giridhar [Malini.Giridhar@enbridge.com]
Sent: December 3, 2012 9:16 PM
To: Isherwood, Mark
Subject: RE: Parkway West

Mark,

thanks for the update.

From: Isherwood, Mark [misherwood@spectraenergy.com]
Sent: Monday, December 03, 2012 5:57 PM
To: Malini Giridhar
Subject: RE: Parkway West

TCPL letter offered a few suggestions on the RFP - some which we included. Other than that called for more consultation, too early to land on one service. Consistent with delay delay delay. I did send back a note to TCPL and copied you - they were silent to any of the questions I had asked on the forward haul - including capability and price. Mark

Mark
Office: (519) 436-4527
Cell: (519) 359-5700

-----Original Message-----

From: Malini Giridhar [<mailto:Malini.Giridhar@enbridge.com>]
Sent: November-30-12 4:41 PM
To: Isherwood, Mark
Cc: Redford, Jim
Subject: RE: Parkway West

Thanks Mark. Had a good meeting with Jim, though he spent most of his time with Craig... What did TCPL's letter say?

Malini

-----Original Message-----

From: Isherwood, Mark [<mailto:misherwood@spectraenergy.com>]
Sent: Friday, November 30, 2012 6:55 AM
To: Malini Giridhar
Cc: Redford, Jim
Subject: Parkway West

I was thinking more about our conversation from yesterday, and came to the conclusion that to the extent that you were being served off of the first 5 km of TCPL that you would not be able to go to suction pressure without stranding the Union and GMI volumes for the TCPL open season that need to be at discharge to get to Maple. If TC could otherwise flow those volumes on the remaining line, they would not have build. I believe Jim is with Craig today and yourself this afternoon - would be a giant step forward landing on this element for evidence etc.. From Union's perspective, in terms of maintaining firm service (without curtailments) we are recommending the physical LCU. When we look at the physical flows, the very likely oil conversion and integrity issues on TC (the current ones which limit capacity) 2015 for the LCU is the right decision. I do want to do more analysis on the exchange

volumes idea - I did get a letter back from Don on the RFP last night and we will likely be doing the RFP on Monday. Will call you later in the day to catch up. Mark

Sent from my iPad

Redford, Jim

From: Craig Fernandes [Craig.Fernandes@enbridge.com]
Sent: January 11, 2013 8:42 AM
To: Colwell, Paul; Byron Madrid; Redford, Jim; Van Der Meersch, Dale
Cc: Wellington, Bob; Barnwell, Ashleigh; Wood, Matt; George, Michelle
Subject: RE: Enbridge/Union Engineering Conf Call

Paul,

I have sent an invite with a conference call number. I invited everyone on the e-mail from your end (even though I missed the people on your .cc list initially, I did send them an invite, but you wouldn't have seen that as it was sent after). I also put Dale and Jim down as optional, mostly as an FYI.

If you think we may need to have a web meeting to show drawings etc., please advise, and I can set that up as well.

As we discussed, if you could send over the list of items you are looking for in advance, that would be appreciated and helpful.

Regards,

Craig Fernandes, P.Eng, MBA
Manager, Regulatory Project Development
GTA Project
416-495-3007

From: Colwell, Paul [<mailto:PColwell@uniongas.com>]
Sent: Thursday, January 10, 2013 6:48 PM
To: Craig Fernandes; Byron Madrid
Cc: Wellington, Bob; Barnwell, Ashleigh; Wood, Matt; George, Michelle
Subject: Enbridge/Union Engineering Conf Call
Importance: High

Craig, per our discussion earlier this evening, next Tuesday afternoon for a joint Union/Enbridge Engineering conference call would work for us (after 2 is best, if that timing works for your people). Also, attached is the latest layout drawing that we have for Parkway West (the comments are just items that we need to change on our drawing yet). You will note that we are showing a location for TCPL facilities; we are not planning to install a connection to TCPL at Parkway West at this time, we just wanted to allocate future space for a connection and related facilities if it is ever needed. We will prepare a list of questions and topics (and hopefully get them to you before the meeting) which we would like to discuss with your Engineering/Planning folks.

Paul J Colwell P.Eng.
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Passmore, Wayne

From: Passmore, Wayne
Sent: January-17-13 3:55 PM
To: Craig Fernandes
Cc: Redford, Jim
Subject: Enbridge Operating parameters - draft 18Dec2012.xlsx
Attachments: Enbridge Operating parameters - draft 18Dec2012.xlsx

Craig – I have heard that you have a question or 2 around the proposed detailed parameters. Please call me ASAP if your concerns have not been already addressed.

Attached is a summary sheet that shows how we are looking at it.

Wayne Passmore
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50 Keil Drive, Chatham, ON N7M 5M1
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<mailto:wpassmore@uniongas.com> www.uniongas.com
AOL/AIM: WaynePssmr

Don't Learn Safety by Accident

Enbridge Parkway Area Interconnects - Operating Agreement Summary

	Min Pressure		Max Pressure		Max Hourly		Hourly Factor	Max Daily		Comment	M12079 - Considerations
	KPag	psig	KPag	psig	10 ³ m ³	mcf		10 ³ m ³	mcf		
CURRENT:											
Consumers	3,450	500	6,160	893	1,804	63,683	20	36,080	1,273,660		1,764,678 GJ/d - total
Lisgar	3,450	500	6,160	893	1,054	37,200	20	21,080	744,000		137,285 GJ/d to TCPL
Total of Suction	3,450	500	6,160	893	2,400	84,722	20	48,000	1,694,440		1,627,393 GJ/d remaining to Suction
M12079B - allows 1,764,678 GJ to Lisgar, Parkway (Consumers) and Parkway (TCPL) combined, and not more than 137,285 GJ to Parkway (TCPL)											1,521,816 mcf/d to suction
											172,624 mcf/d - Op. Ag. - contract

Amendment #3: - Late 2014											M12079 - Considerations
Consumers	3,450	500	6,160	893	1,804	63,683	20	36,080	1,273,660	Same	
Lisgar	3,450	500	6,160	893	1,054	37,200	20	21,080	744,000	Same	
Consumers2	3,450	500	6,160	893	2,400	84,722	20	48,000	1,694,440	Same as Old total	
Total of Suction	3,450	500	6,160	893	2,400	84,722	20	48,000	1,694,440	Same	
M12079B - Amendment #1 - allows 1,764,678 GJ to Lisgar, Parkway (Consumers), Parkway(Consumers2) and Parkway (TCPL) combined, and not more than 137,285 GJ to Parkway(TCPL), subject to compliance with the Operating Agreement relative to the combined hourly flows at Lisgar, Parkway(Consumers) and Parkway(Consumers2)											1,764,678 GJ/d - total
											137,285 GJ/d to TCPL
											1,627,393 GJ/d remaining to Suction
											1,521,816 mcf/d to suction
											172,624 mcf/d - Op. Ag. - contract

Amendment #4: - Late 2015											M12079 - Considerations
Consumers	3,450	500	6,160	893	1,804	63,683	20	36,080	1,273,660	Same	
Lisgar	3,450	500	6,160	893	1,054	37,200	20	21,080	744,000	Same	
Consumers2	3,450	500	6,160	893	1,870	66,013	20	37,400	1,320,256	DROP by 530 10 ³ m ³ /hr x 20 hrs	
Total of Suction	3,450	500	6,160	893	1,870	66,013	20	37,400	1,320,256	DROP by 530 10 ³ m ³ /hr x 20 hrs	
GTA	4,480	650	6,550	950	950	33,536	24	22,800	804,862	Allow 800 TJ/d to GTA	
M12079BA2 - allows 1,764,678 GJ to Lisgar, Parkway (Consumers), Parkway(Consumers2), Parkway(GTA) and Parkway (TCPL) combined, and not more than 137,285 GJ to Parkway (TCPL) and not more than 400,000 GJ/d to GTA, subject to compliance with the Operating Agreement relative to the combined hourly flows at Lisgar, Parkway(Consumers) and Parkway(Consumers2)											
											1,764,678 GJ/d - total
											137,285 GJ/d to TCPL
											400,000 GJ/d to GTA
											1,227,393 GJ/d remaining to Suction
											1,147,766 mcf/d to suction
											172,490 mcf/d - Op. Ag. - contract
											Dropping total suction side by 530 10 ³ m ³ /hr x 20 hrs preserves the same 172 mmcf/d excess capacity on the Operating Agreement when compared to the current parameters

Passmore, Wayne

From: Passmore, Wayne
Sent: January-18-13 5:01 AM
To: Craig Fernandes
Cc: Redford, Jim
Subject: Flows & voice mail follow up

Craig – I got your voice mail late last night. In summary, at Cons, Lisgar and Cons2, we are using a peak hour of 1/20th of the peak day. For all compressed interconnects, like Parkway(TCPL) or Parkway(GTA), we use a 1/24th factor. The file I sent shows a column or peak hour either 20 or 24. The compressor effectively acts like a flow controller. Enbridge should be OK though with 17 or 18 km of NPS36 between Parkway and Albion, you should have lots of line pack to manage or “convert” that to 1/20th at Albion.

Enbridge has contracted for 800 TJ/d to Parkway(GTA). We want to ensure that you have enough or managing forward occurring heat value changes and LBA repayments etc., so I rounded up a bit to get 950o 103m3/hr x 24 hours for the GTA point.

I am in Montreal and heading home this morning – please call, if there is anything else in your mind that prevents Enbridge from signing the documents. We also need your letter back ASAP as well. I have sent it all to Malini and Tania Persad also has a copy.

Thanks.

Wayne Passmore
Union Gas Limited
50 Keil Drive, Chatham, ON N7M 5M1
Direct:519-436-5356 Fax:519-436-4643 Cell:519-365-0776
<mailto:wpassmore@uniongas.com> www.uniongas.com
AOL/AIM: WaynePssmr

Don't Learn Safety by Accident

Hagerman, Max

From: Colwell, Paul
Sent: January-23-13 10:46 AM
To: Craig Fernandes; Byron Madrid
Cc: Barnwell, Ashleigh; Wellington, Bob; Holsappel, John; Kacer, Tony; George, Michelle; Papini, Mario
Subject: Enbridge Property at Parkway West
Attachments: AA241-00-STUDY6-13.01.18.pdf

Importance: High

Craig, Byron; we've had to make a slight alteration to the proposed property at Parkway West that we are leasing to you for your facilities (see attached). We've needed to adjust size and location in order to accommodate a high voltage pole line and a service road running immediately north and east of your property boundaries. We've tried to make this up somewhat by squeezing in on the empty available space to your south. If you are finding that the space we've allotted to you is a bit tight for your proposed facilities we certainly could give you more space to the west (say another 30 to 40m) where our pipelines are coming into your property. Let us know if this change will cause you any issues and how you'd like to proceed.

Paul J Colwell P.Eng.
Manager, Engineering Services
Engineering and Construction
Union Gas Limited
Tel. (519) 437-6981
Mobile (519) 365-0616
Fax (519) 437-6985
email: pcolwell@uniongas.com



WILLIAM H. WILSON - 1911

THE UNIVERSITY OF CHICAGO

DEPTH FACTORS

Universitas

[Faint, illegible handwritten notes]

March 4, 2013

Enbridge Gas Distribution Inc.
2225 Sheppard Ave. East
Atria 3, 17th Floor
North York, ON
M2J 5C2

Attention: Mr. Craig Fernandes

**Re: The Financial Backstopping Agreement to Contract No. M12225 between
Union Gas Limited ("Union") and Enbridge Gas Distribution Inc. ("Shipper")
dated May 7, 2012**

Dear Craig:

Pursuant to the provisions of Section 7 of the Financial Backstopping Agreement between Shipper and Union, dated May 7, 2012, attached is an update of the Estimated Pre-Service Costs as of January 31, 2013.

Yours very truly,



Max Hagerman
Manager, Strategic Accounts

FBA Tracking - Parkway West and Parkway Expansion Facilities
As of January 31, 2013

Table 1 - Schedule 1 FBA Agreement

Forecast March 31, 2013	Parkway West Project Facilities		Dawn-Parkway Expansion Facilities		Total
	LCU	Second Feed and Site Development	Parkway 'D'	Brantford-Kirkwall	
Compressor Engine Package	-	-	-	-	-
Engineering & Consultants	\$0.60	\$0.30	\$0.20	0.3	\$1.40
Land & Easements	-	\$0.40	-	-	\$0.40
Contingency/IDC	-	\$0.10	-	0.1	\$0.20
Total	\$0.60	\$0.80	\$0.20	\$0.40	\$2.00

Table 2 - Cancellation & Spend to Date (Unmitigated)

31-Jan-13	Parkway West Project Facilities		Dawn-Parkway Expansion Facilities		Total
	LCU	Second Feed and Site Development	Parkway 'D'	Brantford-Kirkwall	
Compressor Engine Package	-	-	-	-	\$0.00
Engineering & Consultants	\$0.44	\$0.22	\$0.00	\$0.03	\$0.69
Land & Easements	-	\$0.34	\$0.00	\$0.00	\$0.34
Contingency/IDC	-	\$0.02	\$0.00	\$0.00	\$0.02
Total	\$0.44	\$0.59	\$0.00	\$0.03	\$1.05

Table 3 - Estimated / Mitigated Costs to Date

31-Jan-13	Parkway West Project Facilities		Dawn-Parkway Expansion Facilities		Total
	LCU	Second Feed and Site Development	Parkway 'D'	Brantford-Kirkwall	
Compressor Engine Package	-	-	-	-	\$0.00
Engineering & Consultants	\$0.44	\$0.22	\$0.00	\$0.03	\$0.69
Land & Easements	-	\$0.34	\$0.00	\$0.00	\$0.34
Contingency/IDC	-	\$0.02	\$0.00	\$0.00	\$0.02
Total	\$0.44	\$0.59	\$0.00	\$0.03	\$1.05

Cost mitigation assumptions per Schedule 1 - of FBA Agreement

Table 4 - Schedule 1 FBA Agreement

Forecast June 30, 2013	Parkway West Project Facilities		Dawn-Parkway Expansion Facilities		Total
	LCU	Second Feed and Site Development	Parkway 'D'	Brantford-Kirkwall	
Compressor Engine Package	-	-	-	-	-
Engineering & Consultants	\$0.70	\$0.40	\$0.50	\$0.30	\$1.90
Land & Easements	-	\$0.40	-	\$0.10	\$0.50
Contingency/IDC	-	\$0.10	-	\$0.10	\$0.20
Total	\$0.70	\$0.90	\$0.50	\$0.50	\$2.60

Table 5 - Schedule 1 FBA Agreement

Forecast Union's Conditions Precedent Date*	Parkway West Project Facilities		Dawn-Parkway Expansion Facilities		Total
	LCU	Second Feed and Site Development	Parkway 'D'	Brantford-Kirkwall	
Compressor Engine Package	-	-	\$0.30	-	\$0.30
Engineering & Consultants	\$1.00	\$0.60	\$0.90	\$0.40	\$2.90
Land & Easements	-	\$1.70	-	\$0.10	\$1.80
Contingency/IDC	-	\$0.10	\$0.10	\$0.10	\$0.30
Total	\$1.00	\$2.40	\$1.30	\$0.60	\$5.30

*Note: Union's internal approval Conditions Precedent Date for the Parkway West Project Facilities is September 30, 2013 and for Dawn-Parkway Expansion Facilities is October 31, 2013.

Brady, Paula

From: Hagerman, Max
Sent: March-20-13 10:14 AM
To: Craig Fernandes; Jamie LeBlanc
Cc: Mastronardi, Paolo; Brady, Paula
Subject: Parkway West Pre-Service costs
Attachments: Enbridge FBA Tracking - March Summary.pdf

Craig/Jamie, attached as per section 7 of the FBA please find the most recent pre-service costs summary.

Please let me know if any questions.

Regards,

Max Hagerman
Manager
Strategic Accounts
Union Gas Limited | A Spectra Energy Company
50 Keil Drive | Chatham, ON
Tel: 519-436-4600 ext. 2163

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FBA Tracking - Parkway West and Parkway Expansion Facilities
As of February 28, 2013

Table 1 - Schedule I FBA Agreement

Forecast March 31, 2013	Parkway West Project Facilities		Dawn-Parkway Expansion Facilities		Total
	LCU	Second Feed and Site Development	Parkway 'D'	Brantford-Kirkwall	
Compressor Engine Package	-	-	-	-	-
Engineering & Consultants	\$0.00	\$0.50	\$0.20	0.3	\$1.40
Land & Easements	-	\$0.40	-	-	\$0.40
Contingency/IDC	-	\$0.10	-	0.1	\$0.20
Total	\$0.60	\$0.80	\$0.20	\$0.40	\$2.00

Table 2 - Cancellation & Spend to Date (Unmitigated)

28-Feb-13	Parkway West Project Facilities		Dawn-Parkway Expansion Facilities		Total
	LCU	Second Feed and Site Development	Parkway 'D'	Brantford-Kirkwall	
Compressor Engine Package	-	-	-	-	\$0.00
Engineering & Consultants	\$0.53	\$0.26	\$0.00	\$0.03	\$0.82
Land & Easements	-	\$0.36	\$0.00	\$0.00	\$0.36
Contingency/IDC	-	\$0.03	\$0.00	\$0.00	\$0.03
Total	\$0.53	\$0.66	\$0.00	\$0.03	\$1.21

Table 3 - Estimated / Mitigated Costs to Date

28-Feb-13	Parkway West Project Facilities		Dawn-Parkway Expansion Facilities		Total
	LCU	Second Feed and Site Development	Parkway 'D'	Brantford-Kirkwall	
Compressor Engine Package	-	-	-	-	\$0.00
Engineering & Consultants	\$0.53	\$0.26	\$0.00	\$0.03	\$0.82
Land & Easements	\$0.00	\$0.36	\$0.00	\$0.00	\$0.36
Contingency/IDC	-	\$0.03	\$0.00	\$0.00	\$0.03
Total	\$0.53	\$0.66	\$0.00	\$0.03	\$1.21

Cost mitigation assumptions per Schedule I - of FBA Agreement

Table 4 - Schedule 1 FBA Agreement

Forecast June 30, 2013	Parkway West Project Facilities		Dawn-Parkway Expansion Facilities		Total
	LCU	Second Feed and Site Development	Parkway 'D'	Brantford-Kirkwall	
Compressor Engine Package	-	-	-	-	-
Engineering & Consultants	\$0.70	\$0.40	\$0.50	\$0.30	\$1.90
Land & Easements	-	\$0.40	-	\$0.10	\$0.50
Contingency/IDC	-	\$0.10	-	\$0.10	\$0.20
Total	\$0.70	\$0.90	\$0.50	\$0.50	\$2.60

Table 5 - Schedule 1 FBA Agreement

Forecast Union's Conditions Precedent Date"	Parkway West Project Facilities		Dawn-Parkway Expansion Facilities		Total
	LCU	Second Feed and Site Development	Parkway 'D'	Brantford-Kirkwall	
Compressor Engine Package	-	-	\$0.30	-	\$0.30
Engineering & Consultants	\$1.00	\$0.60	\$0.90	\$0.40	\$2.90
Land & Easements	-	\$1.70	-	\$0.10	\$1.80
Contingency/IDC	-	\$0.10	\$0.10	\$0.10	\$0.30
Total	\$1.00	\$2.40	\$1.30	\$0.60	\$5.30

*Note: Union's internal approval Conditions Precedent Date for the Parkway West Project Facilities is September 30, 2013 and for Dawn-Parkway Expansion Facilities is October 31, 2013.

Isherwood, Mark

From: Malini Giridhar [Malini.Giridhar@enbridge.com]
Sent: March-21-13 9:03 AM
To: Isherwood, Mark
Cc: Jamie LeBlanc
Subject: Your voice mail

Mark,

Thank you so much for your offer of flying Jamie and me down to Chatham with you. Happy to accept the offer.

We are still working on our cost estimates, so I think it is unlikely that we would be able to sit down with TCPL and discuss the estimated liability schedule by next week. Accordingly, I hope you will consider filing it a little later – possible within 2 weeks of filing your application.

Malini Giridhar

Vice President, Gas Supply
Enbridge Gas Distribution
500 Consumers Road
North York ON M2J 1P8

Tel: 416 495 5255

Isherwood, Mark

From: Craig Fernandes [Craig.Fernandes@enbridge.com]
Sent: March-25-13 9:33 AM
To: Redford, Jim; Isherwood, Mark
Cc: Malini Giridhar; Hilary Thompson
Subject: CONFIDENTIAL: GTA Opinion DRAFT (v0 9)_031913
Attachments: GTA Opinion DRAFT (v0 9)_031913.docx

Mark/Jim,

Attached is a draft report from EN Engineering. The intent was to verify other similar operators and the dependency on a single entry point/gate station for their systems.

Please treat this as confidential, but we do plan on filing it after it is completed. Is there any chance you can get someone to quickly validate the Boston and NY stats? A double check would be appreciated.

I will also forward the appendices, but the files are too large for a single e-mail.

Regards,

Craig Fernandes, P.Eng, MBA
Manager, Regulatory Project Development
GTA Project
416-495-3007

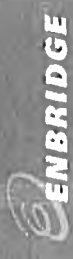
GTA Project

Presentation to Union Gas

March 26, 2013

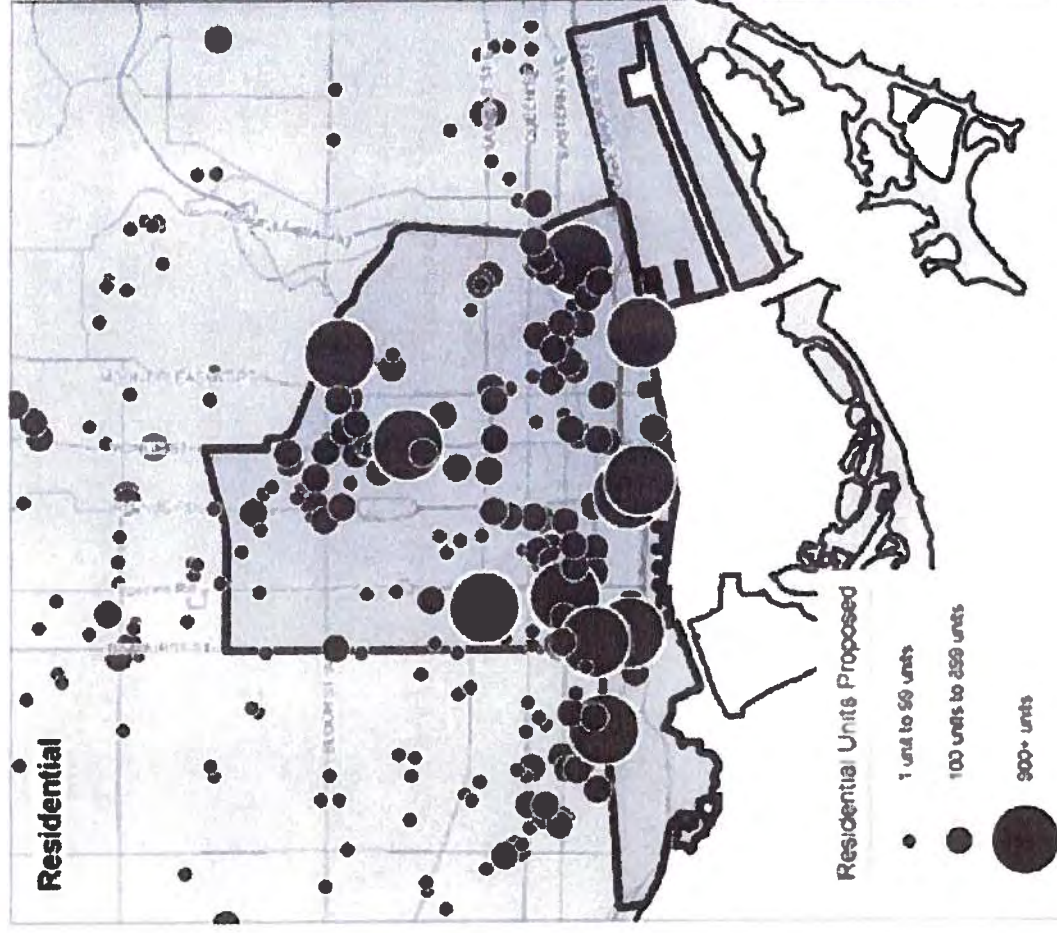


Outline

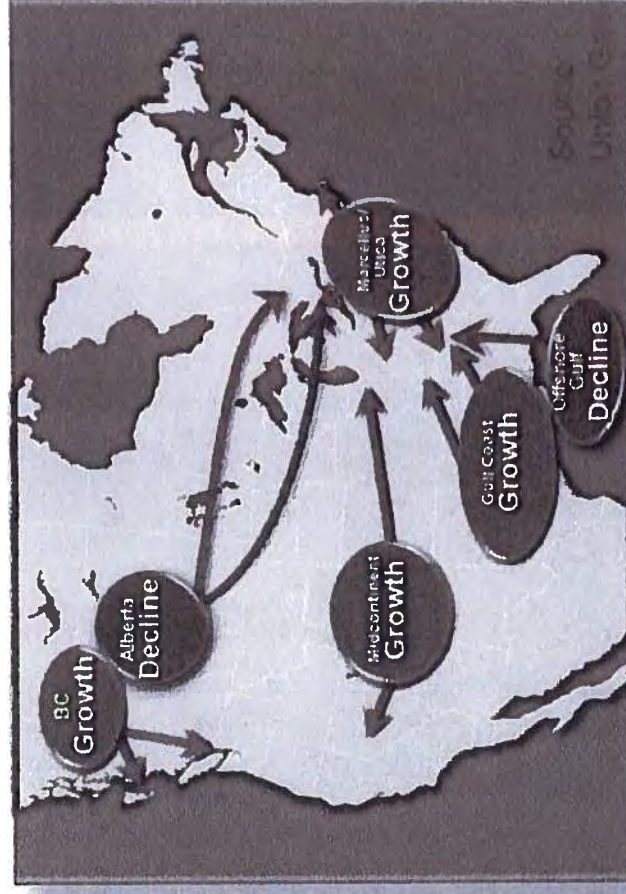


- Introduction
- Gas Supply and System Operation
- Constraints addressed by GTA Project
- Proposed Facilities
- Project Costs and Benefits
- Questions

Introduction

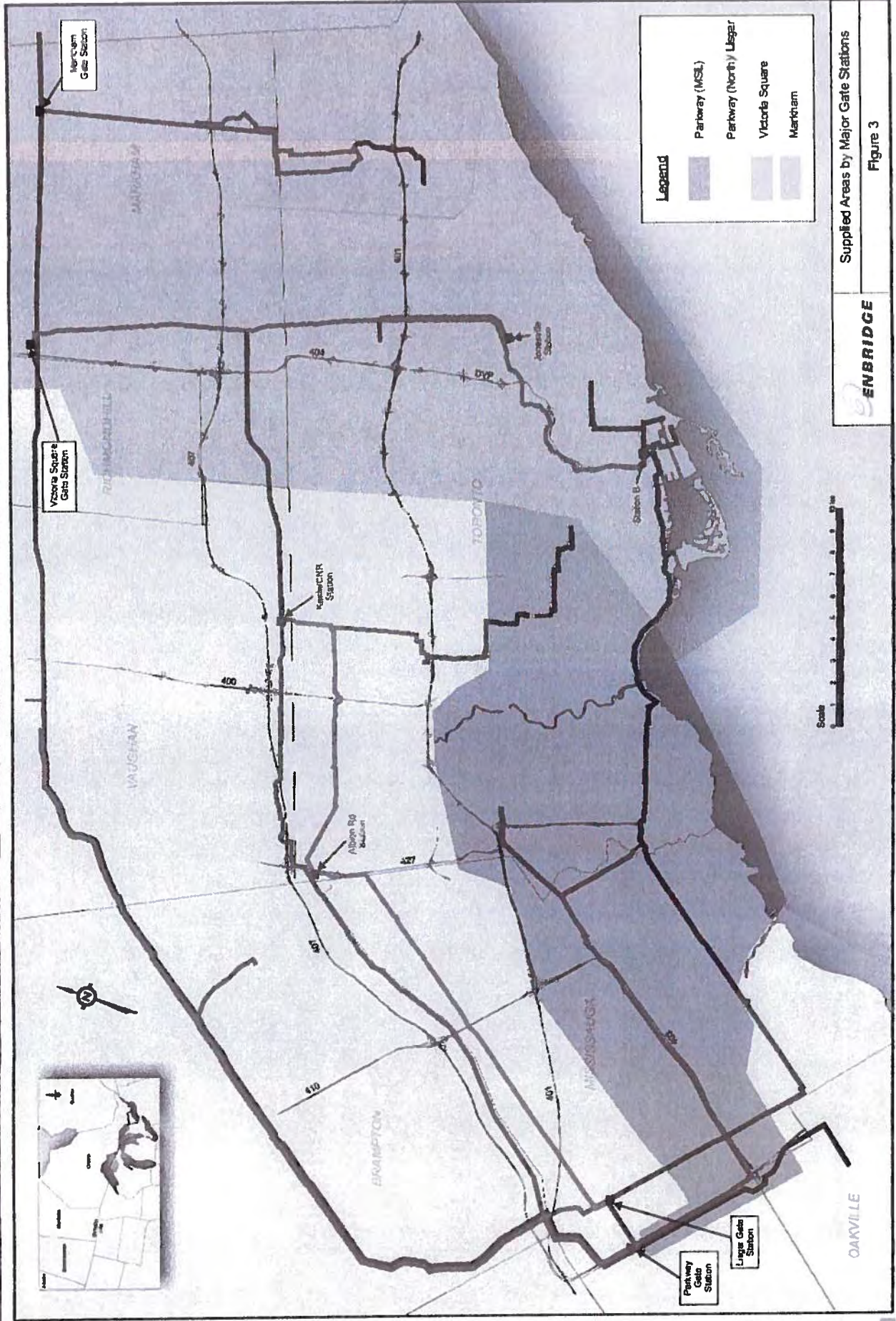


Source: Profile Toronto Bulletin

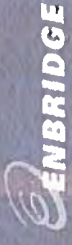


- Growth is expected to continue through the next decade, along with unprecedented market changes.

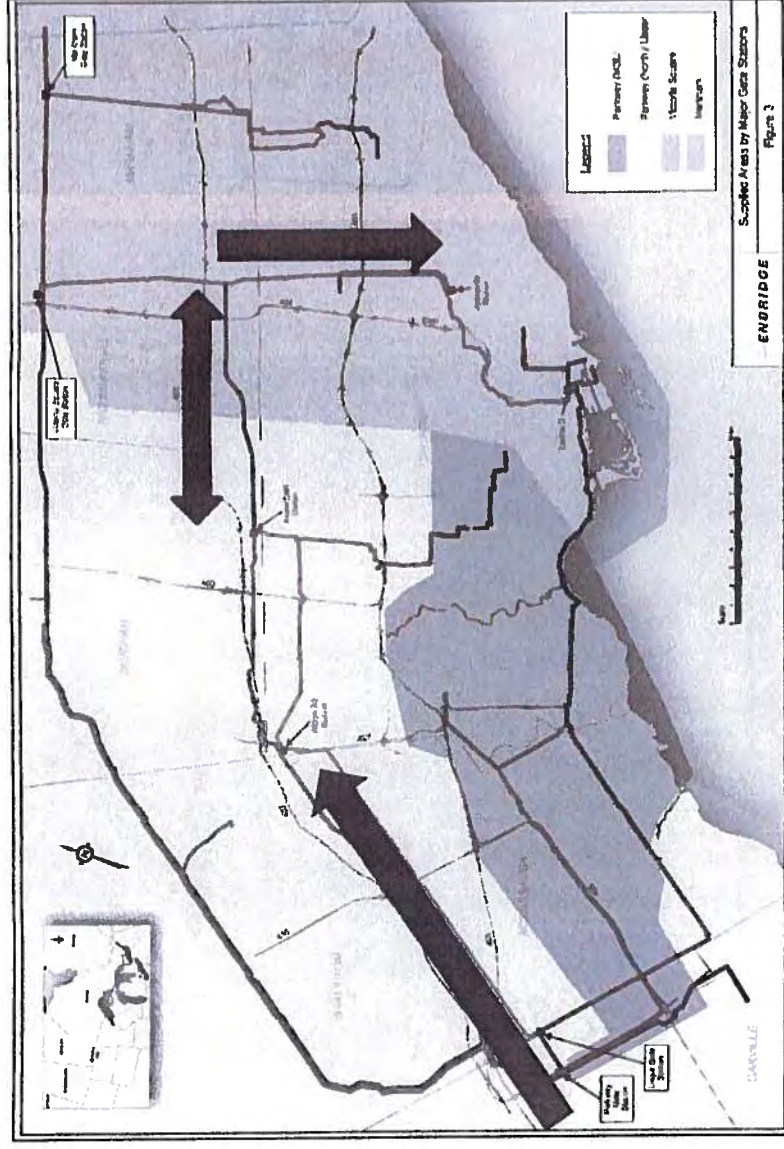
Gas Supply and GTA System Operation



Distribution Constraints & GTA Project



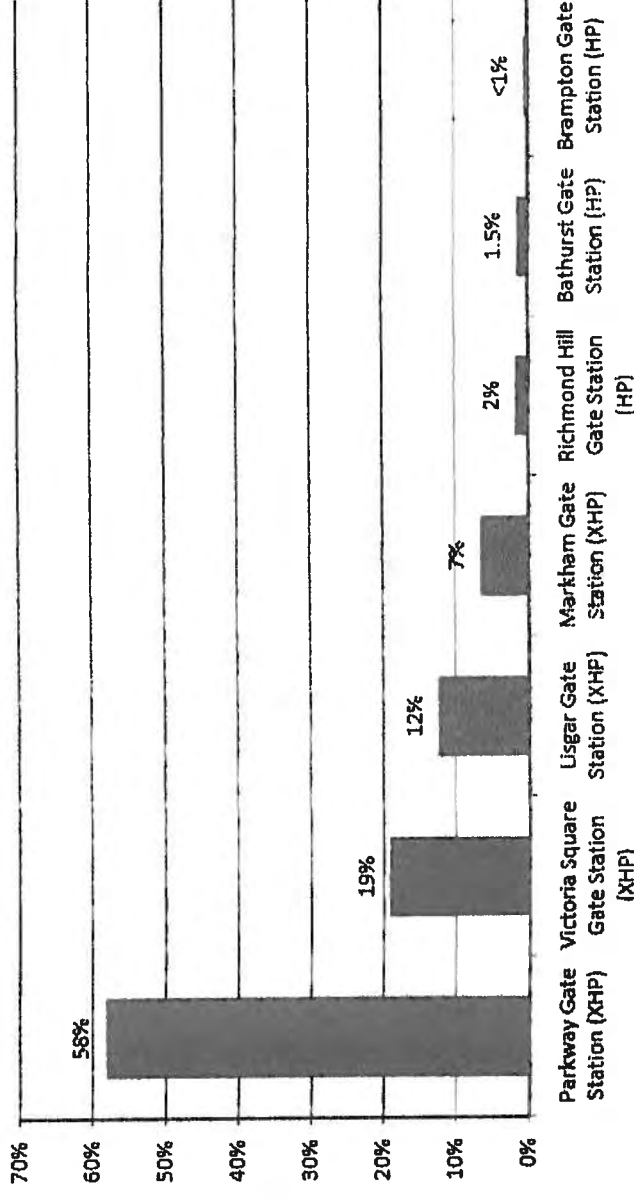
- Create capacity to meet customer growth beyond 2015
- Provide ability to move large volumes of gas between the western and eastern parts of the system
- Provide diversity by looping single paths in key supply lines
- Improve ability to lower pressures and adequately back-feed to accommodate planned and unplanned work



Upstream Constraints & GTA Project

Entry Points

- GTA Project provides a back up to Parkway Gate Station



Upstream

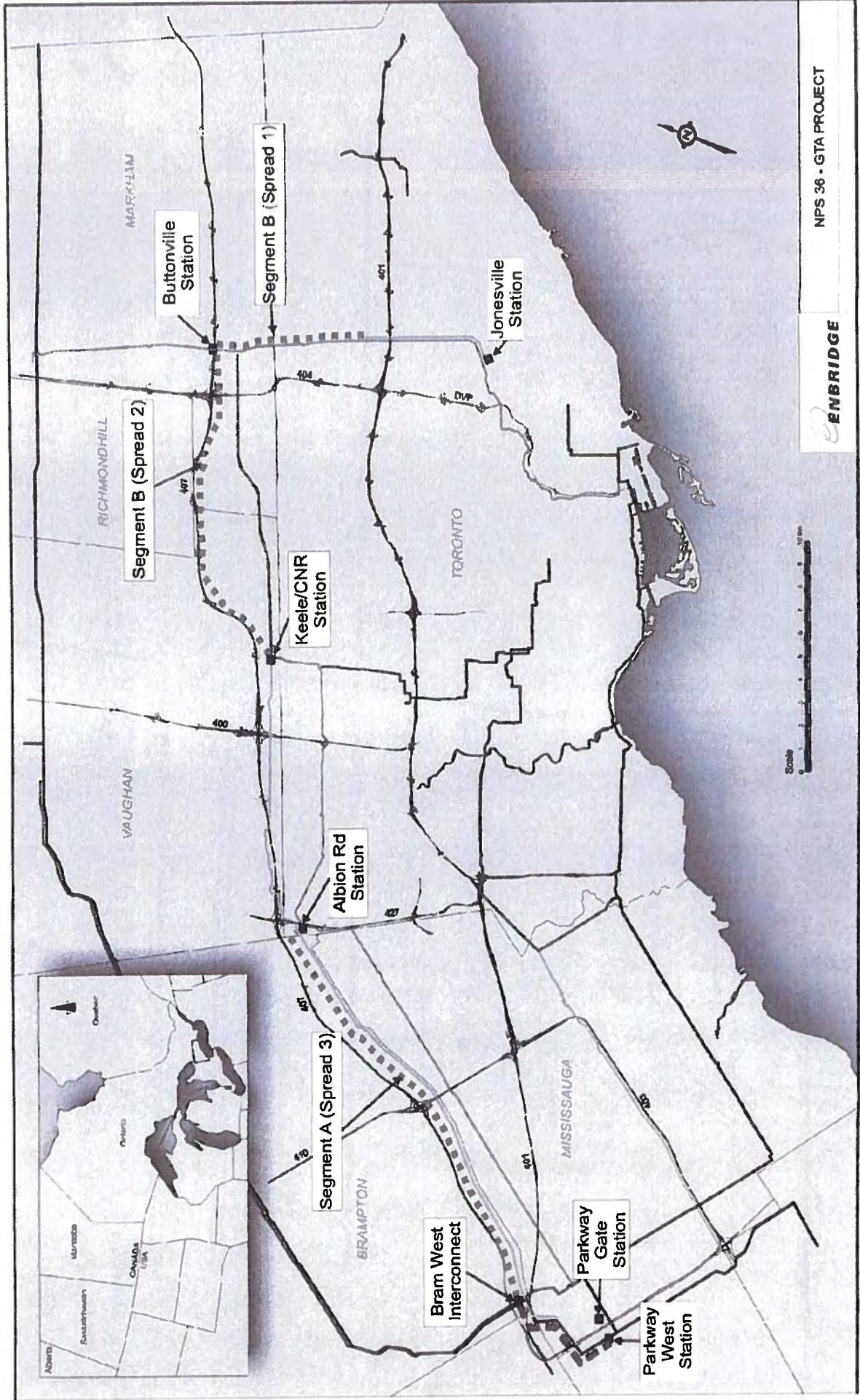
- Responds to constraints on TransCanada's Parkway to Maple route that prevent increased access to Dawn and Marcellus supply
- Reduces reliance on lower quality long haul discretionary services in light of possible oil conversion and derates on TCPL system

Consultations with Union and TransCanada

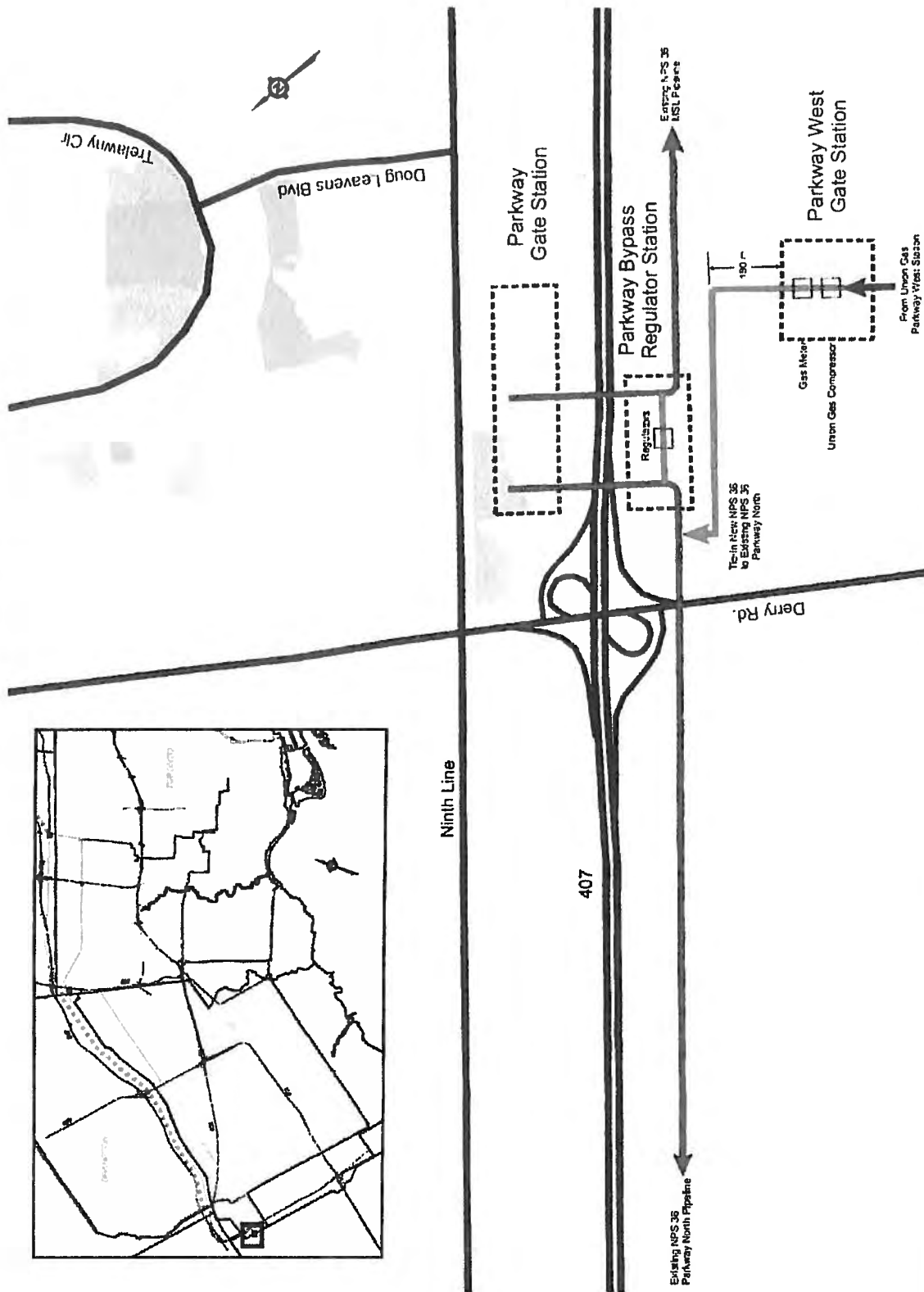


Union Gas	TransCanada
- Supplies from Dawn - Incremental compression as a result of additional volumes contracted from Dawn and Niagara - Supply concentration at Parkway - Loss of Critical Unit (LCU) protection	- Supplies from Marcellus - Coordinated infrastructure planning - Shared use - Interconnection with the Mainline at or near where the existing lines cross Highway 407
<u>Benefits</u> Diversity of supply, adequate compression and LCU protection to serve growth and reliability considerations, back-up to Parkway	<u>Benefits</u> Diversity of supply, reduced project scope, economies of scale relative to sole use by Enbridge

Proposed Facilities



Proposed Facilities



Project Costs and Benefits



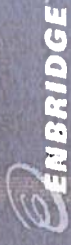
Project Costs and Feasibility

- Revisited due to the amended project scope
- Further economies of scale from upsizing to NPS 42

Rate Benefits (2015- 2025)

- 400 TJ/d shift from discretionary Alberta supply could lower gas costs
- 200 TJ/d delivery point shift to Dawn could lower gas costs for DP customers
- Stakeholder discussions will be planned with the DP market following the OEB Decision
- 200 TJ/d reserved for customer growth will generate distribution revenue

Summary



GTA Project Objectives	Segment A <i>Bram West Interconnect</i>	Segment A <i>Parkway West Gate Station and Tie-In</i>	Segment B	GTA Project
Customer Growth	↑		↑	↑↑
Distribution System <i>Safety and Reliability</i>	↑	↑	↑	↑↑↑↑
Entry Point Diversity	↑	↑		↑↑
Upstream Benefits	↑		↑	↑↑

Thank You



Questions?

Mastronardi, Paolo

From: Mastronardi, Paolo
Sent: April 3, 2013 5:12 PM
To: 'Craig Fernandes (craig.fernandes@enbridge.com)'
Cc: Redford, Jim
Subject: GTA Opinion Draft

Contacts: Craig Fernandes

Craig, per our conversation I had our Houston/Boston folk confirm the Spectra related stats in the report and they are good with data/tables. Like I mentioned, they appreciated you quoting the source, it assisted with reconciling the numbers.

Thanks,

Paolo Mastronardi
Business Development Manager
Union Gas Limited, a Spectra Energy Company
Direct - 519.436.5264 | Cell - 519.359.3190
AOLIM - MastronUnion

Brady, Paula

From: Hagerman, Max
Sent: April-10-13 12:05 PM
To: Craig Fernandes; Jamie LeBlanc
Cc: Mastronardi, Paolo; Brady, Paula
Subject: Parkway West Pre-Service Costs
Attachments: Enbridge FBA Tracking April Summary.pdf

Importance: High

Craig/Jamie, attached as per section 7 of the FBA please find the most recent pre-service costs summary.

Please let me know if any questions.

Regards,

Max Hagerman
Manager
Strategic Accounts
Union Gas Limited | A Spectra Energy Company
50 Keel Drive | Chatham, ON
Tel: 519-436-4600 ext. 5002163

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FBA Tracking - Parkway West and Parkway Expansion Facilities
As of March 31, 2013

Table 1 - Schedule 1 FBA Agreement

Forecast March 31, 2013	Parkway West Project Facilities		Dawn-Parkway Expansion Facilities		Total
	LCU	Second Feed and Site Development	Parkway 'D'	Brantford-Kirkwall	
Compressor Engine Package	-	-	-	-	-
Engineering & Consultants	\$0.60	\$0.30	\$0.20	\$0.30	\$1.40
Land & Easements	-	\$0.40	-	-	\$0.40
Contingency/IDC	-	\$0.10	-	\$0.10	\$0.20
Total	\$0.60	\$0.80	\$0.20	\$0.40	\$2.00

Table 2 - Cancellation & Spend to Date

31-Mar-13	Parkway West Project Facilities		Dawn-Parkway Expansion Facilities		Total
	LCU	Second Feed and Site Development	Parkway 'D'	Brantford-Kirkwall	
Compressor Engine Package	-	-	-	-	\$0.00
Engineering & Consultants	\$0.55	\$0.28	\$0.00	\$0.04	\$0.86
Land & Easements	-	\$0.40	\$0.00	\$0.00	\$0.40
Contingency/IDC	-	\$0.04	\$0.00	\$0.00	\$0.04
Total	\$0.55	\$0.71	\$0.00	\$0.04	\$1.30

Table 3 - Estimated / Mitigated Costs to Date

31-Mar-13	Parkway West Project Facilities		Dawn-Parkway Expansion Facilities		Total
	LCU	Second Feed and Site Development	Parkway 'D'	Brantford-Kirkwall	
Compressor Engine Package	-	-	-	-	\$0.00
Engineering & Consultants	\$0.55	\$0.28	\$0.00	\$0.04	\$0.86
Land & Easements	\$0.00	\$0.40	\$0.00	\$0.00	\$0.40
Contingency/IDC	-	\$0.04	\$0.00	\$0.00	\$0.04
Total	\$0.55	\$0.71	\$0.00	\$0.04	\$1.30

Table 4 - Schedule 1 FBA Agreement

Forecast June 30, 2013	Parkway West Project Facilities		Dawn-Parkway Expansion Facilities		Total
	LCU	Second Feed and Site Development	Parkway 'D'	Brantford- Kirkwall	
Compressor Engine Package	-	-	-	-	-
Engineering & Consultants	\$0.70	\$0.40	\$0.50	\$0.30	\$1.90
Land & Easements	-	\$0.40	-	\$0.10	\$0.50
Contingency IDC	-	\$0.10	-	\$0.10	\$0.20
Total	\$0.70	\$0.90	\$0.50	\$0.50	\$2.60

Table 5 - Schedule 1 FBA Agreement

Forecast Union's Conditions Precedent Date*	Parkway West Project Facilities		Dawn-Parkway Expansion Facilities		Total
	LCU	Second Feed and Site Development	Parkway 'D'	Brantford- Kirkwall	
Compressor Engine Package	-	-	\$0.30	-	\$0.30
Engineering & Consultants	\$1.00	\$0.60	\$0.90	\$0.40	\$2.90
Land & Easements	-	\$1.70	-	\$0.10	\$1.80
Contingency IDC	-	\$0.10	\$0.10	\$0.10	\$0.30
Total	\$1.00	\$2.40	\$1.30	\$0.60	\$5.30

*Note: Union's internal approval Conditions Precedent Date for the Parkway West Project Facilities is September 30, 2013 and for Dawn-Parkway Expansion Facilities is October 31, 2013.

Enbridge, TransCanada and Union Gas Coordination Meeting

Date:

April 15, 2013

Attendees:

TransCanada – Tim Stringer, Lisa Deabreu, Brian West

Enbridge – Craig Fernandes, Byron Madrid, Cindy Mills, Lisa-Marie Dumond, Brian Wikant, Owen Schneider, Aman Haq

Union Gas – Jim Redford, Max Hagerman, Michelle George, Paul Colwell

Purpose of Meeting: to introduce project teams to one another and discuss coordination of associated infrastructure projects over the 2013-2015 time-frame.

Key Discussion Points:

Enbridge project planning:

- 2015 in-service for Segment A and B
- 2015 in-service for Parkway West Gate Station
- Pre-filed evidence update currently being filed with the OEB
- Segment A and Segment B required to move incremental Dawn-Parkway contracted volumes to intended market

TCPL project planning:

- TCPL preliminary route for NPS 36, 13 km 2015 EME follows Highway 50 to a 500 kV power line and then to the Parkway-Maple corridor
- Targeting late November 2013 NEB Section 58 filing with approval expected by Q3 2014
- Targeting late October 2015 in-service
- New interconnection to Union at Parkway West targeting early Q4 2015 in-service and does not require check measurement

Union Gas project planning:

- Parkway Projects consist of a reliability project (Parkway West Project) and a growth project to serve ¾ Bcfd of incremental Dawn-Parkway demand (Parkway D compressor and Brantford-Kirkwall looping)
- Parkway West Project to be in-service in stages
 - 2014 – Parkway (Consumers 2) interconnection along with site grading and preparations, tie-in to Dawn-Parkway System, replacement of NPS 26 and NPS 34 pipelines across the station property and station headers
 - 2015 – Plant C compressor and remaining associated facilities
- Parkway West Project application submitted January 29, 2013
- Parkway growth projects (Plant D compressor at the Parkway West site and Brantford-Kirkwall looping) to be in-service November 1, 2015
- Parkway growth projects application submitted April 2, 2013

- **Jim Redford** to have a follow up discussion with Craig Fernandes regarding the Parkway West Gate Station timing

Action items:

Joint Engineering/Construction Team

Need identified for coordination between project development teams.

Engineering/Construction Team to discuss engineering design, schedule and construction issues related to the Enbridge, TransCanada and Union Gas projects. **Tim Stringer** to follow up with Larry Jensen to schedule initial Engineering/Construction Team coordination meeting. Engineering/Construction Team meetings to be scheduled regularly starting with bi-weekly occurrences.

- Include Larry Jensen, Byron Madrid, Paul Colwell, Roger Pielt and Brian West (minimum) on invite
- Schedule initial meeting as soon as possible - week of April 22nd preferred
- Technical team leads to draft discussion items list for consolidation and circulation prior to the meeting – will include: ownership of the tie-in (Bramwest), ownership of the pipeline between Parkway West and TransCanada's existing valve site, detailed design requirements, sharing of project schedules, etc.
- **Tim Stringer** to set up a meeting between Byron Madrid, Paul Colwell and Brian West to get clarity on the land requirements from Infrastructure Ontario for all of the related projects and to discuss overall lands coordination
- Need to develop a common milestone schedule encompassing all related projects at the first or second meeting
- **Jim Redford** to set up a meeting with Tim Stringer to discuss who will own the pipe between the TransCanada valve site and Union's facilities at the Parkway West site
- **Jim Redford** to develop a letter of understanding between Union and TransCanada detailing ownership and operation of the Union/TransCanada interconnection facilities
- **Paul Colwell** to forward geo-technical information on the Parkway West site to Byron Madrid
- **Lisa-Marie Dumond** to contact Doug Schmidt regarding the Environmental Assessment information for the Parkway West Project

Paul Colwell and **Byron Madrid** to follow up on zoning approval and site plan approval next steps for Parkway West:

- Pre-consultation for zoning on April 22nd - **Paul Colwell** to follow up with Byron Madrid and Bill Coldicott on results
- **Paul Colwell** and **Byron Madrid** to discuss whether Parkway West ECA is to be a common site plan application or two separate ECAs. Results to be communicated to the Enbridge, TransCanada and Union Gas project teams.

Engineering/Construction Team leads (**Byron Madrid, Paul Colwell** and **Brian West**) to exchange a list of technical assumptions and detailed design requirements for further discussion.

- Communication signals, ownership of each element of the proposed facilities, tie-in points, cathodic protection, induced currents, station design parameters, access, etc.

Joint Stakeholder Relations Team

- Need identified to have coordinated stakeholder relations since one party is likely to be asked about the projects proposed by the other two parties (consistency required)
- Team would cover media, First Nations, all levels of government, landowner, permitting, regulatory (potentially) and other stakeholder relations
- **Jim Redford** to provide Union Gas contact details for Stakeholder Relations Team to Cindy Mills
- **Cindy Mills** to schedule recurring meeting – suggest bi-weekly to start
- Need to draft issues list for initial meeting and discuss common key messages as soon as possible

Procurement

- Recognized as an opportunity for Enbridge, TransCanada and Union Gas to work together and create value
- Procurement Team can be formed to discuss strategy regarding procurement of services and materials with initial focus on construction contracting (joint engagement of HDD contractor and efficient logistics such as mobilization and demobilization). Pipe order (mill space, etc.) and other long lead items could be discussed following. Scope to include scheduling, logistics and costs.
- Procurement Team to be initiated after Engineering/Construction Team gets together and would be a sub-set of the Engineering/Construction Team. Procurement Team to be developed, including representatives from Enbridge, TransCanada and Union Gas.
- Procurement Team would have recurring meetings as part of the Engineering/Construction Team discussions
- Common regional spare parts was mentioned as an item to be discussed jointly amongst the Procurement Team and the Engineering/Construction Team

Isherwood, Mark

From: Malini Giridhar [Malini.Giridhar@enbridge.com]
Sent: May-07-13 2:53 PM
To: Isherwood, Mark
Subject: FW: Parkway to Maple constraint - high level capacity additions

Mark,

Hope the weather improved and you were able to enjoy the rest of your vacation in Virginia. Following up on our conversation yesterday, I thought we should think about all strategies for de bottlenecking including putting out a compromise solution to TransCanada. There are a few considerations here:

- 1) Cost and capacity of a build out to Maple once the GTA project is in. Below is Enbridge's estimate of what a phased build up of capacity from Parkway to Maple by building downstream of Albion looks like – the capacities below reflect NPS 36 all the way through from Parkway to Albion and I assume that the cost of the additional build will not exceed \$250M.
- 2) Ensuring that there is no more than a year's delay in the build out to Maple, given that TCPL's current toll model is until 2017. In order to create the conditions for TransCanada to continue to serve the eastern market, we need to explore a transition approach to shifting volumes from long haul firm to short haul firm as well as a strategy to shift discretionary volumes required for seasonal/peak demand to short haul as appropriate. As identified in TCPL's slide there is atleast 700 TJ of peaking demand in the Eastern Triangle that is unlikely to go away (plus the 300TJ/d of firm) absent the Iroquois market completely disappearing. Finally there is a potential for some or all of the back haul to become forward haul given the potential doubling of Great Lakes that can result in Great Lakes TBO costs exceeding a forward haul TBO on Union and Enbridge and the cost of build from Albion. Reductions in back haul increase the flow through Parkway and will support your Brantford to Kirkwall build. We should be looking at solutions that allow some retention of volumes from Empress along with a sizeable shift to Dawn/Marcellus where the growth is. My thought is that we can put forward a transition plan that will allow for increments of say 25% shift from long haul to short haul over each of the 4 years from 2017 to 2020, or some mix of FT/discretionary volumes that currently serve the direct purchase market.
- 3) We need to encourage TCPL to think about the long haul revenue requirement differently from the consequences of oil conversion. The first is a 5 to 7 year problem given the NEB's mandated depreciation rate. The revenue impacts on TCPL or the remaining NBV of the NOL from 2017 could be amortized over the remaining life of the rest of the Mainline assets. At the end of 2017, there should be no more than 0.6B NBV remaining – this might be a reasonable approach if we assume that the NOL continues to serve some of the markets in Ontario into the future
- 4) The substantial risks of jeopardizing the \$0.9 B of investment that TCPL has committed to support for both Union and Enbridge which are a necessary precondition for any eventual growth of volumes from Parkway. I would like to discuss these with you prior to the meeting with Patrick on Thursday if possible.
- 5) We obviously need a lever that dissuades TCPL from forcing long term long haul contracts on us that pre-empt new supply from reaching the market. We had already highlighted this to the NEB in the hearing. In conjunction with the NOL rate base issue another lever we can think of is that long term contracts on the NOL for existing capacity are inconsistent with the transfer of Mainline assets at NBV and should require transfer at market value. This will be a difficult argument to make and we need to think through the precedent setting possibility but we should explore legal/regulatory grounds for this.

At our meeting on Thursday we should also discuss sending a letter from MAS to Russ Girling on the conversion of the NBS to oil and our reliability concerns as well as the MAS response to the Compliance Filing. This could be an opportunity to lay out the deficiencies of the NEB decision with respect to serving the market.

Thanks

Malini

From: Craig Fernandes
Sent: Monday, May 06, 2013 4:29 PM
To: Malini Giridhar
Subject: Parkway to Maple constraint - high level capacity additions

Malini,

As discussed, the following table shows the rough increments of capacity we would expect from the coordinated builds.

Item	Estimated Incremental Capacity Through Parkway
	TJ/d
Enbridge GTA project	400
TCPL loop to Vaughan	400
Maple compression	140
TCPL looping of Vaughan	260
Enbridge growth (organic over time through GTA project facilities)	200

Please let me know if you have any questions or concerns.

Regards,

Craig Fernandes, P.Eng, MBA
Sr Manager, Regulatory Project Development
GTA Project
416-495-3007

Hagerman, Max

From: Hagerman, Max
Sent: May-10-13 12:02 PM
To: 'Craig Fernandes'; Jamie LeBlanc (jamie.leblanc@enbridge.com)
Subject: Parkway West Pre-Service costs
Attachments: Enbridge FBA Tracking - May Summary.pdf

Craig/Jamie, attached as per section 7 of the FBA please find the most recent pre-service costs summary.

Please let me know if any questions.

Regards,

Max Hagerman

Manager
Strategic Accounts
Union Gas Limited | A Spectra Energy Company
50 Keil Drive | Chatham, ON
Tel: 519-436-4624

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FBA Tracking - Parkway West and Parkway Expansion Facilities
As of April 30, 2013

Table 1 - Schedule 1 FBA Agreement

Forecast March 31, 2013	Parkway West Project Facilities		Dawn-Parkway Expansion Facilities		Total
	LCU	Second Feed and Site Development	Parkway 'D'	Brantford-Kirkwall	
Compressor Engine Package	-	-	-	-	-
Engineering & Consultants	\$0.60	\$0.30	\$0.20	0.3	\$1.40
Land & Easements	-	\$0.40	-	-	\$0.40
Contingency/IDC	-	\$0.10	-	0.1	\$0.20
Total	\$0.60	\$0.80	\$0.20	\$0.40	\$2.00

Table 2 - Cancellation & Spend to Date

30-Apr-13	Parkway West Project Facilities		Dawn-Parkway Expansion Facilities		Total
	LCU	Second Feed and Site Development	Parkway 'D'	Brantford-Kirkwall	
Compressor Engine Package	-	-	-	-	\$0.00
Engineering & Consultants	\$0.66	\$0.33	-\$0.00	\$0.03	\$1.02
Land & Easements	-	\$0.42	\$0.00	\$0.02	\$0.44
Contingency/IDC	-	\$0.05	-\$0.00	\$0.00	\$0.05
Total	\$0.66	\$0.80	-\$0.00	\$0.05	\$1.51

Table 3 - Estimated / Mitigated Costs to Date

30-Apr-13	Parkway West Project Facilities		Dawn-Parkway Expansion Facilities		Total
	LCU	Second Feed and Site Development	Parkway 'D'	Brantford-Kirkwall	
Compressor Engine Package	-	-	-	-	\$0.00
Engineering & Consultants	\$0.66	\$0.33	-\$0.00	\$0.03	\$1.02
Land & Easements	\$0.00	\$0.42	\$0.00	\$0.02	\$0.44
Contingency/IDC	-	\$0.05	-\$0.00	\$0.00	\$0.05
Total	\$0.66	\$0.80	-\$0.00	\$0.05	\$1.51

Table 4 - Schedule 1 FBA Agreement

Forecast June 30, 2013	Parkway West Project Facilities		Dawn-Parkway Expansion Facilities		Total
	LCU	Second Feed and Site Development	Parkway 'D'	Brantford-Kirkwall	
Compressor Engine Package	-	-	-	-	-
Engineering & Consultants	\$0.70	\$0.40	\$0.50	\$0.30	\$1.90
Land & Easements	-	\$0.40	-	\$0.10	\$0.50
Contingency Fee	-	\$0.10	-	\$0.10	\$0.20
Total	\$0.70	\$0.90	\$0.50	\$0.50	\$2.60

Table 5 - Schedule 1 FBA Agreement

Forecast Union's Conditions Precedent Date*	Parkway West Project Facilities		Dawn-Parkway Expansion Facilities		Total
	LCU	Second Feed and Site Development	Parkway 'D'	Brantford-Kirkwall	
Compressor Engine Package	-	-	\$0.30	-	\$0.30
Engineering & Consultants	\$1.10	\$0.60	\$0.90	\$0.40	\$2.90
Land & Easements	-	\$1.70	-	\$0.10	\$1.80
Contingency Fee	-	\$0.10	\$0.10	\$0.10	\$0.30
Total	\$1.00	\$2.40	\$1.30	\$0.60	\$5.30

*Note: Union's internal approval Conditions Precedent Date for the Parkway West Project Facilities is September 30, 2013 and for Dawn-Parkway Expansion Facilities is October 31, 2013.

Hagerman, Max

From: Byron Madrid [Byron.Madrid@enbridge.com]
Sent: May-16-13 6:49 PM
To: Papini, Mario
Cc: Colwell, Paul; Wellington, Bob; Barnwell, Ashleigh; GTA Document Control; Tyler Horton; Felicia Baylis
Subject: RE: Site Planning / Site Alteration Con - Call, Tues May 21
Attachments: GA-PARKWAY WEST-001.dwg; GA-PARKWAY WEST-001_1E.PDF

Hi Mario,

As mentioned in the May 9th meeting with Union Gas and TCPL, we currently only have a plot plan for the Enbridge Gas Facility at Parkway West. I have attached CAD and PDF files for the most up to date plot plan that Enbridge Gas has.

We have not had a chance to do any additional design work on our facilities. This file captures the March 18, 2012 layout revision Enbridge made in relation to the Parkway site location moving south of Derry Rd.

Please confirm receipt of the file and let me know if the CAD format was acceptable.

Thanks.

Byron Madrid, P. Eng.
Mgr. Engineering & Construction
GTA Project
Enbridge Gas Distribution
Office: 416-758-4481
Cell: 647-519-1865

From: Papini, Mario [<mailto:MPapini@uniongas.com>]
Sent: Thursday, May 16, 2013 9:34 AM
To: Clay Cope (ccope@walterfedy.com); 'daniel.matthews@focus.ca'; Byron Madrid; Harris, Joe
Cc: Hannemann, Jacqueline; Holsappel, John; Schmidt, Doug; Romanick, Greg; Pielt, Roger; Colwell, Paul; Wellington, Bob; Barnwell, Ashleigh; George, Michelle
Subject: Site Planning / Site Alteration Con - Call, Tues May 21
Importance: High

Gentlemen, please forward your list of dwgs (including your specific dwg name and dwg #) that you feel constitute the dwgs needed for the site plan approval submission. (see attached for your specific deliverables). With dwgs due today, it will be in our best interest to have a full inventory of dwgs that each firm is managing. There have been many dwgs already circulated and even reviewed which is great news, but I am concerned there may be gaps or misunderstandings of what is required. Please have you list sent prior to the meeting on Tuesday to all folks on this email. Note that John Holsappel has been tasked to lead the meeting for union gas with the intent on focusing on your specific dwg list and timeline to turn around comments. We are now moving into a dwg red-line process which John is very familiar with. The intent is to have dwgs updated, named accordingly and in Stantec's hands by the first week of June.

Joe, please provide the same for your list of dwgs (ie specific dwg name and dwg number). I understand that Doug has been tasked with leading the landscaping plan for the Derix and Plant properties. Please assign names and numbers to

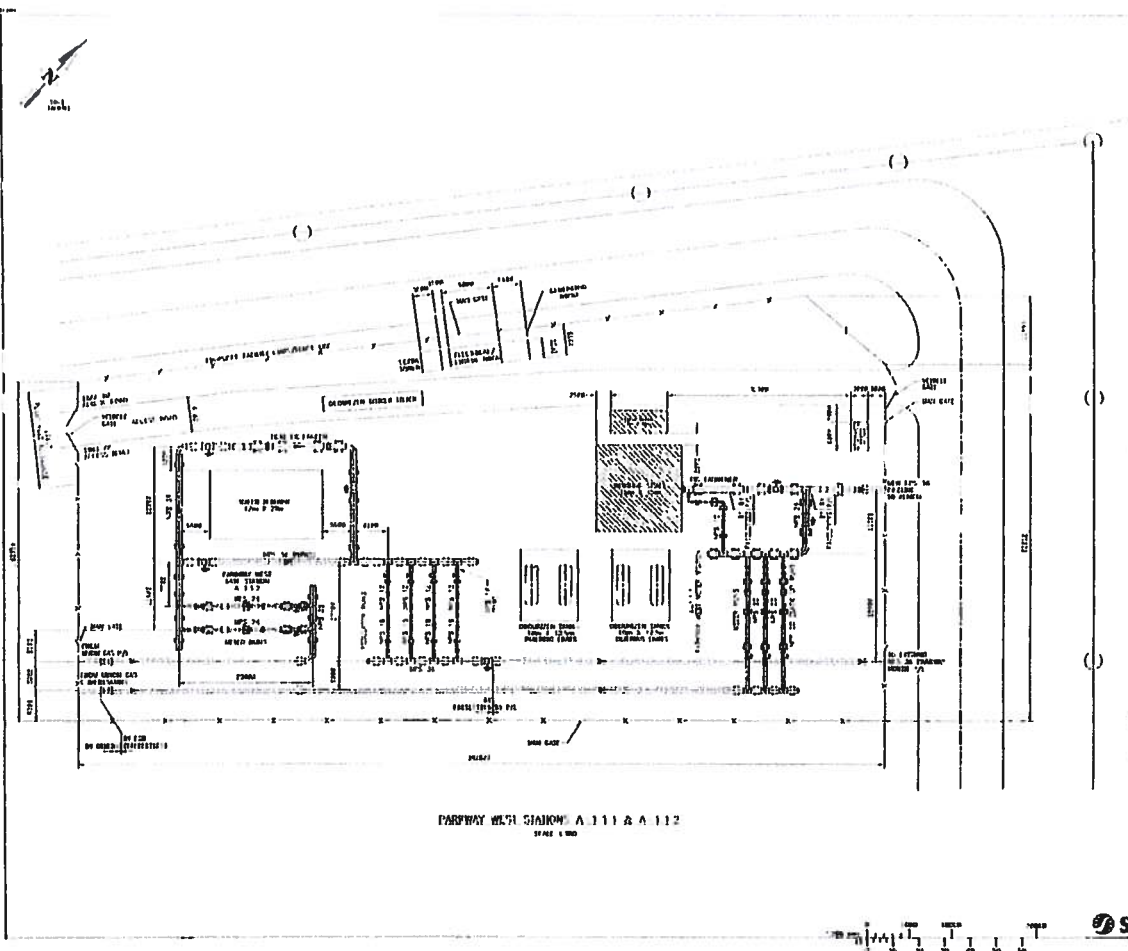


FIGURE 1: PARKWAY WEST DRIVE AND COMPOSITE STATION 111

PARKWAY WEST STATION A 111 & A 112
SCALE: 1" = 100'

STANTEC 510 PROJECT PARKWAY WEST STATION A 111 & A 112 PARKWAY WEST STATION A 111 & A 112 STATIONS WEST SIDE		DATE: 10/1/2011 TIME: 1:00 PM BY: [Signature] CHECKED: [Signature]
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Isherwood, Mark

From: Malini Giridhar [Malini.Giridhar@enbridge.com]
Sent: May-27-13 12:05 PM
To: Cabana Patrick; Isherwood, Mark
Subject: RE: Enviornmental Assessment for Albion to Maple

Mark,

As discussed with you on the Friday call, I followed up on this with Guy and will have to decline participation at this stage based on the content of our MOU with TransCanada. Accordingly, this work would have to proceed without Enbridge sharing in the cost.

Malini

From: Cabana Patrick [mailto:PCabana@GazMetro.com]
Sent: Monday, May 27, 2013 10:50 AM
To: Isherwood, Mark; Malini Giridhar
Subject: RE: Enviornmental Assessment for Albion to Maple

Thank you Mark,

GM is comfortable to share these costs with Union or Union and EGD.

Patrick

De : Isherwood, Mark [mailto:misherwood@spectraenergy.com]
Envoyé : 26 mai 2013 10:11
À : Cabana Patrick; Malini Giridhar
Objet : Enviornmental Assessment for Albion to Maple
Importance : Haute

On our Friday call I had promised to get back to you both with the cost of doing the Environmental Assessment for Albion to Maple. The cost is expected to be \$150,000 over 6 months and the spend rate would be \$25,000/month. If we tell them to stop the costs stop – so it is really just the consultant time in the field. As discussed I would recommend that we do this to preserve the MAS option to build for 2015 or 2016. It will help our negotiation position with TC and may ultimately be required for us to build. Let me know as soon as you can if you are comfortable to share this cost 3 ways (Enbridge, Gmi and Union) or two ways (Gmi, Union). Mark

Mark Isherwood
Vice President, Business Development
Storage and Transmission
Union Gas Limited | A Spectra Energy Company
50 Keil Drive North | Chatham, ON N7M 5M1
Tel: 519-436-4527
Cell: 519-359-5700

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UNION GAS LIMITED

Answer to Interrogatory from
Consumers Council of Canada ("CCC")

Ref: p. 78/121

Please provide all correspondence between Union and EGD regarding the Parkway West Project. Is EGD fully supportive of Union's proposals? If not, please explain where there is not agreement between EGD and Union.

Response:

Yes, Enbridge is fully supportive of the Parkway West Project. The Parkway West Project provides the reliability and resilience required for Enbridge to increase its reliance on natural gas delivered at or through Parkway. This allows Enbridge to adjust its natural gas supply portfolio to increase access to the Dawn Hub and reduce gas costs to its customers by an estimated \$170 million annually (EB-2012-0417, Exhibit E, Tab 1, Attachment page 2 of 5).

Please see Exhibit I.A1.UGL.CME.5 Attachment 1 for correspondence.

UNION GAS LIMITED

Answer to Interrogatory from
Consumers Council of Canada ("CCC")

Ref: Section 8, p. 9

Please provide all correspondence between Union and EGD regarding the Brantford-Kirkwall/Parkway D Project. Is EGD fully supportive of Union's proposals? If not, please explain where there is not agreement between Union and EGD regarding the proposed facilities.

Response:

Enbridge has executed contracts to secure an incremental 400 TJ/d of Dawn-Parkway transportation capacity. The agreements include the M12225 transportation agreement, a precedent agreement and a financial backstopping agreement, which provides financial assurances during the development of the facility. Please see Attachment 1.

Please see Exhibit 1.A1.UGL.CME.5 Attachment 1 for correspondence.

June 20, 2013

CONFIDENTIAL COPY

Ontario Energy Board
2300 Yonge Street
Suite 2700
Toronto, Ontario
M4P 1E4

Attention: Ms. Kirsten Walli, Board Secretary

RE: EB-2012-0451 – Greater Toronto Area (“GTA”) LTC Project
EB-2012-0433 – Parkway West Project
EB-2013-0074 – Brantford – Kirkwall/Parkway D Project
Union Gas Limited – Additional attachments to interrogatory responses (Exhibit I.A1.UGL.CCC.7 and 11)

Dear Ms. Walli,

Please find attached Union’s correspondence related to Exhibit I.A1.UGL.CCC.7 and Exhibit I.A1.UGL.CCC.11. The correspondence between Union and TransCanada Pipelines Limited (TCPL) has been filed in redacted form. Unredacted copies will be filed with the Board in confidence. Union asks that this correspondence be treated as confidential pursuant to the Board’s *Practice Guidelines on Confidential Filings* and Rule 10 of the Board’s *Rules of Practice and Procedure* as the discussions were carried out under a signed confidentiality agreement between the parties.

If you have any questions with respect to this submission please contact me at (519) 436- 5473.

Yours truly,

Karen Hockin
Manager, Regulatory Initiatives

cc: Crawford Smith, Torys
All Intervenors

UNION GAS LIMITED

Answer to Interrogatory from
Consumers Council of Canada (“CCC”)

Ref: p. 78/121

Please provide all correspondence between TCPL and Union regarding the Parkway West Project. Is TCPL fully supportive of Union’s proposals? If not, please explain where there is not agreement between TCPL and Union regarding the proposed facilities.

Response:

Union previously provided materials presented or exchanged with TransCanada regarding Union’s proposed projects in EB-2011-0210 in Exhibit J.B-1-7-8(e) as attachment 6 and in Exhibit J.B-1-7-9, attachments 1 and 2.

Union also filed materials presented to TransCanada with respect to the proposed projects in EB-2012-0433, Schedule 8-4 and EB-2013-0074, Schedule 9-2.

Union, Enbridge and TransCanada discussed the infrastructure required in Ontario to provide reliability and security of supply at Parkway and to serve the changing transportation demands of Union, Gaz Metro and Enbridge. By letter dated January 31, 2013, Union requested TransCanada’s agreement with respect to the results of those discussions, specifically Union’s proposed Parkway West Project and the Brantford-Kirkwall pipeline/Parkway D Compressor projects.

By letter dated February 8, 2013 (Exhibit I.A4.UGL.CCC.23), TransCanada has indicated to Union that it is not opposed to the addition of a compressor for loss of critical unit protection as part of the proposed scope of the Parkway West Project.

Please see Attachment 1 for the two letters between TCPL and Union referenced above.
Please see Attachment 2 for additional correspondence (redacted).

|

January 31, 2013

TransCanada Pipelines Limited
450 – 1st Street S.W.
Calgary, Alberta
T2P 5H1

Attention: Dave Schultz
Vice-President, Commercial East, Canadian Natural Gas Pipelines

Dear Dave:

Re: Union Gas Limited – Parkway LCU Protection and Related Issues

I am writing further to the discussions between our respective companies and Enbridge which have been ongoing since last year.

As you know, our discussions have considered matters beyond the need for loss of critical unit (LCU) protection at Parkway to include Enbridge's GTA reinforcement project, the impact on Ontario of the changing North American gas supply dynamics occasioned by the development of Marcellus shale gas and, generally, the development of the natural gas market in Ontario and the need for facilities to address that development.

I believe our discussions have been productive in considering each of the above issues. We have made significant progress in understanding our companies' respective points of view and in determining how the needs of Ontarians can best be met going forward, all as encouraged by the Ontario Energy Board.

Beginning with Enbridge's GTA reinforcement project, we understand that it is intended to:

1. Reinforce downtown Toronto to permit for more growth post 2015, with the capability to source supply from multiple directions (as opposed to today where supply is sourced down the DVP).
2. Manage the existing dependency on Parkway. This is being addressed as follows, by: (i) building a line from Parkway to Albion; (ii) rebuilding the Albion Gate Station into a major feed (one of four such stations); (iii) supporting the development of LCU protection at Parkway; (iv) supporting a second feed from the suction side of Parkway to back up the Parkway Consumers and Lisgar feeds; and (v) diversifying the supply at Parkway to include direct delivery from TCPL (Niagara to Parkway) along TCPL's domestic line.
3. Restructure Enbridge's gas supply portfolio away from long haul discretionary services to more short haul supply on Union's system.

We understand that, consistent with the GTA project, Enbridge is currently negotiating new supply contracts with Union and a Memorandum of Understanding with TCPL. The MOU includes a new joint

development of the Parkway to Albion line (by EGD and TCPL), with a further expansion of the line by TCPL from Albion to Maple. We understand this work is scheduled to be completed by November 1, 2015. Union strongly supports this expansion provided it can be done by the end of 2015.

Turning to the Parkway project and the need for physical LCU protection at Parkway, it is consistent with the GTA project and Enbridge's objectives. The Parkway project also addresses Union's own significant operational and risk management needs which have been driven by the changing gas supply dynamics discussed above. Enbridge, GMi, Vermont Gas and the other ex-franchise shippers who will bear the majority of the costs associated with the project all support it. Marcellus and the changes it has brought about are here to stay. The potential benefits to Ontarians (and others) in terms of reduced gas supply costs are significant. While Marcellus volumes coming into Ontario may have an impact on Mainline flows, ultimately, facilitating Marcellus supply will benefit Ontario and ensure that TCPL's eastern triangle continues to grow.

I understand that having considered all of the issues outlined above including the shippers' perspective, Union's operational needs, the best interests of Ontarians and the various alternatives we have discussed in the past, TCPL now similarly supports the Parkway projects.

As a final matter, we have advised you that Union has entered into contracts for the incremental transportation of 700,000 Gj/d of growth. These contracts drive the need for a new growth compressor at Parkway West and a loop of the Dawn to Parkway transmission system (Brantford to Kirkwall). TCPL and Enbridge have indicated their support for that compressor given the new incremental contracted volumes. Union would expect that support (and for the Union Gas contracts on TCPL from Parkway to the NDA and Parkway to the EDA) to continue going forward.

As always, please feel to give me a call should you wish to discuss any of the above further. It would be appreciated if you could please confirm back TCPL's agreement with respect to all of the matters described above by February 8th, 2013.

Yours truly,



Mark Isherwood
Vice President, Business Development
Storage & Transmission

cc: Malini Giridhar (Enbridge)



February 8, 2013

TransCanada PipeLines Limited
450 – 1st Street S.W.
Calgary, Alberta, Canada T2P 5H1

Mr. Mark Isherwood, P.Eng, M.B.A.
Vice President, Business Development, Storage and Transmission
Union Gas Limited
P.O Box 2001
50 Keil Drive North
Chatham, ON
N7M 5M1

tel 403.920.5574
fax 403.920.2384
email dave_schultz@transcanada.com
web www.transcanada.com

Dave Schultz, P. Eng.
Vice President, Commercial East

Dear Mark:

Re: Union Gas Limited – Parkway LCU Protection and Related Issues

I am writing in response to your letter sent to me on January 31, 2013 regarding “Parkway LCU Protection and Related Issues”. In your letter, you describe a number of items, some of which I will not respond to at this time as they pertain to discussions occurring with other third parties. With respect to the proposed Union Gas facilities at Parkway West, as noted in your letter, TransCanada is not opposed to Union’s facility plans related to incremental growth requirements supported by firm contractual commitments. Specifically this is related to the new compressor at the proposed Parkway West site and associated metering. Additionally, TransCanada has determined it is not opposed to the addition of a Loss of Critical Unit protection compressor unit to the proposed scope of the Parkway West site. Finally, TransCanada continues to progress its plans that will facilitate having the required capacity in place to accommodate the incremental Union Gas contract volumes from Parkway to the NDA and EDA for November 2015.

If you need to contact me, I can be reached at 403-920-5574.

Sincerely,

Dave Schultz
Vice President, Commercial East
Canadian Natural Gas Pipelines



October 31, 2012

TransCanada Pipelines Limited
Royal Bank Plaza
24th Floor, South Tower
200 Bay Street, Toronto, ON M5J 2J1
Attention: Mr. Don Bell

Enbridge Gas Distribution Inc.
P.O. Box 650, 500 Consumers Road
Scarborough, ON M1K 5E3
Attention: Ms. Malini Giridhar

Dear Malini and Don:

In mid-September (September 17, 2012), Union, EGD and TCPL signed a Confidentiality Agreement (the "Agreement") with the Purpose stated as:

- 1) "the Parties wish to exchange information and enter into discussions on a confidential basis with respect to existing and required natural gas transportation infrastructure in Ontario, with a focus on the growth and reliability of natural gas deliveries in the Greater Toronto Area (the "Purpose")";
- 2) "In the course of fulfilling the Purpose, it may become necessary for each of the Parties to provide one or both of such other Parties with proprietary and/or confidential information."

At the time, I believe we were all unsure of where the discussion may go and therefore wanted to ensure our discussion was unrestricted and entered into the Confidentiality Agreement. Union is currently completing Evidence to file for the Parkway West site, and expect to file it later in November. Other than the detailed equipment list TCPL has provided to Union, Union does not regard the discussion on LCU equivalent service and the general discussion around the option to purchase equipment under the Agreement to otherwise warrant the status of being confidential. Over the course of two joint meetings (September 17th and October 4th, 2012) and two joint conference calls (October 15th and October 22nd, 2012), we have had good discussions. In the first joint meeting, TCPL, Enbridge and Union collectively agreed that it would be prudent for Union to develop Parkway West to;

1. Provide a backup feed to Enbridge for the suction side volumes going to Enbridge; and
2. Provide any future requirement for expansion compression.

TCPL did request that the parties evaluate whether an LCU equivalent service could be economically developed. In the subsequent joint meeting and conference calls, the parties evaluated the different layers or options that when combined were evaluated to see if they could provide all or part of the required LCU coverage. We have also discussed the potential purchase of turbines, compressor casings and coolers from TCPL as an alternative to purchasing new equipment to provide the LCU protection. The discussions on purchasing equipment from TCPL continue.

I fully expect Union will be asked to identify the discussions that we have had either as part of the hearing or in advance of the hearing with interveners and interested parties. I would ask for your approval to share the concepts we discussed in relation to the "layers" of providing an LCU like service and, at a high level, the positive progress we have made at evaluating the purchase of equipment. Union would recommend that we maintain confidentiality still on the spread sheets provided by TCPL detailing the specific equipment list(s) that we have been talking about. The Confidentiality Agreement would continue to be in full force and effect and would cover off any future discussions.

Regards,



Mark J. Isherwood
Vice President, Business Development
Storage & Transmission

/ml

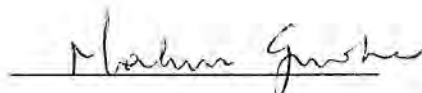
If you are in agreement, please sign below and return a copy to the other two counterparties.

TransCanada Pipelines Limited

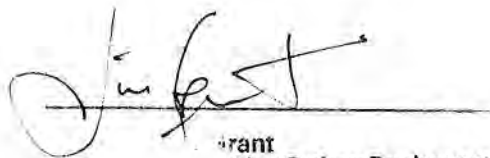
Enbridge Gas Distribution Inc.



Name: Don Bell
Title: Director, Commercial East
Canadian Pipelines



Name: Malini Giridhar
Title: Sr. Director, Gas Supply &
GTA Projects



Grant
Vice President, Business Development
Energy Strategy

Redford, Jim

From: Couture, Christina
Sent: November 2, 2012 2:59 PM
To: Don Bell (don_bell@transcanada.com); Malini Giridhar (Malini.Giridhar@enbridge.com)
Cc: Lindsay, Michelle; Isherwood, Mark
Subject: Union Gas Letter Re. Confidentiality Agreement
Attachments: HPScan_20121102142803.pdf.pdf

Follow Up Flag: Follow up
Flag Status: Completed

Good Afternoon,

Please see the attached letter for your review. A hard copy is on its way in the mail as well.

Have a wonderful weekend!

Regards,
Christina

Christina Couture

Administrative Assistant

Gas Supply, Business Development, Storage and Transmission
Union Gas Limited/ A Spectra Energy Company
50 Keil Drive North, Chatham, ON N7M 5M1
Tel: 519-436-5484 Fax: 519-436-4643
Email: ccouture@uniongas.com





November 21, 2012

TransCanada Pipelines Limited
200 Bay Street, 24th Floor
South Tower
Toronto, ON
M5J 2J1

tel 416-869-2191
fax 416 869 2119
email don_bell@transcanada.com
web www.transcanada.com

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

Attention: Mark Isherwood
Vice President, Business Development
Storage & Transmission

Dear Mark,

I am writing in response to your letter of October 31st, requesting that TransCanada consent to the disclosure of information that was provided by TransCanada to Union in accordance with the confidentiality agreement dated September 17th (the "Agreement"). The delay in my response was occasioned by the requirement to consult legal counsel on this point. Please note that our correspondence on this topic is itself subject to the Agreement.

TransCanada considers the information described in your letter to be "Confidential Information" as defined in the Agreement. That said, TransCanada does not object to Union disclosing the fact that the discussions listed in your letter took place, nor that their topic was the development of infrastructure in the Parkway corridor. TransCanada does, however, object to the disclosure of any of the content of the discussions, or Union's characterization of the discussions or of the views expressed in the discussions.

We must note that we do not agree with the comments in your letter regarding TransCanada having agreed with the prudence of the Parkway West Project for either of the two reasons mentioned in your letter. On those points, we are not convinced by the information that we have received to date that a new feed to Enbridge at Parkway is the appropriate response to Enbridge's concerns, and while we would support further compression at Parkway to meet firm contracted requirements, our understanding is that this stage has not yet been reached.

We have welcomed the discussions that we have had, and agree that they have been useful. However, we do not believe that they have been substantive enough to significantly advance efforts towards understanding each other's views on infrastructure in the Parkway corridor. The discussions certainly have not been substantive enough nor inclusive of other stakeholders, such as would constitute the consultations directed by the OEB in its decision in EB-2012-0210.

We look forward to having the consultations directed by the OEB, with Union, Enbridge and all stakeholders.

Attached for you files I have enclosed the unexecuted copy of your October 31, 2012 letter.

If you have any questions please feel free to contact me at 416-869-2191.

Sincerely,

A handwritten signature in black ink, appearing to read 'Don Bell', with a stylized, cursive script.

Don Bell
Director, Commercial East
Canadian Pipelines

c.c. Malini Giridhar – Enbridge Gas Distribution Inc.



November 27, 2012

TransCanada Pipelines Limited
Royal Bank Plaza
24th Floor, South Tower
200 Bay Street, Toronto, ON M5J 2J1

Attention: Mr. Don Bell

Dear Don:

I am writing in response to your letter dated November 21 and further to our continuing discussions.

TransCanada's insistence that the content of our discussions remain confidential is disappointing. As you know, we do not share your view, nor does Enbridge. Your letter says that TransCanada looks forward to further consultations with all stakeholders. Of course, the effectiveness of those discussions will depend, in part, on TransCanada's willingness to be open about the matters we have discussed. In the circumstances, we ask that TransCanada reconsider its position.

It was also disappointing to see your comments regarding our efforts to engage in consultations with other stakeholders. Apart from the lengthy meetings we have had with TransCanada and Enbridge, Union has been and continues to be engaged with all of its stakeholders. We have recently met with representatives from the Canadian Manufacturers & Exporters, Gaz Metro, IESO and APPrO, and hosted an all-stakeholder session at the Board's offices attended by representatives of TransCanada. If there are further matters you believe are outstanding please advise; we welcome your input.

In respect of our continuing discussions, we had certainly understood based on your comments that TransCanada had agreed, as far back as our initial meeting, that the development of Parkway West was prudent. Your letter appears to be a step backward in this respect. In any event, to move forward, we are prepared to further explore whether the concept of an exchange as part of a service (where Union would exchange volumes from Dawn to either Empress or Emerson with a marketer/producer) is workable. Union intends to conduct a market based RFP to assess interest in the exchange portion of the service and the value of such service. Union will be asking for exchanges utilizing between 0.5 PJ/d and 1.1 PJ/d. A copy of the draft RFP is attached. We do not believe any part of the RFP is confidential under the terms and conditions of the confidentiality agreement in place among Union Gas, TransCanada and Enbridge. If you disagree, please advise immediately. We intend to issue the RFP later this week.

Further, to assist in our consideration of the "service" option, it would be helpful if you could provide us with a better further understanding of your system. To provide an LCU equivalent service (where Union has exchanged the daily volume from Dawn to either Empress or Emerson), Union needs firm forward haul on the TransCanada system from either point to the Union CDA. As we have discussed, both companies could work together operationally to manage the first day of any event requiring an LCU. The service option needs to be firm and available with one day's notice. Depending on the actual incident on the Union system, the service would be required for a period ranging from one day to two years. Could you please provide the following to help us evaluate the forward haul capability of your system from Empress/Emerson to the Union CDA:

1. Any information (studies, analysis, etc.) you may have in regard to the publicly announced conversion of one of your lines to oil service. Specifically, we need to understand:
 - a. Timing of the conversion (2017 as stated in your hearing?) and when the line being converted would be taken out of gas service (2015?); and
 - b. With the line taken out of service and converted to oil, what capacity would you have available above your current firm contracts to provide an LCU service from either Empress or Emerson to the Union CDA (assuming no integrity work is completed).
2. Please also confirm:
 - a. That the capacity of the Northern Ontario Line (NOL) with all assets fully operational is approximately 3.5 PJ/d (ie. the line that has impaired throughput due to integrity concerns is returned to full capacity);
 - b. With some of the existing assets currently out of service (integrity related), current capacity is approximately 3.0 PJ/d;
 - c. Firm contracted capacity in winter 2011 was approximately 2.9 PJ/d (FT and STFT);
 - d. Your excess capacity is therefore approximately 0.1 PJ/d without further integrity work (b-c) and your ultimate excess capacity with integrity work (assuming no further firm contracts) is 0.6 PJ/d (a-c).
3. What is the cost of the integrity work to restore the 0.5 PJ (restoring the existing capacity from 3.0 PJ/d to 3.5 PJ/d).
4. If you have a Beardmore equivalent incident in the future, would you have the ability to provide a firm LCU equivalent service for between 0.5 and 1.1 PJ/d. If not, please identify the volume that would be available to flow.
5. As we discussed, we would not need the actual exchange or forward haul on TransCanada from Emerson or Empress unless there was an incident at Parkway. Please confirm what the standby cost to provide the forward haul would be between Emerson/Empress and Union CDA.

As we would like to conclude our consideration in the next few weeks your prompt response would be appreciated.

Finally, as recently discussed, we remain interested in investigating a used turbine (RB211) unit from TransCanada. In fact, a team from Union recently visited one of your stations near Thunder Bay to gather the necessary information. I look forward to your response to the above and will update you on the results of the planned RFP when it is completed.

Regards,



Mark J. Isherwood
Vice President, Business Development
Storage & Transmission

/ml
Encl.



2015 FIRM CALL OPTION EXCHANGE SERVICE REQUEST FOR PROPOSALS

DRAFT

November 29, 2012

RE: Union Gas Limited Request for Proposal – Firm Call Option Exchange Service

This request for proposals ("RFP") is an invitation to submit proposals to Union Gas Limited ("Union") for a Firm Call Option Exchange Service from Emerson 2 to Dawn or Empress to Dawn, callable at Union's discretion beginning November 1, 2015 for a 3-year term ("Service"). Union is contemplating this Service to mitigate any potential interruption to Dawn to Parkway flows in the event of an unexpected compressor station outage at Parkway.

If you would like an RFP closing date reminder added to your Outlook Calendar, please use our calendar invitation. To view a printable version of the RFP Package, please use the link below.

- Link to view the .pdf version of the <RFP Package>
- Link to add an RFP closing reminder to your <Outlook Calendar>

Service Description and Details

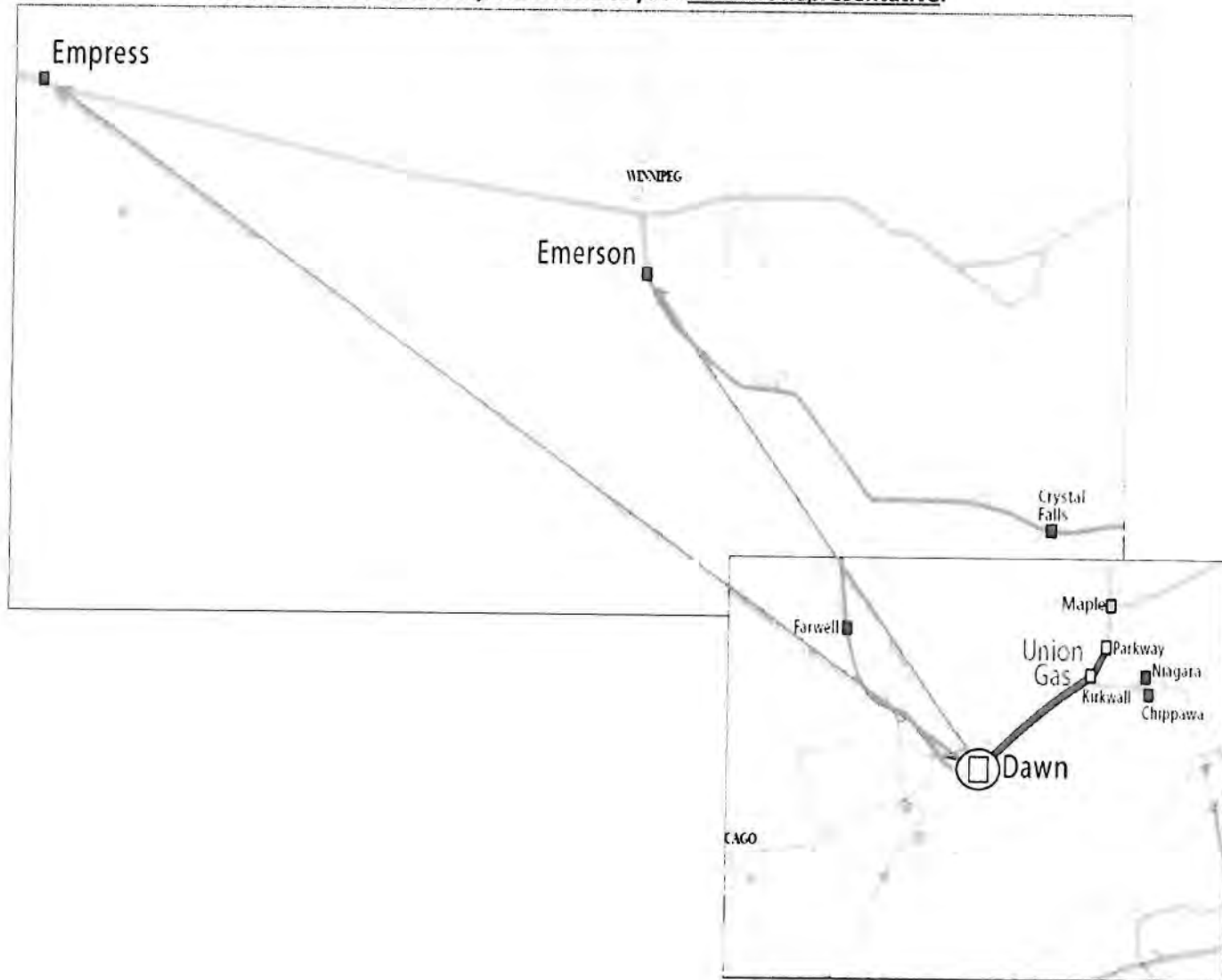
Term:	November 1, 2015 to October 31, 2018, inclusive.
Minimum Exchange Quantity:	100,000 GJ/d
Maximum Exchange Quantity:	1,100,000 GJ/d
Service Quality	Firm, callable at Union's discretion, may be called any and all days of the term and may be called multiple times throughout the term.
Receipt Point:	Empress or Emerson 2 (Shipper to Union).
Delivery Point:	Dawn Facilities (Union to Shipper).
Notice:	Union will request service from Shipper by 10:00 AM on any day, day before flow.
Multiple Bids:	Multiple bids will be evaluated separately. Please submit a proposal for each unique path if bidding for multiple paths.



uniongas

2015 FIRM CALL OPTION EXCHANGE SERVICE REQUEST FOR PROPOSALS

Should you have any questions or concerns please contact your Account Representative.



This RFP closes at 12:00 noon Eastern Standard Time / 11:00 am Central Standard Time on
December XX, 2012.

Please submit a proposal for each unique path if bidding for multiple paths.



uniongas

2015 FIRM CALL OPTION EXCHANGE SERVICE REQUEST FOR PROPOSALS

Union reserves the right to reject any or all proposals at its sole and absolute discretion, for any or no reason whatsoever, and without any liability or obligation of any kind.

EMERSON 2 TO DAWN FIRM CALL OPTION EXCHANGE SERVICE

Capacity: Up to 1,100,000 GJ/d Minimum capacity per Proposal 100,000 GJ/d
Start Date: November 1, 2015
Term: 3 Years
Receipt Point: Emerson 2 – TCPL (Shipper to Union)
Delivery Point: Dawn (Union to Shipper)
Demand Rate: Fixed Price, if applicable CDN/GJ
Commodity Rate: Fixed Price, if applicable CDN/GJ
Renewable: No
Termination: October 31, 2018
Quality of Service: Firm, Callable at Union's discretion 365 days/yr with notice by 10:00 am day prior to gas flow. The service may be called any and all days of the term and may be called multiple times throughout the term.
Comments:

- Contract will be Union's Firm Call Option Exchange Agreement
- HUB Contract Required

Links:

- Firm Call Option Exchange RFP <RFP Form>
- Firm Call Option Exchange Agreement <Agreement>
- HUB Contract <HUB Contract>

EMPRESS TO DAWN FIRM CALL OPTION EXCHANGE SERVICE

Capacity: Up to 1,100,000 GJ/d Minimum capacity per Proposal 100,00 GJ/d
Start Date: November 1, 2015
Term: 3 Years
Receipt Point: Empress – TCPL (Shipper to Union)
Delivery Point: Dawn (Union to Shipper)
Demand Rate: Fixed Price, if applicable CDN/GJ
Commodity Rate: Fixed Price, if applicable CDN/GJ
Renewable: No
Termination: October 31, 2018
Quality of Service: Firm, Callable at Union's discretion 365 days/yr with notice by 10:00 am day prior to gas flow. The service may be called any and all days of the term and may be called multiple times throughout the term.
Comments:

- Contract will be Union's Firm Call Option Exchange Agreement
- HUB Contract Required

Links:

- Firm Call Option Exchange RFP <RFP Form>
- Firm Call Option Exchange Agreement <Agreement>
- HUB Contract <HUB Contract>



uniongas

2015 FIRM CALL OPTION EXCHANGE SERVICE REQUEST FOR PROPOSALS

Submitting a Binding Proposal

If you wish to submit a proposal under this RFP, please complete sign and return the Firm Call Option Exchange Service RFP Form by email or fax to:

ATTN: Jacquie Montgomery

Email: marketer.services.com

Fax: (519) 436-5291

Proposals must be returned on or before 2:00 pm ET on December **, 2012 [DATE???

Please submit a proposal for each unique path if bidding for multiple paths.

RFP Process:

This binding RFP is requested as a backstopping option for Dawn to Parkway flow in the event of an unexpected compressor station outage at Parkway. Union Gas will acknowledge receipt of all proposals on or before 4:00 p.m. Eastern Time on December 19th, 2012. Union will contact all responding parties who meet the requirements of the RFP on or before December 31, 2012.

Please submit a proposal for each unique path if bidding for multiple paths. Multiple bids will be evaluated separately.

Successful bidders will be expected to execute contract Union's Firm Exchange Agreement

Any suggested Conditions Precedent that the Shipper proposes should be clearly articulated and will be considered during the capacity allocation process.

Union reserves the right to reject any or all proposals at its sole and absolute discretion, for any or no reason whatsoever, and without any liability or obligation of any kind.



uniongas

Firm Call Option Exchange Service Request for Proposal

If you wish to participate in this RFP, please complete, sign and return this Firm Call Option Exchange Service RFP Form (the "**Bid Form**") via email or fax to:

Attn: Jacquie Montgomery Email: Marketer.Services.com Fax: (519)436-5291
on or before 12:00 noon Eastern Clock Time / 11:00 am Central Clock Time on December **, 2012.

CUSTOMER CONTACT INFORMATION		*Required Fields
Company Name:*		
Mailing Address:		
Shipper Rep:*		
Title:		
Telephone:*	Fax:	E-mail:*

SERVICE PARAMETERS	
Receipt Point:	Empress or Emerson 2 (select one)
Delivery Point:	Dawn (Facilities)
Start Date:	November 1, 2015
Rate:	Demand \$ _____ CDN/GJ Commodity \$ _____ CDN/GJ
Quantity	_____ GJ/d (Minimum 100,000 GJ/D)
Term (years)	3

Multiple Bids will be evaluated separately.

This is a binding RFP. By participating in this RFP, Shipper hereby irrevocably commits to execute the Firm Call Option Exchange Service Agreement (found at uniongas.com/openseason) (the "Agreement") with Union on the price, term and capacity as outlined above if its proposal is accepted by Union. If Shipper does not execute the Agreement within 30 days of delivery by Union of written notice to Shipper, Union may, in its sole discretion, elect by written notice to Shipper within 15 days thereafter, to either terminate Shipper's participation in this RFP, or treat Shipper's signature and return of this Bid Form together with the Agreement as the legally binding agreement (modified as applicable by Union's notification of the quantities allocated to Shipper) between Shipper and Union for the Firm Call Option Exchange Service ("Service") outlined above. Shipper acknowledges and agrees that any Service provided by Shipper prior to execution by Union or Shipper of the Agreement shall be subject to the terms and conditions set forth in this Bid Form and the Agreement. In the event of any inconsistency or conflict between the terms and conditions of this Bid Form and the Agreement, this Bid Form shall prevail to the extent of any inconsistency.

SHIPPER LEGAL NAME: _____

Signature: _____

E-mail: _____

Name: _____

Phone: _____

Dated this _____ **day of** _____ **2012**



November 29, 2012

Mr. Mark Isherwood
Vice President, Business Development Storage & Transmission
Union Gas Limited
50 Keil Drive North
Chatham, Ontario
N7M 5M1

TransCanada PipeLines Limited
200 Bay Street, South Tower
Toronto, Ontario
M5J 2J1

tel 416.869.2191
fax 416.869.2119
email don_bell@transcanada.com
web www.transcanada.com

Dear Mark,

I'm writing in response to your letter of November 27, 2012. I want to let you know that I'll respond formally to your comments via a separate letter, but in the interim I wanted to provide you with the feedback you requested with respect to the RFP package that you plan to release to the market shortly. As per my previous letter, this correspondence is subject to the Confidentiality Agreement dated September 17th, 2012.

My first thought is that it is premature to be releasing any RFP to the market at this time. Although TransCanada and Union have had discussions regarding potential service options to provide LCU protection to the Union system, TransCanada is not convinced that any form of LCU protection is required at this time. In TransCanada's view more analysis needs to be done on whether the existing infrastructure in Ontario will be sufficient to meet the market's requirements in an LCU event at Parkway.

Secondly, in our discussions to date, both you and Jim Redford have raised a number of questions and concerns regarding the service concepts that TransCanada has brought forward, and we are taking those comments and concerns seriously as we explore whether there is a viable service option. We believe we need to take the time to evaluate all of the various options that may be available to provide an LCU service, including an exchange, to ensure we come up with a reliable and cost-effective solution.

Having said that, here are TransCanada's initial thoughts with respect to the RFP package:

- The minimum capacity per Proposal of 100,000 GJ/d would appear to limit the number of parties that may be able to provide such a service. Would Union consider a lower threshold?
- Under the "Quality of Service" header, it would be helpful to the participants to understand how often Union might actually call on the service. In other words, has a probability analysis been done with respect to the likelihood of an LCU event at Parkway? What are the odds that Union would call on the service? I expect that would have some bearing on the price offered.
- I understand that Union reserves the right to reject any or all proposals, but what would the criteria be for evaluation of the proposals? Under what conditions would Union deem a proposal to be sufficient or insufficient?
- Is there a minimum volume threshold required before Union will move forward with executing the Firm Call Option Exchange Service Agreements, assuming they meet Union's requirements

(i.e. if Union receives 500,000 GJ/d in proposals, will Union move forward and execute the agreements, or does Union require agreements totaling 1,100,000 GJ/d?)

- Should the RFP consider other options beyond exchange? Perhaps the market will bring other viable ideas forward.
- As per your letter of November 27, would Union be requesting that TransCanada set aside or reserve capacity to the Union CDA in order to effect this exchange?

In light of the issues raised in the points above, it would appear that this RFP would be premature even if Union were to pursue this type of LCU protection service. We need to do more work, and to interact with the market about what they might be able to offer, rather than presume what it can offer and ask only for that.

Mark, please feel free to give me a call should you wish to discuss these comments further.

Regards,



Don Bell
Director, Commercial East
Mainline East, Canadian Pipelines

Isherwood, Mark

Attachment 2

From: Lindsay, Michelle on behalf of Isherwood, Mark
Sent: December-03-12 4:43 PM
To: Don Bell
Cc: Malini Giridhar; Isherwood, Mark
Subject: Parkway LCU Protection - December 3rd
Attachments: Parkway LCU TCPL Letter Dec3'12.pdf

Importance: High

Don,

Please see the attached letter for your review.

Regards,

Mark

Mark Isherwood

Vice President, Business Development,
Storage and Transmission
Union Gas Limited | A Spectra Energy Company
50 Keil Drive North | Chatham, ON N7M 5M1
Tel: 519-436-4527
Cell: 519-359-5700

One of Canada's Top 100 Employers





union

December 3, 2012

TransCanada Pipelines Limited
Royal Bank Plaza
24th Floor, South Tower
200 Bay Street
Toronto, Ontario M5J 2J1

Attention: Don Bell

Dear Don:

Re: Union Gas Limited – Parkway LCU Protection

I am writing in response to your letter dated November 29, 2012.

Thank you for TransCanada's comments on our draft RFP package. We will be incorporating a number of your comments and plan on issuing the RFP shortly.

Unfortunately, your letter did not provide any of the information requested in my letter, and necessary for us in order to evaluate the forward haul capability of TransCanada's system. While Union is prepared to continue to explore a service option as an alternative to physical LCU protection it requires the information requested in my letter.

Our discussions thus far have been productive. While we may differ on the need for LCU protection at Parkway, we have had an open dialogue. If TransCanada is not prepared to provide the requested information please let me know. Similarly, if TransCanada's view is that the service option is ultimately not workable, please confirm that as well. Otherwise, I look forward to the requested information so that we can continue our discussions.

Yours truly,

Mark Isherwood
Vice-President Business Development
Storage & Transmission

cc: Malini Giridhar, Enbridge Gas Distribution

Isherwood, Mark

From: Redford, Jim
Sent: December-05-12 7:08 AM
To: Don Bell
Cc: Tim Stringer; Isherwood, Mark
Subject: Purchase of Used Compressors
Attachments: HPScan_20121205070432.pdf

Attached is correspondence regarding Union's potential purchase of TCPL used compressors.

Original to follow by mail.

Jim



December 4, 2012

TransCanada Pipelines Limited
Royal Bank Plaza
24th Floor, South Tower
200 Bay Street, Toronto, ON M5J 2J1
Attention: Mr. Don Bell

Dear Mr. Bell

RE: Used Compressor Package Purchase

Union Gas continues to be interested in a potential sale of used TransCanada compressor assets that can be decommissioned, relocated and installed at Union's proposed Parkway West site. As you are aware, Union Gas is considering a used TransCanada compressor for loss of critical unit protection as well as to serve the interest in incremental Dawn-Parkway capacity received in our spring open season.

On November 23rd, Paul Colwell, Bob Wellington and Michelle George from our Engineering & Construction Services group visited the Upsala Compressor Station (Station 62) near Thunder Bay to view two compressors that TransCanada is considering selling to Union Gas. We'd like to thank Mr. Hank Kenuck of TransCanada for providing access to the compressor units and for answering technical and operational questions.

The two units that were reviewed are known as Plant C and Plant D at Station 62. Union Gas has determined through discussions with the original manufacturer, Rolls Royce, that the RFA 36 compressor installed in Plant C and Plant D at the Upsala Compressor Station is not technically feasible for the proposed application. However, Union Gas remains interested in a purchase of the engine/power turbine skids and all associated ancillaries and controls. Union Gas plans to visit with Rolls Royce early next week to discuss a formal quote for engineering and modifications to these two units.

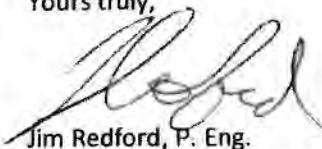
Union Gas would like to continue our evaluation and requires the following for each unit from TransCanada:

- Confirmation that TransCanada is willing to sell the engine/power turbine skid, including all ancillaries and controls, to Union Gas
- Confirmation that TransCanada is also willing to sell the mineral lube oil console and coolers to Union Gas
- Net Book Value for each of the units and confirmation that Net Book Value will be the proposed selling price (if different from Net Book Value then TransCanada is requested to provide the proposed selling price)

- Operation and Maintenance Records - including any equipment or device change-outs and large maintenance activities completed over the last two years the units ran
- Repair, Inspection and Overhaul Records – including records for the last two gas generator and power turbine repairs, inspections and overhauls

Please forward this information at your earliest convenience so that we can conclude our assessment. We will require this information no later than December 21, 2012.

Yours truly,

A handwritten signature in black ink, appearing to read "Jim Redford", is written over a horizontal line.

Jim Redford, P. Eng.

Director, Business Development & Strategic Accounts

Isherwood, Mark

From: Don Bell [don_bell@transcanada.com]
Sent: December-05-12 5:07 PM
To: Isherwood, Mark
Cc: Malini Giridhar
Attachments: 20121205164147872.pdf

Mark,

attached is the second part of the response to your letter dated November 27 and your letter dated December 3.

Please give me a call if you would like to discuss.

Don

This electronic message and any attached documents are intended only for the named addressee(s). This communication from TransCanada may contain information that is privileged, confidential or otherwise protected from disclosure and it must not be disclosed, copied, forwarded or distributed without authorization. If you have received this message in error, please notify the sender immediately and delete the original message. Thank you.



December 5, 2012

Mr. Mark Isherwood
Vice President, Business Development Storage & Transmission
Union Gas Limited
50 Keil Drive North
Chatham, Ontario
N7M 5M1

TransCanada PipeLines Limited
200 Bay Street, South Tower
Toronto, Ontario
M5J 2J1

tel 416.869.2191
fax 416.869.2119
email don_bell@transcanada.com
web www.transcanada.com

Dear Mark,

Further to my letter of November 29th, I want to respond formally to the comments contained in your November 27th letter to me, as well as to the question you asked in your letter of December 3rd as to whether or not TransCanada is of the view that an LCU service is ultimately workable.

As I mentioned in my November 21st letter, we have found the discussions with Union and Enbridge to date to be very useful. They have certainly provided clarity in terms of Union's requirements should we agree to move forward with an LCU service. However, as I noted in my November 29 letter, beyond the parameters of a potential LCU service, we need to come to agreement on whether any LCU protection is required at Parkway at all. To that end, TransCanada believes that a Technical Conference, or some other form of stakeholder conference as recommended by the OEB in its EB-2011-0210 decision, would be very useful. Such a forum would be useful to present stakeholders with the various means in which Union, TransCanada and Enbridge could manage an LCU event at Parkway, and the associated costs. Stakeholders would then be able to weigh in on whether they agree or disagree that LCU protection is required. I believe that this is especially important given the pending increase in volumes flowing through the Parkway meter into the Mainline and the potential for additional facilities on the Union and TransCanada systems to transport those volumes.

With respect to the questions you included as part of your November 29th letter Mark, TransCanada would offer to answer those questions either through a separate letter that is not covered under the September 17th Confidentiality Agreement (with your agreement of course), or as part of the broader stakeholder session. The information you have requested is certainly something we'd be prepared to discuss with a broader group in an effort to better determine whether LCU protection is required, and if so how TransCanada can assist with that. With respect to your questions pertaining to the potential conversion of one of the TransCanada Mainline lines to oil service, I can confirm that the dates you specified in your letter (2017 in-service for the oil line, with the gas line being taken out of service in the 2015 time-frame) are generally accurate.

With respect to your December 3rd letter, you asked whether TransCanada was of the view that an LCU service is ultimately not workable. I want to confirm that TransCanada is of the view that an LCU service is indeed a workable option, but as I noted above, we must first come to agreement on the requirement for any LCU protection at all.

Mark, I recognize that you may be disappointed with my last letter, but I want to ensure you that TransCanada has been and will continue to be open about the matters that have been discussed to date. However, I feel that that discussion needs to happen with a broader group of stakeholders that will be affected by the LCU discussion. To that end, TransCanada would be pleased to initiate a stakeholder session including Union Gas and Enbridge, to further discuss with industry the requirement for LCU protection at Parkway. I completely understand If Union would prefer to set up the session.

Mark, don't hesitate to give me a call should you wish to discuss this issue further.

Regards,

A handwritten signature in black ink, appearing to read 'Don Bell', with a stylized, cursive script.

Don Bell
Director, Commercial East
Mainline East, Canadian Pipelines

cc: Malini Giridhar, Enbridge Gas Distribution

Isherwood, Mark

From: Lindsay, Michelle on behalf of Isherwood, Mark
Sent: December-12-12 8:38 AM
To: Don Bell
Cc: Isherwood, Mark; Malini Giridhar
Subject: TCPL LCU December 12/12 Letter
Attachments: TCPL LCU Dec 12 2012 letter.pdf

Importance: High

Don,

Attached is my letter in response to your letter of December 5th for your review.

Regards,
Mark

Mark Isherwood
Vice President, Business Development
Storage and Transmission
Union Gas Limited | A Spectra Energy Company
50 Keil Drive North | Chatham, ON N7M 5M1
Tel: 519-436-4527
Cell: 519-359-5700

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A Spectra Energy Company

December 12, 2012

TransCanada Pipelines Limited
Royal Bank Plaza
24th Floor, South Tower
200 Bay Street
Toronto, Ontario M5J 2J1

Attention: Don Bell

Dear Don:

Re: Union Gas Limited – Parkway LCU Protection

I am writing in response to your letter dated December 5, 2012 to address the issue of consultations and TCPL's failure to provide the information requested in my letter dated November 27, 2012.

Your letter refers to the Board's Decision in EB-2011-0210. In that Decision, the Board encouraged Union to engage in consultations with TCPL, Enbridge and Shippers with respect to Parkway West. The Board did not order a Technical Conference. On the question of alternatives, the Board indicated that these should be explored as part of the consultations and that, "full consideration of alternatives should occur in advance..." of Union's planned leave to construct proceeding.

As indicated in my letter, Union has been actively engaged in the consultations contemplated by the Board. Union, TransCanada and Enbridge have held lengthy meetings to discuss Parkway West. Union has also been actively engaged with Shippers and other stakeholders, including through meetings with Canadian Manufacturers & Exporters, APPRO, GazMet, the IESO and ratepayers.

Turning to the questions we had asked, TCPL's failure to provide the requested information is, indeed, disappointing. Your letter appears to imply that the parties must first agree on the need for LCU protection at Parkway West before TCPL will provide the requested information. If that is the case, it is Union's view that this is contrary to the Board's encouragement that the parties engage in meaningful consultations and discuss alternatives. This can only happen if TCPL provides the requested information. TCPL cannot frustrate the process by reserving for itself the right to determine whether or not LCU protection is needed at Parkway West before it will provide information necessary to evaluate alternatives, including those put forward by TCPL itself nor is it appropriate to take the position that a technical conference is required in order to first determine the need for LCU protection at Parkway.

If, on the other hand, TCPL's position is that it is prepared to provide the information on a public (i.e. non-confidential) basis, that is acceptable to Union. (We do question why TCPL would treat this information as public while asserting that our other discussions are confidential.) Please forward the requested information to us by separate letter.

On the whole, Union is frustrated with TCPL's refusal to provide the requested information and its failure to discuss, with specificity, the alternatives it would propose to LCU protection at Parkway West. TCPL advanced alternatives in the EB-2011-0210 proceeding and therefore has an obligation to provide the information necessary to assess these alternatives.

We look forward to the requested information.

Yours truly,



Mark Isherwood
Vice-President Business Development
Storage & Transmission

cc: Malini Giridhar, Enbridge Gas Distribution

11229-2104 14544162.1



union

A Spectra Energy Company



December 20, 2012

Mr. Mark Isherwood
Vice President, Business Development Storage & Transmission
Union Gas Limited
50 Keil Drive North
Chatham, Ontario
N7M 5M1

TransCanada PipeLines Limited
200 Bay Street, South Tower
Toronto, Ontario
M5J 2J1

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email don_bell@transcanada.com
web www.transcanada.com

Dear Mark,

I'm writing in response to your letter of December 12. Please note that again, the content of this letter is subject to our executed Confidentiality Agreement ("the CA") of September 17th, 2012.

With respect to your comments that TransCanada has yet to answer the questions you asked in your December 5th letter, TransCanada wishes to confirm that it will answer those questions via separate letter not covered by the September 17th CA. I would also note that TransCanada is willing to further discuss those questions, and others that may arise, as part of a broader session involving Union's stakeholders, which is something that TransCanada would be supportive of.

As we have discussed, TransCanada is of the view that Union needs to make the case to its stakeholders that LCU protection at Parkway is indeed required. To that end, a broader session involving all of Union's stakeholders would be helpful. TransCanada has found the discussions to date between Enbridge, Union and TransCanada on this topic to be useful. However, TransCanada is certainly interested in the views of the other parties you have spoken with thus far, including Canadian Manufacturers and Exporters, APPrO, GazMetro, and the IESO. I appreciate that Union has addressed this topic with each of these parties individually; however TransCanada believes it important for all stakeholders to get together in the same room and share their views and ideas on the requirement for LCU protection.

If the stakeholder group agrees that Union requires LCU protection at Parkway, then the next step is to come to agreement on the level of LCU protection required. TransCanada believes it has viable service alternatives that could be used to provide LCU protection across a spectrum of scenarios. TransCanada would be pleased to discuss those alternatives with Union and its stakeholders.

Mark, as always, please feel free to give me a call if you'd like to discuss further.

Regards,

Don Bell
Director, Commercial East
Mainline East, Canadian Pipelines

cc: Malini Giridhar, Enbridge Gas Distribution



December 20, 2012

Mr. Mark Isherwood
Vice President, Business Development Storage & Transmission
Union Gas Limited
50 Keil Drive North
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web www.transcanada.com

Mark,

I am writing this letter in response to a number of questions that you have asked me regarding TransCanada's facilities and how they might be used to provide LCU protection to Union at Parkway. I have summarized the questions you asked below and have included TransCanada's responses.

Union has inquired about any studies or analyses TransCanada might have regarding the potential conversion of one of its lines to oil service. Specifically, Union indicated that it wanted to understand the timing of any such conversion and when any gas line being converted might be taken out of gas service.

- As TransCanada noted in the RH-3-2011 proceeding, should TransCanada proceed with the conversion of one of its lines to oil service, that conversion could take place as early as 2017. If the conversion were to proceed, the affected line would likely be taken out of gas service in the 2015 time-frame. We would note however that a conversion is only speculative at this point in time.

Union has expressed a desire to understand what capacity TransCanada might have available above its current firm contracts to provide an LCU service originating at either Empress or Emerson for delivery to the Union CDA in the event that a line is taken out of service and converted to oil, and assuming no integrity work is completed on TransCanada's Line 2.

- The analysis with respect to the potential conversion of one of the Northern Ontario lines to oil is ongoing, and will ultimately be influenced by any commercial arrangements underpinning the oil line. As noted above, the possibility of the conversion is speculative at this time. TransCanada acknowledges that the potential conversion of one of its lines to oil could have an impact on its ability to provide an LCU service to Union. However, as noted in the question above, if the oil project were to proceed, the associated gas line would not be removed from service until 2015. TransCanada could provide an LCU service, should it be required, until such time as the gas line might be taken out of service. But before concluding that the potential conversion of a line to oil would prohibit TransCanada from offering an LCU service, we need to first determine the ultimate level of LCU protection, if any, that is required at Parkway. For example, TransCanada, Union and Enbridge could explore operating scenarios to reduce the ultimate level of LCU protection required in the event of an incident at Parkway; also, Union has noted that an additional compressor may be required at Parkway in the near future to accommodate potential load growth; this would be expected to have an impact on the LCU requirement as well.

TransCanada anticipates that it will soon have increased clarity regarding the likelihood that an oil conversion project will proceed. I would suggest that it may be imprudent to move forward with new capital investment for LCU protection given that TransCanada expects to have greater certainty regarding the oil conversion in the near future. TransCanada will let Union and all other TransCanada stakeholders know as soon as we have this certainty.

You had asked TransCanada to confirm that the capacity of its Northern Ontario Line (NOL) with all assets fully operational is approximately 3.5 PJ/day (this number assumes TransCanada's Line 2 is returned to full capacity).

- As provided in the response to CAPP IR 173m in the RH-3-2011 proceeding, TransCanada's NOL capability to meet its Firm Transportation requirements assuming all facilities are available on a winter peak day design basis is approximately 3.9 PJ/d.

You asked TransCanada to confirm that its current capacity is approximately 3.0 PJ/d with portions of Line 2 de-rated.

- TransCanada's NOL capability for firm transportation service, based upon the 2012/2013 pipeline de-rate plans is approximately 3.1 PJ/d.

Union asked TransCanada to confirm that its firm contracted capacity for the 2011 winter was approximately 2.9 PJ/d, including FT and STFT volumes.

- TransCanada confirms that in the winter of 2011/2012 the peak firm transportation requirement for both FT and STFT was approximately 2.9 PJ/d. This peak requirement was over a narrow timeframe during the 2011/2012 winter as shown in TransCanada's response to Undertaking U-35 in the RH-003-2011 proceeding. It should also be noted however that the annual firm requirement absent STFT was approximately 1.5 PJ/d. That is also the annual firm requirement for the 2012/2013 winter.

Union asked TransCanada to confirm that its available capacity for the 2011 winter would have been approximately 0.1 PJ/d absent further integrity work on Line 2, and 0.6 PJ/d with integrity work completed.

- TransCanada does not confirm these numbers. The available capacity based upon the answers TransCanada provided above is approximately 1.0 PJ/d with all facilities available and 200 TJ/d based upon the 2012/2013 pipeline de-rate plans, assuming that the peak firm transportation requirement for both FT and STFT is approximately 2.9 PJ/d. As noted above, the number of 2.9 PJ/d may not be representative of current FT and STFT market requirements.

Union asked for the cost of any integrity work required to return the NOL to full capacity.

- As per TransCanada's presentation to the Tolls Task Force on December 4, 2012, the estimated cost of the pipe integrity program for TransCanada's Northern Ontario Line 2 over the period 2013 to 2016 are approximately \$71 million, expressed in real 2013 dollars. Note that this is an ongoing program which would continue beyond 2016, and any modifications or suspension of elements of this program could result in a capacity impact.

Union asked whether TransCanada would be able to flow 0.5 – 1.1 PJ/d of gas over its NOL in the event that TransCanada experienced an operational upset on the NOL and its capacity were impacted to the same degree it was during the 2011 Beardmore incident.

- In TransCanada's view this reflects a scenario that is extremely unlikely and is not the type of circumstance that would be reasonably included in an analysis unless it was given an appropriate probability weight similar to all other potential extreme events.

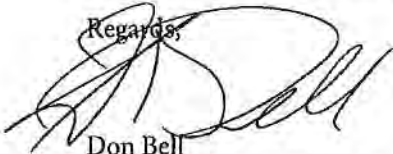
Union noted that it would not require the LCU service unless there was an incident at Parkway and wondered what the "standby cost" would be of providing the LCU service.

- TransCanada assumes this question is asking whether TransCanada would need to reserve capacity to provide the service; possibly, but as noted in question #2, TransCanada needs to better understand the appropriate level of LCU protection required by Union; Depending on the appropriate level of LCU protection required, the "standby cost" may be minimal or even non-existent. Should TC need to reserve capacity to provide an LCU service, it would structure the service such that the revenue impacts to its system and shippers were minimized.

Mark, I hope the answers to the above questions are useful. Please be aware that TransCanada would be pleased to share this information more broadly with Union's other stakeholders to help determine the best path forward for LCU protection at Parkway. We believe we have some viable service alternatives that could be used to provide LCU protection over a spectrum of scenarios should these needs be justified.

Mark, please give me a call if you have any further questions.

Regards,



Don Bell
Director, Commercial East
Mainline East, Canadian Pipelines

cc: Malini Giridhar, Enbridge Gas Distribution



December 20, 2012

Mr. Jim Redford
Director, Business Development & Strategic Accounts
Union Gas Limited
50 Keil Drive North
Chatham, Ontario
N7M 5M1

TransCanada PipeLines Limited
200 Bay Street, South Tower
Toronto, Ontario
M5J 2J1

tel 416.869.2191
fax 416.869.2119
email don_bell@transcanada.com
web www.transcanada.com

Dear Jim,

I'm writing in response to your letter of December 4th, in which you asked a number of questions regarding the potential sale of the engine/power turbine skids and associated ancillaries and controls associated with Plant C and D at TransCanada's Station 62 (Upsala). Please note that the content of this letter is subject to our executed Confidentiality Agreement ("the CA") of September 17th, 2012.

First, I would like to confirm that TransCanada is willing to sell the engine/power turbine skid, including all ancillaries and controls from either Plant C or Plant D to Union Gas, however TransCanada is unable to sell the assets from both. If Union requires two units, then TransCanada would be pleased to work with Union to determine where a second unit might be available from another location on the TransCanada Mainline.

With respect to the mineral lube oil console and coolers, TransCanada assumes Union is referencing the oil coolers and not the aerial gas cooler. TransCanada confirms that it would be willing to sell the system.

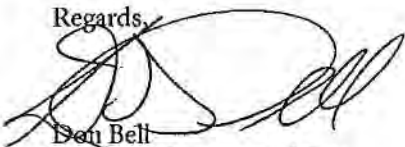
TransCanada is prepared to sell these assets at Net Book Value. Our accounting group is in the process of determining that value, and I will provide the number to you as soon as I receive it.

Regarding the Operation and Maintenance Records, we will provide those to you via separate email. Our field staff are in the process of scanning the paper copies, which they'll send to me in "pdf" format, and which I will then forward on to you.

Jim, I hope this letter answers your questions. As I have noted in my correspondence with Mark Isherwood, we hope to continue our discussions with regards to LCU protection at Parkway with a broader set of Union's stakeholders in the near future. TransCanada would be willing to discuss the potential sale of the items noted above with Union and its stakeholders in that public forum, or in such other forum as Union deems appropriate.

Please don't hesitate to call if you have any further questions.

Regards,



Don Bell
Director, Commercial East
Mainline East, Canadian Pipelines

cc: Malini Giridhar, Enbridge Gas Distribution

Isherwood, Mark

From: Stephen Clark [stephen_clark@transcanada.com]
Sent: December-20-12 8:32 PM
To: (sbrochu@gazmetro.com); (pcabana@gazmetro.com); Baker, Steve; Isherwood, Mark; (guy.jarvis@enbridge.com); (malini.giridhar@enbridge.com)
Cc: Karl Johannson; Dave Schultz; Don Bell; Connie Siewert
Subject: Proposed Meeting in January

Dear, Sophie, Steve and Guy,

Over the past few weeks Karl, Dave, Don and I have met with you and/or representatives from each of Gaz Metro, Union and Enbridge. Clearly the past year has been a difficult one for all of us and our relationships have been strained. In addition, over the past few months there has been a variety of discussions and correspondence amongst various combinations of Gaz Metro, Union, Enbridge and TransCanada regarding the way in which each of us go about meeting the needs of our stakeholders. I understand that the parties involved in these interactions have a spectrum of positions and views of how we should provide service.

I would like to suggest that we all convene in a single meeting with the objective of commencing a process of clearing the air on the issues that lie before us. I suggest the meeting occur in mid January or shortly thereafter.

Please make suggestions of items that you would like on the agenda for the meeting.

I anticipate TransCanada representatives would include; Karl Johannson, Dave Schultz, Don Bell and myself.

From Gaz Metro, I would like to invite Sophie Brochu and Patrick Cabana. Sophie/Patrick, please advise if you have other Gaz Met representatives that you would like to add to the list of invitees.

From Union, I would like to invite Steve Baker and Mark Isherwood. Steve/Mark, please advise if you have other Union representatives that you would like to attend.

From Enbridge, I would like to invite Guy Jarvis and Malini Giridhar. Guy/Malini, please advise if you have other Enbridge representatives that you would like to add to the list of invitees.

Please let me know if you would like to join us and advise your availability during the weeks of January 14 and 21. I suggest Toronto as the location that is most convenient for the group.

I will ask my associate Connie Siewert to coordinate this.

Please feel free to call me (403-920-2018) or email me with any questions or comments.

Best wishes for the holiday

Steve Clark

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Redford, Jim

From: Isherwood, Mark
Sent: June 7, 2013 10:01 AM
To: Redford, Jim
Subject: FW: Proposed Meeting in January

More communication

Mark
Office: (519) 436-4527
Cell: (519) 359-5700

-----Original Message-----

From: Isherwood, Mark
Sent: December-21-12 1:12 PM
To: 'Cabana Patrick'; Stephen Clark; Brochu Sophie; Baker, Steve; (guy.jarvis@enbridge.com); (malini.giridhar@enbridge.com)
Cc: Karl Johannson; Dave Schultz; Don Bell; Connie Siewert
Subject: RE: Proposed Meeting in January

Thanks Steve for reaching out. Steve Baker and I can make the Jan 22 work if that is agreeable for others. Please let us know when you can. I will get back to you in early January with suggested agenda items. Hope everyone has a restful holiday season. Mark

Mark
Office: (519) 436-4527
Cell: (519) 359-5700

-----Original Message-----

From: Cabana Patrick [<mailto:PCabana@GazMetro.com>]
Sent: December-21-12 10:48 AM
To: Stephen Clark; Brochu Sophie; Baker, Steve; Isherwood, Mark; (guy.jarvis@enbridge.com); (malini.giridhar@enbridge.com)
Cc: Karl Johannson; Dave Schultz; Don Bell; Connie Siewert
Subject: RE : Proposed Meeting in January

Hi everyone,

January 22 would work for Sophie and myself.

We will wait for a confirmation.

Best wishes for the holiday to all of you Patrick _____ De :
Stephen Clark [stephen_clark@transcanada.com] Date d'envoi : 20 décembre 2012 20:32 À :
Brochu Sophie; Cabana Patrick; (SBaker@spectraenergy.com); (misherwood@spectraenergy.com);
(guy.jarvis@enbridge.com); (malini.giridhar@enbridge.com) Cc : Karl Johannson; Dave Schultz;
Don Bell; Connie Siewert Objet : Proposed Meeting in January

Dear, Sophie, Steve and Guy,

Over the past few weeks Karl, Dave, Don and I have met with you and/or representatives from each of Gaz Metro, Union and Enbridge. Clearly the past year has been a difficult one for all of us and our relationships have been strained. In addition, over the past few months there has been a variety of discussions and correspondence amongst various combinations of

Gaz Metro, Union, Enbridge and TransCanada regarding the way in which we can best meet the needs of our stakeholders. I understand that the parties involved in these interactions have a spectrum of positions and views of how we should provide service.

I would like to suggest that we all convene in a single meeting with the objective of commencing a process of clearing the air on the issues that lie before us. I suggest the meeting occur in mid January or shortly thereafter.

Please make suggestions of items that you would like on the agenda for the meeting.

I anticipate TransCanada representatives would include; Karl Johannson, Dave Schultz, Don Bell and myself.

From Gaz Metro, I would like to invite Sophie Brochu and Patrick Cabana. Sophie/Patrick, please advise if you have other Gaz Met representatives that you would like to add to the list of invitees.

From Union, I would like to invite Steve Baker and Mark Isherwood. Steve/Mark, please advise if you have other Union representatives that you would like to attend.

From Enbridge, I would like to invite Guy Jarvis and Malini Giridhar. Guy/Malini, please advise if you have other Enbridge representatives that you would like to add to the list of invitees.

Please let me know if you would like to join us and advise your availability during the weeks of January 14 and 21. I suggest Toronto as the location that is most convenient for the group.

I will ask my associate Connie Siewert to coordinate this.

Please feel free to call me (403-920-2018) or email me with any questions or comments.

Best wishes for the holiday

Steve Clark

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Isherwood, Mark

From: Isherwood, Mark
Sent: January-17-13 9:39 AM
To: 'Stephen Clark'
Subject: RE: January 22, 2013 meeting

Steve – it is amazing how fast January is flying by and this meeting is now fast approaching for next week. Thanks for adding some extra time – I am sure we will all find that time valuable. Wanted to follow up on the agenda – are there any items you wanted to add or delete. We should try to finalize this so folks can be thinking about it or preparing if required. Let me know. Mark

Mark
Office: (519) 436-4527
Cell: (519) 359-5700

From: Stephen Clark [mailto:stephen_clark@transcanada.com]
Sent: January-09-13 7:13 PM
To: Isherwood, Mark
Cc: Malini Giridhar; Patrick Cabana (pcabana@GazMetro.com)
Subject: RE: January 22, 2013 meeting

Thanks for this Mark....we'll go through this and get back to you on any addition and scheduling.

Cheers
Steve

From: Isherwood, Mark [<mailto:misherwood@spectraenergy.com>]
Sent: Wednesday, January 09, 2013 2:37 PM
To: Stephen Clark
Cc: Malini Giridhar; Patrick Cabana (pcabana@GazMetro.com)
Subject: January 22, 2013 meeting

Steve – on your earlier email in December you had asked for suggestions for an agenda. I discussed the following suggestions with both Malini and Patrick. I also saw a note where you were working on an agenda as well. I suspect that the agenda items will be similar.

1. Discuss projects that GMi, Enbridge, and Union are bringing forward. Specifically, GMi's System Supply back to Dawn, Enbridge's GTA project, and Union's Parkway West project including growth compression and LCU compression. Understand any concerns or issues that TCPL may have with these initiatives. TCPL support for the changes.
2. Parkway to Maple – confirm TCPL commitment to build the necessary capacity on this path for November 2015.
3. Bi-directional service – confirm TCPL's support for offering the service.
4. Discuss next steps for the discussions on TCPL mainline restructuring for post 2013.
5. Begin consultations on TCPL's proposed oil line conversion

The other suggestion would be to possibly extend the meeting if your schedules permit. Given the nature of the agenda items, and the fact that this is a hard group to get together in one place, it may be beneficial to have an additional 30 to 60 minutes added to the meeting. Let us know if there is an opportunity to extend the meeting and we can plan accordingly. Look forward to seeing to you on the 22nd. Mark

Mark Isherwood

Vice President, Business Development,
Storage and Transmission
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Isherwood, Mark

From: Isherwood, Mark
Sent: March-01-13 6:07 PM
To: Steve Clark (stephen_clark@transcanada.com)
Subject: TCPL/Union Meeting

Steve – looks like Dave and his team and a few folks from Union are meeting in Calgary on March 6th (this was the basis for my last call to you) to talk through a few items. I was hoping that either you could drop by for a few of the items or I could drop by your office late in the morning to catch up. I just talked to your Executive Assistant and she mentioned that you are not back in the office until March 7th. Given our paths (and planes) are crossing – do you have a half hour later in the week next week to catch up. Let me know. Travel Safe. Mark

Mark Isherwood

Vice President, Business Development,
Storage and Transmission
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Redford, Jim

From: Don Bell [don_bell@transcanada.com]
Sent: March 8, 2013 6:30 PM
To: Redford, Jim; Julie Milan; Tim Stringer; Lisa DeAbreu
Cc: Couture, Christina; Hagerman, Max
Subject: Re: FOLLOW UP TO PHONE MESSAGE

Jim

By copy on this email, I will ask Julie to coordinate calendars for a meeting on the 19th.

I think it is important to have regular scheduled meetings to discuss and coordinate construction activities. I think monthly meetings should work possibly more frequently initially, as I think we have a lot to talk about. Let's discuss when you get back or if you think we need to set this up sooner let me know along with who I should work with.

Have a good vacation.

Don

From: Redford, Jim [mailto:JRedford@uniongas.com]
Sent: Friday, March 08, 2013 03:21 PM
To: Don Bell
Cc: Couture, Christina <CCouture@uniongas.com>; Hagerman, Max <MHagerman@uniongas.com>
Subject: FOLLOW UP TO PHONE MESSAGE

I am leaving the office a little later tonight and will not be back until the 18th. I left a phone message and will follow up with this e-mail.

- 1) I left a message with Tim regarding the component by component costs for the 62C and 62D compressor units. If Tim has the information available in my absence then have him e-mail to Max Hagerman (mhagerman@uniongas.com). Max can then forward the information to Michelle George and Paul Colwell for review. Max can then set up a phone call to discuss if I am still away.
- 2) March 19 Max and I will be in town discussing the Parkway projects with a few parties. I was wondering if you had time in the afternoon to spend a ½ hour and go through the presentation with us. This will keep you up-to-date on our public communications. Please send a time that you are available and Christina Couture will put it into our calendars. We will come to your offices. Feel free to invite Tim, Lisa or others to the meeting if you wish.
- 3) We talked about the Union CDA supply at our meeting the other day. We have been investigating a pipeline from the Dawn-Parkway System to provide some of the feed to that area. If the open season isn't until June I think Union will commence an EA to determine route and environmental issues. The first step will be to publish the study area and then start talking to agencies, conservation authorities, etc. The area is busy and contains some environmental features. Will continue to keep you updated on this as we move towards June.

As another item, I'm wondering if we should set up regular discussions (monthly perhaps). We could do a number of them face-to-face as I could hop flights in and out of the Island Airport to Chatham. Heck I might buy a lunch or two!! Thoughts?

Jim

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Isherwood, Mark

From: Dave Schultz [dave_schultz@transcanada.com]
Sent: April-24-13 1:29 PM
To: Dave Schultz; 'pcabana@gazmetro.com'; Isherwood, Mark; Baker, Steve; 'guy.jarvis@enbridge.com'; 'Malini Giridhar'; 'Sophie Brochu'
Cc: Stephen Clark; Karl Johansson
Subject: RE: Additional MarketView Meeting

It appears that there is an issue with respect to Friday morning for those that may have been planning to get an early flight home. As a result, we will shift the meeting to the Thursday morning instead. If that conflicts with someone else's plans let me know. Thanks.

From: Dave Schultz
Sent: Tuesday, April 23, 2013 8:51 AM
To: pcabana@gazmetro.com; Isherwood, Mark; sbaker@spectraenergy.com; guy.jarvis@enbridge.com; Malini Giridhar; Sophie Brochu
Cc: Stephen Clark; Karl Johansson
Subject: Additional MarketView Meeting

It has been suggested, and we agree, that it would be a good idea to take advantage of the opportunity during our MarketView session in Washington to hold a separate meeting between the 3 LDC's and TransCanada in light of the fact that senior representatives from all four companies will be attending. We would like to propose that on the Friday morning, we convene in a separate room from the rest of the attendees for a breakfast meeting commencing at 7:00 AM with a goal of still being able to participate in the Capital Hill Tour after our meeting. Hopefully this works for everyone. If there are any issues or concerns with this plan, let me know. Thanks.

Dave Schultz
Vice President, Commercial East

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Isherwood, Mark

From: Dave Schultz [dave_schultz@transcanada.com]
Sent: May-07-13 12:35 PM
To: Isherwood, Mark
Cc: Stephen Clark
Subject: RE: Update

Mark, I think it would be a bit premature to have a conference call this week. We are working on some potential options to discuss with you folks but need a bit more time to flesh them out sufficiently to be able to talk to them. I'll let you know when we think we are in a position to have a productive discussion.

-----Original Message-----

From: Isherwood, Mark [mailto:misherwood@spectraenergy.com]
Sent: Monday, May 06, 2013 10:38 AM
To: Stephen Clark
Cc: Dave Schultz
Subject: Update

Steve - called your office to give you an update and your Exec Assistant mentioned you were on the road and an email may be better (I also called and talked to Dave). Union is going to start an EA on the Albion to Maple path today to try and keep that option open. We had mentioned at the meeting last week that one of the options we had considered was to apply to the NEB with a build option. To the extent that the NEB prefers TCPL not to build we want to have an option on the shelf. I also want to continue our discussion on some of the other options we discussed last week. Not sure of your timing, but a conf given the issues we each face, would recommend a conf call this week if that works. Mark

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Hagerman, Max

From: Brian West [brian_west@transcanada.com]
Sent: May-13-13 2:57 PM
To: Wellington, Bob; Colwell, Paul
Cc: Brian MacDonnell
Subject: Parkway West Engineering Meeting

Bob, Paul,

Good meeting last week. I've noted a couple of action items for me:

1. Land Contact for TCPL is Brian Macdonnell (copied on this email). Once we can confirm who is building the 300m, Brian will have more to do, but he may be able to already provide some input once we have the schematic from you.
2. Brian will also be involved in the pig launcher at our valve just east of your proposed plot plan (MLV 205).
3. I'll hold off on providing any schedule milestones; my scope is the least onerous, so I think I will wait until you and EGD have a milestone shceudle, and I can add my items to it.
4. I am looking into AC mitigation and will advise when I have something.
5. I had made a note about design parameters (flow?) but I can't recall what it's for.

From you, if you can email me the mosaic and the plot plan, that would be very helpful, and also if you have managed to complete an overall schematic.

Cheers,

Brian

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May 30, 2013

Russ Girling
TransCanada Pipelines Limited
450 – 1st Street S.W.
Calgary, AB T2P 5H1

Dear Mr. Girling:

The purpose of this letter is to communicate common concerns that the Eastern LDCs have with the recent non-renewable and capacity management open seasons and the proposed Energy East pipeline project.

The Eastern LDCs strongly believe that the Eastern Ontario Triangle portion of the Mainline system is and will remain viable, with stable loads and a demonstrated potential for growth in the future. The eastern Canadian market is becoming more attractive to large industrial customers and the uncertainties created by the current situation could only be viewed negatively for the Canadian economy and the health of our overall natural gas industry. Accordingly, we have difficulty with the recent non-renewable and capacity management open seasons which focus on understanding what firm capacity may no longer be required in the future. Rather, we think TransCanada should be focused on understanding the true existing and future firm requirements of the eastern markets and ensuring that its existing gas infrastructure is appropriately sized to meet these requirements.

The Eastern LDCs have an obligation to serve our markets and we must take all necessary steps to ensure that our firm eastern markets continue to be reliably served. We must therefore ask TransCanada to clarify its intentions for the future of the Eastern Ontario Triangle. If TransCanada intends to continue to serve Eastern LDC demand then we ask that it hold an open season to enable it to understand the true and complete long haul firm capacity requirements as well as the true and complete desired short haul firm capacity requirements including Dawn/Parkway and Niagara receipts for all delivery points on the system. It is in our collective interest to ensure that our obligation to serve our customers and TransCanada's desire to address the issues on the Mainline be resolved through consultation rather than conflict resolution. We ask TransCanada to confirm in writing its commitment to build, under commercially reasonable terms, the necessary infrastructure to allow customers to access the short haul paths discussed above. Alternatively, we would ask TransCanada to confirm in writing that it intends to operate as an open access pipeline and will therefore accept volumes from other parties who may build new facilities to Maple or points near Maple to serve these markets.

As Eastern LDCs we are generally agnostic about the conversion of a portion of the mainline to oil. That said we are mandated by our regulator to ensure supply reliability and diversity as well as cost competitive supply for the millions of customers we serve. Given this need, it is imperative that TransCanada consult with us directly in order for LDCs and customers to better understand the impacts and options available moving forward.

We look forward to discussing these concerns with you and your management team.

Sincerely,



Steve Baker
President
Union Gas Limited



Sophie Brochu
President and CEO
Gaz Métro



Guy Jarvis
President
Enbridge Gas Distribution Inc.

cc: Karl Johannson
Stephen Clark



TransCanada

In business to deliver

TransCanada Corporation
450 - 1st Street S.W.
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tel 403.920.2089

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web www.transcanada.com

Karl Johannson.

President

Natural Gas Pipelines

June 17, 2013

Mrs. Sophie Brochu
President & CEO
Gaz Metro
1717 rue de Havre
Montreal, QC
H2K 2X3

Mr. Steve Baker
President
Union Gas Limited
50 Keil Drive North
Chatham, ON
N7M 5M1

Mr. Guy Jarvis
President
Enbridge Gas Distribution Inc.
500 Consumers Road
Toronto, ON
M2J 1P8

Thank you for attending the meeting on June 4, 2013 with Russ, Steve and myself to discuss your transportation requirements. I thought the meeting was productive and I trust that we all have a better understanding of the constraints each of us is operating under today.

I would take this opportunity to address some of the Eastern LDC's concerns, as outlined in Ms. Brochu's letter of June 7, 2013, and further discuss our views on some of the issues that arose in our meeting.

It is clear that the current NEB toll Decision has made the deployment of new capital challenging. The Decision has set fixed tolls that do not cover the costs of operating our Mainline system. It defers substantial amounts and places TransCanada under a threat of disallowance of some or all of those costs. The primary tool given to TransCanada to bridge this gap is pricing flexibility on discretionary services. It is TransCanada's view that it cannot rely solely on discretionary services to generate the substantial revenues required for it to meet its costs and earn a fair return. The Mainline must incentivize its shippers to contract for the long term in order to maximize revenues, stabilize rates, and position it to seize on new opportunities to reduce its costs or expand its services. When we do build for new opportunities, we must recover the full cost of any new expansion, including a return of and on capital, and any revenue foregone, due for example to switching volumes from long haul to short haul.

It is imperative for the viability of the Mainline that shippers with firm needs contract for long term firm services to meet those needs. This ensures that the costs of the system are being borne by those who rely on it; stabilizes our revenue long term; reduces the amount of discretionary revenue we would otherwise be required to raise to cover our costs; and provides a clearer picture of the capacity and facilities we require to serve existing and new shippers long term, and a clearer

picture of what opportunities are available for new services, cost savings, or redeployment of facilities to reduce costs. This approach is required by the Board's direction. Accordingly, we will be providing an open season for short term shippers on our system that now wish to firm up their service arrangements as well as new markets seeking mainline service. As noted above, however, we must recover the full cost of any new expansion, including a return of and on capital, and recovery of any revenue foregone (due to switching volumes from long haul to short haul or otherwise). TransCanada stands ready to invest in expansions that will meet these objectives.

With regard to your desire for additions in the EOT that would allow shippers to switch to short haul services and displace long haul volumes, the NEB Decision has made it very difficult for TransCanada to facilitate these as it has in the past. Again, the Decision's fixed tolls mean that the revenue deficiency realized from the transfer of services from long haul to short haul are not collectible in the short term and are very uncertain in the long term. Thus, there was no other choice for TransCanada but to cancel the Parkway to Maple expansion as it recently did. The revenue shortfall caused by allowing shippers to switch from long haul to short haul would have been in excess of \$200 million per year. Under the now imminent new rates structure, this deficiency would have accrued as a negative deferral in the Toll Stabilization Adjustment account (TSA), with the risk that these losses could be visited on TransCanada at the end of the tolling period. This one project alone could have created in excess of a \$400 million deferral in the TSA.

Nevertheless, TransCanada does not see the Decision as preventing us entirely from expanding the system to accommodate new volumes, or even to accommodate shippers switching their volumes from Empress to Dawn so long as the objectives to recover the full costs are met as I have described above. In addition to the open season for shippers to "firm up" their services, we are in the process of developing incremental tolls for new incremental short haul and long haul business and will be providing an open season for this purpose also by the end of June.

In order to be efficient in the use of existing infrastructure and the creation of new infrastructure, TransCanada must continue to seek changes to the Mainline tariff renewal provisions to allow it to require long term commitments from shippers in areas of the system that could be utilized to reduce expansions for new service requests, retire, or redeploy facilities (as in the oil conversion). We also feel it is imperative that we have the discretion to deny renewals that are exercised in ways that would have the effect of precluding a more valuable opportunity for the Mainline system from being pursued, without any commitment from existing shippers to contribute to system revenues through long term financial commitments. As you know, the NEB recently required that we refile the changes we continue to seek to the renewal provisions of the tariff. We are doing so today. We understand that these changes make our customers uncomfortable, but it is TransCanada's view that the renewal option is a relic of an old cost of service paradigm that no longer exists. In the new paradigm, long term commitments and a clear view to opportunities for incremental revenue or reduced costs must be given our highest priority.

In our meeting and Ms. Brochu's letter, you raised concerns over the conversion to oil of facilities that provide short haul capacity in the EOT. It is our perspective that these facilities are not

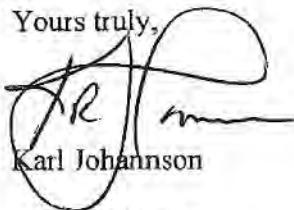
reserved for firm natural gas service in the period the oil project would require them, and shippers have largely resisted committing to this capacity for the long term. In fact, we have offered this capacity to gas shippers through continuous open seasons but current shippers have chosen not to contract for this capacity on a long term firm basis. It is unreasonable to expect TransCanada to keep the existing short haul capacity in the EOT for the exclusive use of gas customers in the EOT pursuant only to short term or interruptible commitments. The proposal to transfer some of the Mainline facilities to oil service essentially has brought forward a long term, long haul market that can recover TransCanada's long-term investment. Given the choice of gas customers to contract only for minimal periods, the oil service market is clearly the highest value market for these assets.

To be economically viable and meet the in-service dates required by the conversion project, however, the full path through the Prairies, NOL and EOT must be made available for conversion. Retention of all existing EOT facilities for continued gas service would have the effect of stranding over two thirds of the system proposed to be used by the oil shippers in the Prairies and NOL. Conversion will benefit Mainline shippers by reducing costs across the Mainline system. To the extent that there is a shortfall of capacity in the EOT that results from the conversion of those facilities, TransCanada is committed to building new facilities to ensure service for existing and incremental long term firm demand in the EOT. We will not foreclose options for customers who are willing to fully compensate the Mainline for its costs and to commit long-term to cost recovery on the system.

The Segmentation proposal we presented to you in our May 17 letter provides a framework to satisfy the LDC's concerns over access to multiple sources of gas, and future capacity in the EOT. This proposal is acceptable to TransCanada because it will allow capital investment in the EOT and ensure the viability of the Mainline system as a whole, while meeting its shippers' needs for flexibility and reliability. We look forward to continuing to work with each of you to mutually advance this proposal. Should we successfully implement an alternative such as the Segmentation proposal, TransCanada is willing to consider replacement (with rolled-in tolls) of any incremental tolling arrangements for new facilities placed into service in the interim.

I will have my Commercial East team contact your offices later this week to schedule meetings to examine the Segmentation model in more detail.

Yours truly,



Karl Johannson

c: Russ Girling
Steve Clark

Redford, Jim

From: Redford, Jim
Sent: September 27, 2012 6:15 AM
To: Chris Tosi
Cc: Don Bell; Tim Stringer; Isherwood, Mark
Subject: PARAMETERS FOR COMPRESSION PROPOSED AT PARKWAY WEST

We were considering two compressor sizes for Parkway West to serve load growth and the Loss of Critical Unit. One nominally was a Rolls Royce RB211 unit at 47,000 HP and the other a Solar Titan unit at 20,300 HP. I have included the design parameters below for review of the TCPL compressor fleet to determine whether there are existing compressors that meet the parameters and could be sold to Union. Once candidates are identified from the TCPL fleet we would need further discussion with respect to those specific compressor units.

Compressor A (~47,000 HP – Winter Rated @ -26°C)

Design Point (Peak Day Requirement)

Ps = 490 psig
Pd = 946 psig
Q = 1400 MMcfd

We would also want to be able to move gas on a more regular basis at lower head conditions. Below are two conditions that we may see during regular operation. These parameters are preliminary.

Condition #1

Ps = 540 psig
Pd = 946 psig
Q = 1600 MMcfd

Condition #2

Ps = 640 psig
Pd = 946 psig
Q = 1500 – 2500 MMcfd

Compressor B (~20,000 HP – Winter Rated @ -26°C)

Design Point (Peak Day Requirement)

Ps = 490 psig
Pd = 946 psig
Q = 600 MMcfd

We would also want to be able to move gas on a more regular basis at lower head conditions. Below are two conditions that we may see during regular operation. These parameters are preliminary.

Condition #1

Ps = 540 psig
Pd = 946 psig
Q = 700 MMcfd

Condition #2

Ps = 640 psig
Pd = 946 psig

Q = 400-900 MMcfd

Both Compressor A and Compressor B would need to meet current emissions requirements and noise specifications (38 dbA at 100m - 35 dbA at 100 m for tonal components). If we are looking at an entire package (engine, PT, compressor), we require the engine to be in an enclosure, and the compressor needs to be a beam style with dry gas seals. We currently operate a fleet of Rolls-Royce and Solar turbines, so we would prefer those styles. Any Rolls-Royce RB211 DLE engine needs to have the short combustors. We will assume that the engine, PT, and impeller would be zero hour overhauled after purchase.

If you have any questions, please do not hesitate to give me a call. If I can't answer your questions I can get answers for you.

Jim Redford, P. Eng.
Director, Business Development & Strategic Accounts
(519) 436-4577

Redford, Jim

Attachment 2

From: Redford, Jim
Sent: October 5, 2012 11:58 AM
To: larry_jensen@transcanada.com
Cc: Tim Stringer
Subject: Teleconference Next Week

Can we schedule a time to teleconference next week to discuss the RB211 units that are available and the coolers that are available?

We would probably need a list of the vintage, running hours, NBV, etc. prior to the call. If NBV is not available in the same time as the technical information then we could proceed with the call based on the technical information. We'd probably need some specifications on the coolers as well. Would it be helpful to provide our requirements for the coolers?

I have asked internally who would take the lead from our Engineering group.

What times work best for you next week to talk for an hour or so?

Jim Redford, P. Eng.
Director, Business Development & Strategic Accounts
(519) 436-4577

Redford, Jim

Attachment 2

From: Redford, Jim
Sent: October 10, 2012 5:27 PM
To: 'Larry Jensen'
Cc: Tim Stringer; Chris Tosi
Subject: RE: Mainline RB211 DLE Units

Importance: High

Larry, I talked with Paul Colwell and his questions are really around the specifications of the units (vs. physical location). Here is what he would propose to cover:

- Drivers
- Compressors
- Auxiliary Equipment (exhaust, lube oil system, etc.)
- Combuster Version
- Gas Cooler Discussion

Paul was going to put some thought tonight into questions we could send in advance to help you prepare. I will forward tomorrow when I get them.

I have blocked off 4 p.m. eastern in calendars here for a call. I would expect Paul Colwell (Engineering Design) to join as well as Matt Wood (System Planning).

Let me know whether that timing works. We could likely do 3 p.m. on Friday afternoon as well. I am only booking 45 minutes for the call.

Jim

From: Larry Jensen [mailto:larry_jensen@transcanada.com]
Sent: October 9, 2012 7:09 PM
To: Redford, Jim
Cc: Tim Stringer; Chris Tosi
Subject: Mainline RB211 DLE Units

Jim, one of the action items I had from the meeting last week was to provide you with a list of RB211 units breaking out the driver model, compressor model and the year of installation. The attached spreadsheet contains the requested data. The table is a subset of data that we provided in the Tolls Hearing including the 2010 running hours.

Upon further review I determined that the LM1600 units we have are not DLE units so I have not provided any data for those.

I have not yet got a Project Manager assigned to this project but I'll call you tomorrow and we can discuss arranging a teleconference.

Larry

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Actual Unit No.	Compressor Station	Driver Model	Driver Type	Unit Gas Generator	Compressor Model	Compressor Type	Power ISO MW	Installation Date	Running Time 2010 hr	Utilization 2010 %
1005E1	5 (Cairn)	CES COB 6562 DLE	Turbine	RR RB211 - 24G DLE	CES RFA-36	Centrifugal	28.3	1997	78.2	0.9
1013E1	13 (Cairn)	CES COB 6562 DLE	Turbine	RR RB211 - 24G DLE	CES RFA-36	Centrifugal	28.3	1997	200.7	4.6
1021E1	21 (Grenfell)	CES COB 6562 DLE	Turbine	RR RB211 - 24G DLE	CES RFA-36	Centrifugal	28.3	1997	210.8	24.0
2004E1	30 (Rosed Crty)	CES COB 6562 DLE	Turbine	RR RB211 - 24G DLE	CES RFA-36	Centrifugal	28.3	1997	135.1	2.1
3055C1	55 (Oryden)	CES COB 6562 DLE	Turbine	RR RB211 - 24G DLE	CES RFA-36	Centrifugal	28.3	1994	43.9	5.0
3056C1	60 (Marten)	CES COB 6562 DLE	Turbine	RR RB211 - 24G DLE	CES RFA-36	Centrifugal	28.3	1997	30.5	0.3
3057C1	62 (Upasah)	CES COB 6562 DLE	Turbine	RR RB211 - 24G DLE	CES RFA-36	Centrifugal	28.3	1995	911.8	10.4
3058C1	62 (Upasah)	CES COB 6562 DLE	Turbine	RR RB211 - 24G DLE	CES RFA-36	Centrifugal	28.3	1996	327.4	3.7
3075C1	75 (Lakelse)	CES COB 6562 DLE	Turbine	RR RB211 - 24G DLE	CES RFA-36	Centrifugal	28.3	1997	2953.9	23.6
3077C1	77 (Lakelse)	CES COB 6562 DLE	Turbine	RR RB211 - 24G DLE	CES RFA-36	Centrifugal	28.3	1995	33.3	0.4
4086C1	86 (Calico)	CES COB 6562 DLE	Turbine	RR RB211 - 24G DLE	CES RFA-36	Centrifugal	28.3	1996	193.8	0.1
4092C1	92 (Matoke)	CES COB 6562 DLE	Turbine	RR RB211 - 24G DLE	CES RFA-36	Centrifugal	28.3	1996	8.3	0.1
4095C1	95 (Kapaikanga)	CES COB 6562 DLE	Turbine	RR RB211 - 24G DLE	CES RFA-36	Centrifugal	28.3	1998	334.8	3.8
4095C1	99 (Smooth Rock Falls)	CES COB 6562 DLE	Turbine	RR RB211 - 24G DLE	CES RFA-36	Centrifugal	28.3	1994	775.0	8.8
4105C1	102 (Tuna)	CES COB 6562 DLE	Turbine	RR RB211 - 24G DLE	CES RFA-36	Centrifugal	28.3	1997	290.6	3.3
4105C1	105 (Hudson)	CES COB 6562 DLE	Turbine	RR RB211 - 24G DLE	CES RFA-36	Centrifugal	28.3	1995	819.2	9.4
4110C1	110 (Hudson)	CES COB 6562 DLE	Turbine	RR RB211 - 24G DLE	CES RFA-36	Centrifugal	28.3	1996	561.2	6.4

Redford, Jim

Attachment 2

From: Larry Jensen [larry_jensen@transcanada.com]
Sent: October 19, 2012 6:36 PM
To: Redford, Jim
Cc: Jordy Miller; Chris Tosi
Subject: RE: Used Compressors
Attachments: Union Gas Mainline RB211 DLE Units.xls

Hello Jim;

I have attached an update of the spreadsheet that can be used to whittle down the number of possibilities. Jordy identified two units that show up in my database as DLE units that do not currently have DLE engines so those are eliminated. Two are eliminated due to capacity impacts from removal of the units. Four of the units are used to generate electricity from the waste heat and although our lawyers say that the power company cannot stop us from selling those units is not a battle I would recommend.

Jordy has also provided the information about the enclosures, GG hours and PT hours and I must confess that I don't understand all of the headers so if you need an explanation contact Jordy. It would appear that Union's requirement for an enclosure has significantly shortened the list of possibilities. Unit 62D is the best candidate.

Once Paul and others from your side have looked at the data we can have another conference call to discuss next steps.

Larry

From: Redford, Jim [mailto:JRedford@uniongas.com]
Sent: Friday, October 19, 2012 12:59 PM
To: Larry Jensen
Subject: Used Compressors

Any further thoughts on the revised spread sheet for the used compressors? I can set up a meeting for Monday when Paul Colwell gets back if the data is available.

Jim

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Actual Unit No.	Compressor Station	Driver Model	Unit Gas Generator	Compressor Model	Power ISO MW	Install on Date	Running Time 2010	Utilization 2010	Enclosure	GG serial Number	Skid hours	GG TSN	GG TSO	GG TSM/L	PT Housing hours	PT Rotor hours	PT Rotor TSN	TIME TILL NEXT PT CHAUL
1005E1	5 (Cabr)	CES COB 6562 DLE	RR RB211 - 24G DLE	CES RFA-36	28.3	1997	78	b	NO	1790835	79837	55676	7396		79837	79830	79830	20170
1013E1	13 (Cabr)	CES COB 6562 DLE	RR RB211 - 24G DLE	CES RFA-36	28.3	1997	401	1	NO	1790832	66693	50626	12012		66693	66688	66688	33312
1021E1	21 (Grendell)	CES COB 6562 DLE	RR RB211 - 24G DLE	CES RFA-36	28.3	1997	2104	5	NO	1790815	98598	62811		14466	98598	98598	98598	1402
2000E1	30 (Rapid City)	CES COB 6562 DLE	RR RB211 - 24G DLE	CES RFA-36	28.3	1999	185	2	NO	1790804	75693	48624	2613		75693	75672	75672	24328
3055C1	55 (Dryden)	CES COB 6562 DLE	RR RB211 - 24G DLE	CES RFA-36	28.3	1994	434	5	I/O	1790821	89106	50627	3344		89106	88718	88718	11261
3060C1	60 (Charm)	CES COB 6562 DLE	RR RB211 - 24G DLE	CES RFA-36	28.3	1997	31	0	I/O	1790421	36146	53535	9367		36146	81018	81018	48183
3062C1	62 (Upsala)	CES COB 6562 DLE	RR RB211 - 24G DLE	CES RFA-36	28.3	1995	912	10	NO	1790814	59473	44898		17341	59473	59462	59462	40538
3075C1	75 (Nipigon)	CES COB 6562 DLE	RR RB211 - 24G DLE	CES RFA-36	28.3	1998	327	4	YES*	1790428	67298	66995	18673		67298	67290	67290	32710
3077C1	77 (Jellicoe)	CES COB 6562 DLE	RR RB211 - 24G DLE	CES RFA-36	28.3	1997	2064	24	NO	1790833	59773	54210	5399		59773	134261	6055	43945
4088C1	88 (Callstock)	CES COB 6562 DLE	RR RB211 - 24G DLE	CES RFA-36	28.3	1995	33	0	NO	1790825	67541	54505	2117		67541	49808	49578	50192
4092C1	92 (Maltice)	CES COB 6562 DLE	RR RB211 - 24G DLE	CES RFA-36	28.3	1997	1910	22	NO	1790423	59638	89304		12665	59638	56625	2913	47087
4095C1	95 (Kamuskasing)	CES COB 6562 DLE	RR RB211 - 24G DLE	CES RFA-36	28.3	1996	8	0	NO	1790807	56253	30033		1845	56253	56245	56245	43765
4096C1	96 (Smooth Rock Falls)	CES COB 6562 DLE	RR RB211 - 24G DLE	CES RFA-36	28.3	1998	335	4	YES*	1790806	77167	58113	11312		77167	77162	77162	22638
4102C1	102 (Tunis)	CES COB 6562 DLE	RR RB211 - 24G DLE	CES RFA-36	28.3	1997	775	9	NO	1790438	85444	80863		10629	85444	70808	48118	29192
4109C1	109 (Tunis)	CES COB 6562 DLE	RR RB211 - 24G DLE	CES RFA-36	28.3	1997	291	3	NO	1790422	85894	67032	19796		85894	89882	89882	10118
4110C1	110 (Tunis)	CES COB 6562 DLE	RR RB211 - 24G DLE	CES RFA-36	28.3	1995	819	9	NO	1790422	85894	67032	19796		85894	89882	89882	10118
4110C1	110 (Tunis)	CES COB 6562 DLE	RR RB211 - 24G DLE	CES RFA-36	28.3	1995	819	9	NO	1790422	85894	67032	19796		85894	89882	89882	10118

*denotes small compressor buildings (similar to a mobile)

Waste heat units in yellow

Units are in red due to mobile impact

Unacceptable due to capacity impact

Redford, Jim

Attachment 2

From: Bill Hanes [bill_hanes@transcanada.com]
Sent: November 14, 2012 3:17 PM
To: Wellington, Bob; Colwell, Paul
Cc: Redford, Jim; Hank Kenuck; Stephen Hall; Rueangratana Ratana-Rueangsri
Subject: RE: UPSULA SITE VISIT

Hi Bob,

The date and time are fine. It is the correct road however it is now call Gonyou Rd. Your site contact is Hank Kenuck. Stn.tel# 807.986.2349 or his cell # 807.624.8205.

If you have any further questions please let me know,

...Bill

From: Wellington, Bob [<mailto:bwellington@uniongas.com>]
Sent: Friday, November 09, 2012 9:28 AM
To: Bill Hanes; Colwell, Paul
Cc: Redford, Jim
Subject: RE: UPSULA SITE VISIT

Hi Bill, we'd like to visit on the 23rd. Our plan would arrive between 9:30 and 10am. Can you confirm that the site is located on Concession Road 2 just off Hwy 17 as shown in the aerial map below?

Thunder Bay, ON to Unknown road - Google Maps - Windows Internet Explorer

http://maps.google.ca/

File Convert Select McAfee

Google Search Share More

Login Thunder Bay, ON to Unkn...

Search Images Maps Play YouTube News Gmail Documents More

Google

Get directions My places

Car Bus Walk Bike

A thunder bay, on

B Unknown road

Add Destination - Show options

GET DIRECTIONS

Suggested routes

Trans-Canada Hwy 143 km, 2 hours 0 mins

ON-102 W and Trans-Canada Hwy 139 km 2 hours 0 mins

Driving directions to Unknown road

A Thunder Bay, ON

1. Head west on Arthur St E toward Syndicate Ave S
2. Continue straight onto ON-130 N
3. Turn left onto Trans-Canada Hwy/ON-11 W
Continue to follow Trans-Canada Hwy
4. Turn left at Concession Road 2

B Unknown road

Save to My Maps

*Thanks,
Bob*

From: Redford, Jim
Sent: November 9, 2012 8:29 AM
To: Bill Hanes; Larry Jensen; Colwell, Paul; Wellington, Bob
Cc: Jordy Miller; Tim Stringer; Chris Tosi; Larry McLaren; Rueangratana Ratana-Rueangsri; Stephen Hall
Subject: RE: UPSULA SITE VISIT
Importance: High

Bob and Paul: You will be doing the site visits so it may be easiest if you make arrangements directly with Bill Hanes.

From: Bill Hanes [mailto:bill_hanes@transcanada.com]
Sent: November 8, 2012 3:05 PM
To: Larry Jensen
Cc: Jordy Miller; Redford, Jim; Tim Stringer; Chris Tosi; Larry McLaren; Rueangratana Ratana-Rueangsri; Stephen Hall
Subject: RE: UPSULA SITE VISIT

Hi Larry,

Either the 21st or the 23rd will work.

Please advise which day when known so we can properly schedule tech.

Thanks,

...Bill

From: Larry Jensen
Sent: Thursday, November 08, 2012 10:49 AM
To: Bill Hanes
Cc: Jordy Miller; Redford, Jim; Tim Stringer; Chris Tosi; Larry McLaren
Subject: FW: UPSULA SITE VISIT

Hi Bill;

TransCanada is in the process of exploring the possible sale of an RB211 DLE engine and PT (but not compressor) to Union Gas for an expansion project in the Toronto area. We have selected two potential candidates, 62C and 62D, although only one of the two units will be sold. We have reached the stage where Union's technical experts would like to see the equipment. Jordy Miller has provided your name as the person to arrange a site visit for Union. My contact person at Union is Jim Redford and the email below gives the preferred times next week that Union would like to visit. Jim's phone number is 519-436-4577. At this time I think that only TransCanada field personnel need to be involved. If Union Gas has questions that the field personnel can't answer, please forward them to Jordy and myself.

Thanks for your help in progressing this initiative.

Larry Jensen

From: Jordy Miller
Sent: Wednesday, November 07, 2012 5:29 PM
To: Larry Jensen
Subject: RE: UPSULA SITE VISIT

Larry, I would contact Bill Hanes (FWP). He can arrange the site personnel.

Thanks, Jordy

From: Larry Jensen
Sent: Wednesday, November 07, 2012 3:51 PM
To: Jordy Miller
Subject: FW: UPSULA SITE VISIT
Importance: High

Hi Jordy;

You mentioned that you have a contact at Station 62 that could show Union around. If you could let me know who that is I'll try to arrange something.

Thanks.

Larry

From: Redford, Jim [<mailto:JRedford@uniongas.com>]
Sent: Tuesday, November 06, 2012 6:39 PM
To: Larry Jensen
Subject: UPSULA SITE VISIT
Importance: High

Paul Colwell and Bob Wellington have confirmed that they are available between November 21 and 23 to do the site visit in Upsula.

Please let me know what day would work best for TCPL staff.

Bob is not available to fly on the 20th as he is at a conference on the 20th. Afternoon on the 21st might work or 22/23.

Jim

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December 4, 2012

TransCanada Pipelines Limited
Royal Bank Plaza
24th Floor, South Tower
200 Bay Street, Toronto, ON M5J 2J1
Attention: Mr. Don Bell

Dear Mr. Bell

RE: Used Compressor Package Purchase

Union Gas continues to be interested in a potential sale of used TransCanada compressor assets that can be decommissioned, relocated and installed at Union's proposed Parkway West site. As you are aware, Union Gas is considering a used TransCanada compressor for loss of critical unit protection as well as to serve the interest in incremental Dawn-Parkway capacity received in our spring open season.

On November 23rd, Paul Colwell, Bob Wellington and Michelle George from our Engineering & Construction Services group visited the Upsala Compressor Station (Station 62) near Thunder Bay to view two compressors that TransCanada is considering selling to Union Gas. We'd like to thank Mr. Hank Kenuck of TransCanada for providing access to the compressor units and for answering technical and operational questions.

The two units that were reviewed are known as Plant C and Plant D at Station 62. Union Gas has determined through discussions with the original manufacturer, Rolls Royce, that the RFA 36 compressor installed in Plant C and Plant D at the Upsala Compressor Station is not technically feasible for the proposed application. However, Union Gas remains interested in a purchase of the engine/power turbine skids and all associated ancillaries and controls. Union Gas plans to visit with Rolls Royce early next week to discuss a formal quote for engineering and modifications to these two units.

Union Gas would like to continue our evaluation and requires the following for each unit from TransCanada:

- Confirmation that TransCanada is willing to sell the engine/power turbine skid, including all ancillaries and controls, to Union Gas
- Confirmation that TransCanada is also willing to sell the mineral lube oil console and coolers to Union Gas
- Net Book Value for each of the units and confirmation that Net Book Value will be the proposed selling price (if different from Net Book Value then TransCanada is requested to provide the proposed selling price)

- Operation and Maintenance Records - including any equipment or device change-outs and large maintenance activities completed over the last two years the units ran
- Repair, Inspection and Overhaul Records – including records for the last two gas generator and power turbine repairs, inspections and overhauls

Please forward this information at your earliest convenience so that we can conclude our assessment. We will require this information no later than December 21, 2012.

Yours truly,

A handwritten signature in black ink, appearing to read 'Jim Redford', is written over a horizontal line.

Jim Redford, P. Eng.

Director, Business Development & Strategic Development



December 20, 2012

Mr. Jim Redford
Director, Business Development & Strategic Accounts
Union Gas Limited
50 Keil Drive North
Chatham, Ontario
N7M 5M1

TransCanada PipeLines Limited
200 Bay Street, South Tower
Toronto, Ontario
M5J 2J1

tel 416.869.2191
fax 416.869.2119
email don_bell@transcanada.com
web www.transcanada.com

Dear Jim,

I'm writing in response to your letter of December 4th, in which you asked a number of questions regarding the potential sale of the engine/power turbine skids and associated ancillaries and controls associated with Plant C and D at TransCanada's Station 62 (Upsala). Please note that the content of this letter is subject to our executed Confidentiality Agreement ("the CA") of September 17th, 2012.

First, I would like to confirm that TransCanada is willing to sell the engine/power turbine skid, including all ancillaries and controls from either Plant C or Plant D to Union Gas, however TransCanada is unable to sell the assets from both. If Union requires two units, then TransCanada would be pleased to work with Union to determine where a second unit might be available from another location on the TransCanada Mainline.

With respect to the mineral lube oil console and coolers, TransCanada assumes Union is referencing the oil coolers and not the aerial gas cooler. TransCanada confirms that it would be willing to sell the system.

TransCanada is prepared to sell these assets at Net Book Value. Our accounting group is in the process of determining that value, and I will provide the number to you as soon as I receive it.

Regarding the Operation and Maintenance Records, we will provide those to you via separate email. Our field staff are in the process of scanning the paper copies, which they'll send to me in "pdf" format, and which I will then forward on to you.

Jim, I hope this letter answers your questions. As I have noted in my correspondence with Mark Isherwood, we hope to continue our discussions with regards to LCU protection at Parkway with a broader set of Union's stakeholders in the near future. TransCanada would be willing to discuss the potential sale of the items noted above with Union and its stakeholders in that public forum, or in such other forum as Union deems appropriate.

Please don't hesitate to call if you have any further questions.

Regards,

Don Bell
Director, Commercial East
Mainline East, Canadian Pipelines

cc: Malini Giridhar, Enbridge Gas Distribution

Redford, Jim

Attachment 2

From: Tim Stringer [tim_stringer@transcanada.com]
Sent: January 29, 2013 3:19 PM
To: Redford, Jim
Subject: Maintenance Data for C and D units at Stn 62

Hi Jim,

Happy New Year! Further to a letter that Don Bell sent you on December 17, I'm providing some Operations and Maintenance details for the C and D plants at our Upsala station (#62), which are the two units Union has expressed interest in purchasing. Prior to Christmas the field staff were supposed to be scanning the overhaul records into "pdf" format, and I need to follow up on that for you, but I wanted to get this information to you first. I apologize for the delay in sending this information to you, I received it early in the new year and didn't get a chance to go through it until now.

Give me a call and we can discuss the additional information you might need.

Thanks,
Tim

PS I'm not sure which of the units below is "C" versus "D", so I'll confirm that as well.

Engine 1790-814

TSN: 45,236 hrs
TSM/L: 14,555 hrs
TSR: 31,461 hrs

- Dec 9th 1997 – Engine installed into Stn 60C
- Mar 13th 1999 – Engine removed due to blocked fuel injectors (10,648 TSN)
- May 2nd 2000 – Engine installed into Stn 92C
- Apr 12th 2001 – Engine removed to install into Stn 99C (16,376 TSN)
- Apr 19th 2001 – Engine installed into Stn 99C
- Jan 20th 2003 – Engine removed for scheduled midlife overhaul (27,554 TSN)
- Sept 8th 2003 – Engine installed into Stn 62C

Engine 1780/90-428

TSN: 67,000 hrs
TSO: 18,579 hrs
TSR: 304 hrs

- Dec 4th 1994 – Engine Installed into Stn 127B
- Dec 10th 1994 – Engine removed due to oil leak at 05 Module/PT Flange (1 hr TSN)
- Jan 10th 1995 – Engine installed into Stn 119B
- Mar 10th 1998 – Engine removed for scheduled midlife overhaul (22,804 TSN)
- Jul 29th 1998 – Engine installed into Stn 77C
- Jan 9th 1999 – Engine removed due to HPT Blade Failure (26,693 TSN)
- Mar 13th 1999 – Engine installed into Stn 60C

- Mar 23rd 2000 – Engine removed to install a DLE (35,467 TSN)
- Jun 8th 2000 – Engine installed into Stn 75B
- Mar 12th 2001 – Engine removed to install 24C (41,413 TSN)
- Aug 1st 2001 – Engine installed into Stn 75C
- Oct 18th 2005 – Engine removed for scheduled major overhaul & conversion from 24G to 24GDLE (48,322 TSN)
- Mar 20th 2006 – Engine installed into Stn 88C
- Sep 8th 2008 – Engine removed for unscheduled repair of IPC FOD, midlife overhaul carried out at this time (66,597 TSN)
- Sep 14th 2009 – Engine installed into Stn 62D

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Redford, Jim

Attachment 2

From: Tim Stringer [tim_stringer@transcanada.com]
Sent: February 13, 2013 1:04 PM
To: Redford, Jim
Subject: Maintenance records for 1790428 (62D)
Attachments: Final Quotation Report 428 (1).doc; Final Quotation Report 428 (2).doc; Major_Work_Unit_1790428.pdf

Hi Jim ...in advance of our discussion this afternoon, I have attached reports regarding the major work that was carried out on 1790428 which is currently at 62D:

The first file is from a minor overhaul/IPC FOD in 2008 (TSN 66,597)
The second file is from a major overhaul and DLE conversion in 2005 (TSN 48, 322)
The third file is from a minor overhaul in 1998 (pre DLE) (TSN 22,804)

You'll notice that the files currently contain no pricing information. I have been advised that the information would be available after a sale should we come to an agreement.

Talk to you shortly,
Tim

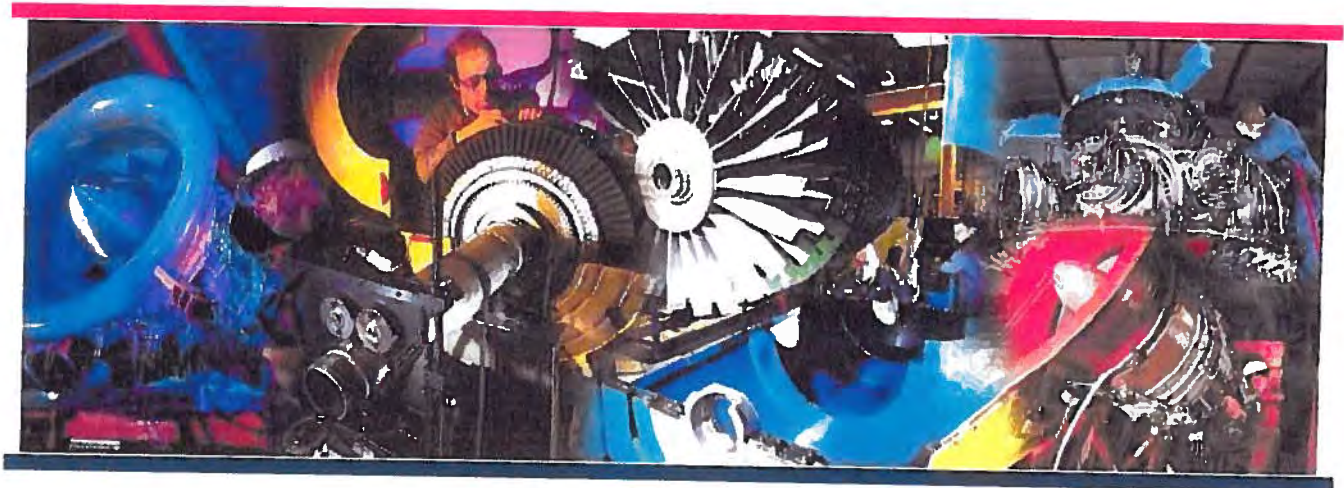
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— 4567

Final Quotation

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Operator	TRANSCANADA PIPELINE LTD	Location	Station 88C, Canada
Engine Type	RB211	TSN	64,650
Mk	DLE	TSO	18,247
Serial No	1780/90-428	TSR	1,947
Sales No	9005956	Customer PO No	EMR180540
Date Removed	10-09-2008	Date Examined	24-10-2008



the **foremost** facility to service the
world's finest gas generators

Final Quotation

Summary for Engine

Engine

Module 01 (1781-427)

Module 02 (1782-428)

Module 03 (1783-429)

Module 04 (1784/94-432)

Module 05 (1795-278)

Module 06 (1756/96-428)

Performance Test

Total =

RB211 Module 01 Serial No. 1781-427

Summary For

RB211 Module 01 Serial No. 1781-427

Labour

Repair Schemes

Replacement Parts

Strip Excess Components

Total =

RB211 Module 01 Serial No. 1781-427

MODULE 01 REPAIR SCHEMES

Repair No.	Description	Price (CAN \$)	Quantity	Total (CAN \$)
FSTSH5F	Slave Hydraulic Ram - Function test		3	
Total =				

RB211 Module 01 Serial No. 1781-427

MODULE 01 REPLACEMENT PARTS

Part No.	Description	Price (CAN \$)	Quantity	Total (CAN \$)
LK32428	BEARING		1	
LW14114	TRUNNION		34	
LW17282	VANE		3	
S844165	UNION		1	
S889501	NIPPLE		1	
			Total =	=====

* denotes overhauled component

RB211 Module 01 Serial No. 1781-427

MODULE 01 STRIP EXCESS COMPONENTS

Part No.	Description	Price (CAN \$)	Quantity	Total (CAN \$)
STRIP EXCESS	STRIP EXCESS		1	
Total =				

RB211 Module 02 Serial No. 1782-428

Summary For

RB211 Module 02 Serial No. 1782-428

Labour

Repair Schemes

Replacement Parts

Strip Excess Components

Total =

RB211 Module 02 Serial No. 1782-428**MODULE 02 REPAIR SCHEMES**

Repair No.	Description	Price (CAN \$)	Quantity	Total (CAN \$)
10361	Stage 1 Inner Shroud - Re-application of damping medium		1	
10362	Stage 2 Inner Shroud - Re-application of damping medium		1	
10363	Stage 3 Inner Shroud - Re-application of damping medium		1	
10364	Stage 4 Inner Shroud - Re-application of damping medium		1	
10365	Stage 5 Inner Shroud - Re-application of damping medium		1	
10366	Stage 6 Inner Shroud - Re-application of damping medium		1	
RN5023	Stage 6 & 7 IP Compressor Disc - Re-protect with SermeTel "W"		1	
RP17161	IP Compressor Curvic Coupling - Re-protect with SermeTel "W"		1	
RP1720	Stage 1 IP Compressor Disc - Re-protect with SermeTel "W"		1	
S405295-1	Stage 1 IP Inner Shroud - Re-application of abradable lining		1	
S405295-2	Stage 2 IP Inner Shroud - Re-application of abradable lining		1	
S405295-3	Stage 3 IP Inner Shroud - Re-application of abradable lining		1	
S405295-4	Stage 4 IP Inner Shroud - Re-application of abradable lining		1	
S405381	IP Compressor Front Stubshaft - Restore Journal by grinding location		1	

Repair No.	Description	Price (CAN \$)	Quantity	Total (CAN \$)
SPIP-01	IP Compressor Blades Stage 1 - Superpolish to improve surface finish		1	
SPIP-16	Superpolish IP Compressor Blades (Stages 2 - 7) to 16 microns		1	
TI300231-4	Stage 1 - 4 IP Stator Vanes - Re-protect with a Dense Pack coating		1	
TI300235	Stage 5 IP Stator Vanes - Re-protect with a Dense Pack coating		1	
TI300236	Stage 6 IP Stator Vanes - Re-protect with a Dense Pack coating		1	
TI300631	Stage 1 IP Rotor path lining - Re-application of Abradable Lining		1	
TI300632	Stage 2 IP Rotor path lining - Re-application of Abradable Lining		1	
TI300634	Stage 4 IP Rotor path lining - Re-application of Abradable Lining		1	
TI300635	Stage 5 IP Rotor path lining - Re-application of Abradable Lining		1	
TI300636	Stage 6 IP Rotor path lining - Re-application of Abradable Lining		1	
Total =				

RB211 Module 02 Serial No. 1782-428

MODULE 02 REPLACEMENT PARTS

Part No.	Description	Price (CAN \$)	Quantity	Total (CAN \$)
LK83301	BLADE		0	
LK83302	BLADE		0	
LK83303	BLADE		0	
LK83304	BLADE		0	
LK87974	BLADE		0	
LK87975	BLADE		0	
LW12215	VANE		0	
LW12220	VANE		0	
LW12221	VANE		0	
LW12517	PLATE		2	
LW14088	VANE		0	
LW14089	VANE		0	
LW14531	BLADE		0	
			Total =	<u> </u>

* denotes overhauled component

RB211 Module 02 Serial No. 1782-428

MODULE 02 STRIP EXCESS COMPONENTS

Part No.	Description	Price (CAN \$)	Quantity	Total (CAN \$)
STRIP EXCESS	STRIP EXCESS		1	
Total =				

RB211 Module 03 Serial No. 1783-429

Summary For

RB211 Module 03 Serial No. 1783-429

Labour

Repair Schemes

Strip Excess Components

Total =

RB211 Module 03 Serial No. 1783-429**MODULE 03 REPAIR SCHEMES**

Repair No.	Description	Price (CAN \$)	Quantity	Total (CAN \$)
RN5014	Stage 7 OGV Ring - Re-application of damping medium (Mod 1036)		1	
T130055	Stage 7 OGV Ring - Re-application of Abradable Lining and Re-protect		1	
Total =				

RB211 Module 03 Serial No. 1783-429

MODULE 03 STRIP EXCESS COMPONENTS

Part No.	Description	Price (CAN \$)	Quantity	Total (CAN \$)
STRIP EXCESS	STRIP EXCESS		1	
Total =				

RB211 Module 04 Serial No. 1784/94-432

Summary For

RB211 Module 04 Serial No. 1784/94-432

Labour

Repair Schemes

Replacement Parts

Strip Excess Components

Total =

RB211 Module 04 Serial No. 1784/94-432

MODULE 04 REPAIR SCHEMES

Repair No.	Description	Price (CAN \$)	Quantity	Total (CAN \$)
COLANDER	DLE Colander Plate - Re-protect with SermeTel "W"		9	
CTSI190-1	Combustion Swirler - Overhaul and Re-protect Secondary Outlet Window with SermaLoy "J"		9	
DLEFIFLO	DLE Fuel Injectors - Clean & Flow Test		9	
DLEHPNGV	DLE HP Nozzle Guide Vane - Overhaul and Re-protect with Pack Aluminising, SermaLoy "J" and Thermal Barrier Coating		15	
FRS4514	Stage 4-6 HP Compressor Shaft - Reclaim location diameters		1	
FRS4972	Retaining Ring - Re-flame plate		1	
Liburdi HP	HPT Blades consigned to Liburdi Engineering for repairs at customer request.		92	
RP2724	HP Turbine Inner Race assembly - Re-protect with SermeTel "W"		1	
RP291	Retaining Ring - Renew flame spray hard facing (UL18278 / LK67414)		1	
RP3953AB1	Stage 1 HP Inner Shroud - Re-application of Abradable Lining		1	
RP3953AB2	Stage 2 HP Inner Shroud - Re-application of Abradable Lining		1	
RP3953AB3	Stage 3 HP Inner Shroud - Re-application of Abradable Lining		1	
RP3953AB4	Stage 4 HP Inner Shroud - Re-application of Abradable Lining		1	

Repair No.	Description	Price (CAN \$)	Quantity	Total (CAN \$)
RP3953AB5	Stage 5 HP Inner Shroud - Re-application of Abradable Lining		1	
RP41176	Stages 1 through 5 HP Stator Vanes - Re-protect with SermeTel "W"		1	
RW/TV/R505	Discharge Nozzle Overhaul including replacement of the Letterbox flange.		9	
S405129	Stage 3 HP Compressor Disc - Re-protect with SermeTel "W"		1	
S405260	HP Seal Segments - Renew Honeycomb Lining (-24G)		18	
S405274	Combustor Support - Repair hard face coating		9	
TI300051	Stage 1 HP Compressor Casing - Re-application of Rotor Path Lining		1	
TI300052	Stage 2 HP Compressor Casing - Re-application of Rotor Path Lining		1	
TI300053	Stage 3 HP Compressor Casing - Re-application of Rotor Path Lining		1	
TI300054	Stage 4 HP Compressor Casing - Re-application of Rotor Path Lining		1	
TI300055	Stage 5 HP Compressor Casing - Re-application of Rotor Path Lining		1	
TI300056	Stage 6 HP Compressor Casing - Re-application of Rotor Path Lining		1	
TI300294	HP Compressor Stator Casing - Re-protect with SermeTel "W"		6	
TI300296	04 Outer Casing Front (DLE) - Re-protect with SermeTel "W"		1	
TI300297	04 Outer Casing Centre (DLE) - Re-protect with SermeTel "W"		1	
TI300298	04 Outer Casing Rear (DLE) - Re-protect with SermeTel "W"		1	

Repair No.	Description	Price (CAN \$)	Quantity	Total (CAN \$)
T1300299	04 Combustion Casings (DLE) - Re-protect with SermeTel "W" (9 off)		1	
T130111	HP Seal Segment Retaining Ring - Repair fretage by welding		1	
T130119	HP Seal Segments - Protect with SermaLoy 'J' coating		18	
T130131	HP Nozzle Box Locating Guide Ring (DLE) - Repair worn location (LW18024)		1	
TVR134	Stage 4 HP Compressor Blades - Re-protect with SermeTel "W"		1	
			Total =	<u> </u> <u> </u>

RB211 Module 04 Serial No. 1784/94-432

MODULE 04 REPLACEMENT PARTS

Part No.	Description	Price (CAN \$)	Quantity	Total (CAN \$)
LK55239	PLATE		76	
LK55240	PLATE		74	
LK64384	PLUG		42	
LW13680	VANE		17	
LW13681	VANE		2	
LW14023	VANE		5	
LW14024	VANE		1	
LW14025	VANE		59	
LW14026	VANE		20	
LW14066	BLADE		1	
LW14067	BLADE		4	
LW14068	BLADE		1	
LW14231	VANE		2	
LW14232	VANE		2	
LW14634	BLADE		38	
LW18222	RING		1	
LW18267	NOZZLE		3	
UL21899	BLADE		94	
UL22271	BLADE		21	
UL23581	BLADE		38	

Total =

RB211 Module 04 Serial No. 1784/94-432

MODULE 04 STRIP EXCESS COMPONENTS

Part No.	Description	Price (CAN \$)	Quantity	Total (CAN \$)
STRIP EXCESS	STRIP EXCESS		1	
			Total =	=====

RB211 Module 05 Serial No. 1795-278

Summary For

RB211 Module 05 Serial No. 1795-278

Labour

Repair Schemes

Replacement Parts

Strip Excess Components

Total =

RB211 Module 05 Serial No. 1795-278

MODULE 05 REPAIR SCHEMES

Repair No.	Description	Price (CAN \$)	Quantity	Total (CAN \$)
S405247-1	IP Turbine Blade - Repair Interlock & Non-Interlock faces, Seal Fins & Re-protect with Sermaloy 'J' coating		148	
Total =				

RB211 Module 05 Serial No. 1795-278

MODULE 05 REPLACEMENT PARTS

Part No.	Description	Price (CAN \$)	Quantity	Total (CAN \$)
LK71394	PLATE		4	
Total =				

* denotes overhauled component

RB211 Module 05 Serial No. 1795-278

MODULE 05 STRIP EXCESS COMPONENTS

Part No.	Description	Price (CAN \$)	Quantity	Total (CAN \$)
STRIP EXCESS	STRIP EXCESS		1	
			Total =	<u> </u>

RB211 Module 06 Serial No. 1756/96-428

Summary For

RB211 Module 06 Serial No. 1756/96-428

Labour

Repair Schemes

Replacement Parts

Strip Excess Components

Additional Items

Total =

RB211 Module 06 Serial No. 1756/96-428

MODULE 06 REPAIR SCHEMES

Repair No.	Description	Price (CAN \$)	Quantity	Total (CAN \$)
CTS1159	IP Bleed Valve - Overhaul and test		1	
CTS1160F	Handling Bleed Valve - Function test		1	
CTS1161F	Starting Bleed Valve - Function test		1	
DAVALVE	Overhaul Davis Valve		1	
TI30096	Thrust Piston Cylinder -24G - Re-apply Metco Lining		1	
TI30097	Thrust Piston Cover -24G - Re-apply Metco Lining		1	
TI30106	MOOG Valve - Overhaul and function test		1	
TI30127	Repair and Certify RB211 Engine Stand (-22, -24 and DLE)		1	
TI30166	Gas Manifold and Flexi-pipes - Pressure test		1	
TL1108	Vent Valve - Function test		1	
			Total =	=====

RB211 Module 06 Serial No. 1756/96-428**MODULE 06 REPLACEMENT PARTS**

Part No.	Description	Price (CAN \$)	Quantity	Total (CAN \$)
L913567	VALVE		1	
LW11519	DUCT		1	
LW12457	COVER		1	
LW15344	ACCELEROMETER		2	
LW16799	TUBE		1	
LW17605	THERMCPL		3	
LW17607	THERMCPL		3	
LW17950	MANIFOLD		1	
LW18369	BLANKER		1	
LW18473	HOSE		3	
LW19511	BRACKET		1	
S364433	UNION		1	
S365193	UNION		1	
S844154	NUT		2	
S844165	UNION		1	
SKSV2689-1	KIT		1	
			Total =	=====

* denotes overhauled component

RB211 Module 06 Serial No. 1756/96-428

MODULE 06 STRIP EXCESS COMPONENTS

Part No.	Description	Price (CAN \$)	Quantity	Total (CAN \$)
STRIP EXCESS	STRIP EXCESS		1	
			Total =	=====

RB211 Module 06 Serial No. 1756/96-428

MODULE 06 ADDITIONAL ITEMS

Description	Price (CAN \$)
-------------	----------------

Additional noise plots requested by TCPL.

Total =

=====

RB211 Performance Test

ENGINE TEST ITEMS

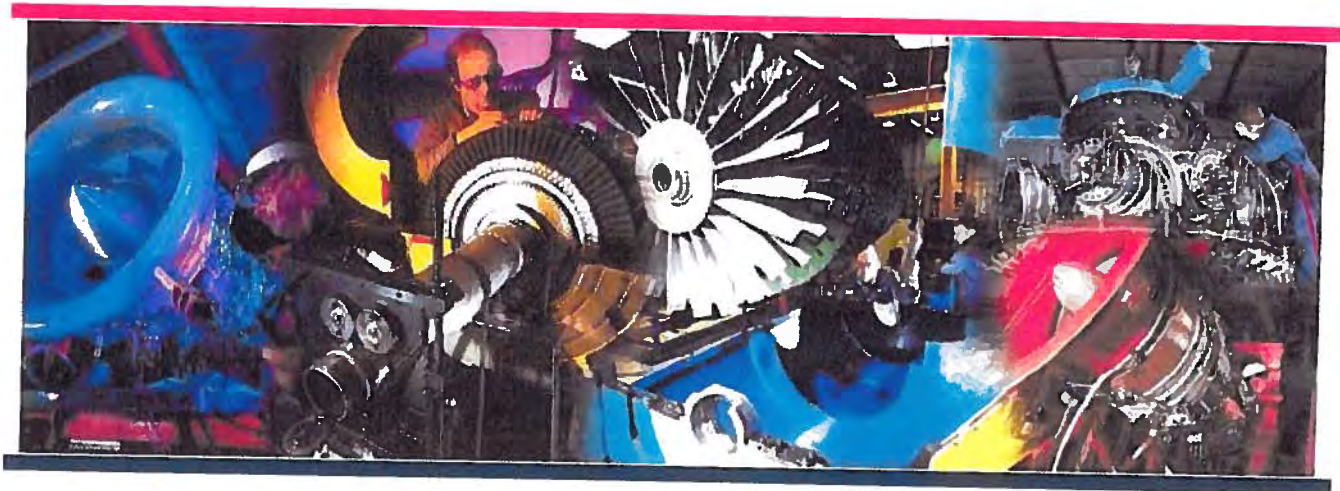
Test Code	Description	Price (CAN \$)
DLE	Performance Test for DLE	
		Total =

— 4567

Final Quotation

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Operator	TRANSCANADA PIPELINE LTD	Location	RB211
Engine Type	RB211	TSN	48,322
Mk	DLE	TSO	N/A
Serial No	1780-428	TSR	25,518
Sales No	9003500	Customer PO No	EMR142130
Date Removed	18-Oct-05	Date Examined	10-Nov-05



the **foremost** facility to service the
world's finest gas generators

Final Quotation Summary for Engine

Engine

Module 01 (1781-428)

Module 02 (1782-428)

Module 03 (1783-429)

Module 04 (1784-432)

Module 05 (1785-278)

Module 06 (1786-428)

Performance Test

Engine Additional Items

Total =

RB211 Module 01 Serial No. 1781-428

Summary For

RB211 Module 01 Serial No. 1781-428

Labour

Modifications

Repair Schemes

Replacement Parts

Strip Excess Components

Total =

RB211 Module 01 Serial No. 1781-428

MODULE 01 MODIFICATIONS

Modification	Description	Price (CAN \$)
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1231-1	IP Speed Probes - Improved lead connection	
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Total =

RB211 Module 01 Serial No. 1781-428**MODULE 01 REPAIR SCHEMES**

Repair No.	Description	Price (CAN \$)	Quantity	Total (CAN \$)
FSTSI15	Slave Hydraulic Ram - Overhaul and function test		3	
RP12178	Air Intake Casing - Re-protect with PL101		1	
RP314	IP Compressor Front Bearing Housing - Renew abradable lining		1	
TI30049	VIGV journal locations - Re-protect with Alumigold		1	
Total =				

RB211 Module 01 Serial No. 1781-428**MODULE 01 REPLACEMENT PARTS**

Part No.	Description	Price (CAN \$)	Quantity	Total (CAN \$)
LW12449	BUSH		34	
LW12450	BUSH		2	
LW14114	TRUNNION		34	
S844165	UNION		1	
S889501	NIPPLE		1	
			Total =	<u> </u> <u> </u>

* denotes overhauled component

RB211 Module 01 Serial No. 1781-428

MODULE 01 STRIP EXCESS COMPONENTS

Part No.	Description	Price (CAN \$)	Quantity	Total (CAN \$)
Strip Excess	Strip Excess (Consumables)		1	
Total =				

RB211 Module 02 Serial No. 1782-428

Summary For

RB211 Module 02 Serial No. 1782-428

Labour

Modifications

Repair Schemes

Replacement Parts

Strip Excess Components

Total =

RB211 Module 02 Serial No. 1782-428

MODULE 02 MODIFICATIONS

Modification	Description	Price (CAN \$)
1315-02	IP Curvic Bolts - Material Change & Communionisation of DLE bolts	
		Total =

RB211 Module 02 Serial No. 1782-428

MODULE 02 REPAIR SCHEMES

Repair No.	Description	Price (CAN \$)	Quantity	Total (CAN \$)
10367	Stages 1 to 6 Inner Shrouds - Re-application of damping medium		1	
1205RW-02	Stage 5 IP Stator Inner Shroud - Application of Hard Face Coating		1	
RN5023	Stage 6 & 7 IP Compressor Disc - Re-protect with SermeTel "W"		1	
RP157	IP Compressor Front Stubshaft - Re-protect with SermeTel "W"		1	
RP1720	Stage 1 IP Compressor Disc - Re-protect with SermeTel "W"		1	
RRIF0475	Stage 5 IP Stator Vane Assembly - Restore Locating Pins		1	
TI300045	Stage 5 IP Inner Shroud - Re-application of abradable lining		1	
TI300237	Stage 1 - 6 IP Stator Vanes - Re-protect with a Dense Pack coating		1	
TI300602	Stage 2 IP Stator Vane - Re-claim abutment faces to achieve build checks		2	
TI300603	Stage 3 IP Stator Vane - Re-claim abutment faces to achieve build checks		1	
TI300604	Stage 4 IP Stator Vane - Re-claim abutment faces to achieve build checks		1	
TI30071	IP Compressor Casings - Re-protect with PL101		1	
Total =				

RB211 Module 02 Serial No. 1782-428

MODULE 02 REPLACEMENT PARTS

Part No.	Description	Price (CAN \$)	Quantity	Total (CAN \$)
LW17739	SHROUD		1	
Total =				

* denotes overhauled component

RB211 Module 02 Serial No. 1782-428

MODULE 02 STRIP EXCESS COMPONENTS

Part No.	Description	Price (CAN \$)	Quantity	Total (CAN \$)
Strip Excess	Strip Excess (Consumables)		1	
Total =				

RB211 Module 03 Serial No. 1783-429

Summary For

RB211 Module 03 Serial No. 1783-429

Labour

Modifications

Repair Schemes

Replacement Parts

Strip Excess Components

Additional Items

Total =

RB211 Module 03 Serial No. 1783-429

MODULE 03 MODIFICATIONS

Modification	Description	Price (CAN \$)
1017	Revised Oil Seals (Kalrez) for the HP and IP Thrust Bearing Housings	
1161	Oil seal in Kalrez material	
1231-3	HP Speed Probes - Improved lead connection	
		Total =

RB211 Module 03 Serial No. 1783-429**MODULE 03 REPAIR SCHEMES**

Repair No.	Description	Price (CAN \$)	Quantity	Total (CAN \$)
RN5014	Stage 7 OGV - Re-application of damping medium		1	
RP181	Internal Wheelcase Cone assembly - Re-protect with Alumigold		1	
RP1854	HP Stubshaft Inner Sleeve - Re-protect with SermeTel "W"		1	
RP18541	HP Compressor Front Stubshaft - Re-protect with SermeTel "W"		1	
RP18542	IP Compressor Rear Stubshaft - Re-protect with SermeTel "W"		1	
RP2120	Intermediate Casing - Re-protect with PL165		1	
TI30142-IP	IP Thrust Bearings - Overhaul		1	
Total =				<u> </u> <u> </u>

RB211 Module 03 Serial No. 1783-429

MODULE 03 REPLACEMENT PARTS

Part No.	Description	Price (CAN \$)	Quantity	Total (CAN \$)
LW12759	SPRING		10	
LW14474	AIR SEAL BAFFEL		1	
LW17814	SHROUD		1	
LW18295	SHROUD		1	
LW19912	BEARING		1	
			Total =	<u> </u>

* denotes overhauled component

RB211 Module 03 Serial No. 1783-429

MODULE 03 STRIP EXCESS COMPONENTS

Part No.	Description	Price (CAN \$)	Quantity	Total (CAN \$)
Strip Excess	Strip Excess (Consumables)		1	
Total =				

RB211 Module 03 Serial No. 1783-429

MODULE 03 ADDITIONAL ITEMS

Description	Price (CAN \$)
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Stepped Seal exhibits heavy wear to the outside diameter. One-off Repair raised to carry out flame spray repair to restore diameter.

Total =

RB211 Module 04 Serial No. 1784-432

Summary For

RB211 Module 04 Serial No. 1784-432

Labour

Modifications

Repair Schemes

Replacement Parts

Strip Excess Components

Additional Items

Total =

RB211 Module 04 Serial No. 1784-432

MODULE 04 MODIFICATIONS

Modification	Description	Price (CAN \$)
1297RW	Introduction of revised Boroscope cover incorporating six bolt holes	
		Total =

RB211 Module 04 Serial No. 1784-432**MODULE 04 REPAIR SCHEMES**

Repair No.	Description	Price (CAN \$)	Quantity	Total (CAN \$)
LPNC	LP Air Nozzle assembly - Introduction of additional cooling holes (Mod 1362)		1	
RP2724	HP Turbine Inner Race assembly - Re-protect with SermeTel "W"		1	
RP3953AB1	Stage 1 HP Inner Shroud - Re-application of abradable lining		1	
RP3953AB2	Stage 2 HP Inner Shroud - Re-application of abradable lining		1	
RP3953AB3	Stage 3 HP Inner Shroud - Re-application of abradable lining		1	
RP3953AB4	Stage 4 HP Inner Shroud - Re-application of abradable lining		1	
RP3953AB5	Stage 5 HP Inner Shroud - Re-application of abradable lining		1	
RP41176	Stages 1 through 5 HP Stator Vanes - Re-protect with SermeTel "W"		1	
S405129	Stage 3 HP Compressor Disc - Re-protect with SermeTel "W"		1	
S405260	HP Seal Segments - Renew Honeycomb Lining (-24G)		9	
TI300051	Stage 1 HP Compressor Casing - Re-application of rotor path lining		1	
TI300052	Stage 2 HP Compressor Casing - Re-application of rotor path lining		1	
TI300053	Stage 3 HP Compressor Casing - Re-application of rotor path lining		1	
TI300054	Stage 4 HP Compressor Casing - Re-application of rotor path lining		1	

Repair No.	Description	Price (CAN \$)	Quantity	Total (CAN \$)
T1300055	Stage 5 HP Compressor Casing - Re-application of rotor path lining		1	
T1300056	Stage 6 HP Compressor Casing - Re-application of rotor path lining		1	
T1300293	HP Inner Shrouds - Re-protect with SermeTel "W"		5	
T1300294	HP Compressor Stator Casing - Re-protect with SermeTel "W"		6	
T130111	HP Seal Segment Retaining Ring - Repair fretting by welding		1	
T130135	HP Turbine Blade (-24G) - Repair outer-shroud interlock and re-protect with Platinum Aluminide		89	
TVR134	Stage 4 HP Compressor Blades - Re-protect with SermeTel "W"		1	
			Total =	<u> </u>

RB211 Module 04 Serial No. 1784-432

MODULE 04 REPLACEMENT PARTS

Part No.	Description	Price (CAN \$)	Quantity	Total (CAN \$)
LK49483	PLATE		5	
LK49484	PLATE		6	
LK49485	PLATE		4	
LK55239	PLATE		76	
LK55240	PLATE		74	
LK64384	PLUG		68	
LK73282	PLATE		3	
LK73283	PLATE		4	
LK73284	PLATE		1	
LK73285	PLATE		2	
LK73286	PLATE		2	
LK73287	PLATE		3	
LK73288	PLATE		2	
LK73289	PLATE		2	
LK73290	PLATE		3	
LK73291	PLATE		1	
LW13680	VANE		5	
LW14067	* VANE		2	
LW14068	VANE		1	
LW14069	VANE		1	
LW17107	SEAL SEGMENT		9	

Part No.	Description	Price (CAN \$)	Quantity	Total (CAN \$)
UL18288	PLATE		27	
UL21901 *	BLADE		3	
UL22271	BLADE		2	
UL38059	BLADE		3	
			Total =	

* denotes overhauled component

RB211 Module 04 Serial No. 1784-432

MODULE 04 STRIP EXCESS COMPONENTS

Part No.	Description	Price (CAN \$)	Quantity	Total (CAN \$)
Strip Excess	Strip Excess (Consumables)		1	
Total =				

RB211 Module 04 Serial No. 1784-432

MODULE 04 ADDITIONAL ITEMS

Description	Price (CAN \$)
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Extended repair to 89 HP Turbine Blades.

Total =

RB211 Module 05 Serial No. 1785-278

Summary For

RB211 Module 05 Serial No. 1785-278

Labour

Modifications

Repair Schemes

Replacement Parts

Strip Excess Components

Total =

RB211 Module 05 Serial No. 1785-278

MODULE 05 MODIFICATIONS

Modification	Description	Price (CAN \$)
1125	HP/IP Turbine Bearing Support, - Deletion of drain pipe	

Total =

RB211 Module 05 Serial No. 1785-278

MODULE 05 REPAIR SCHEMES

Repair No.	Description	Price (CAN \$)	Quantity	Total (CAN \$)
1110IPR	IP Nozzle Guide Vane - Re-protect with SermaLoy 'J' coating		26	
1214RW	IP Bearing Retainer - Application of abradable lining and re-protect with SermeTel "W"		1	
FRS3824	IP NGV Rear Locating Ring - Repair fretage by fitting liner		1	
RN5025/30	IP Turbine Shaft - Re-protect with SermeTel "W"		1	
RP4617	IP Turbine Inner Race assembly - Re-protect with SermeTel "W"		1	
RP49123BC	HP Bearing Retainer - Re-application of abradable lining and re-protect with SermeTel "W"		1	
S405247-1	IP Turbine Blade - Repair interlock & non-interlock faces, seal fins & reprotect with SermaLoy 'J' coating		148	
S405252	IP Seal Segments - Renew honeycomb lining		5	
TI30018	Liner segment - Repair by welding		15	
TI300292	HP/IP Bearing Support - Re-protect with SermeTel W		1	
TI30038	IP Nozzle Guide Vane - Repair by welding and brazing		20	
TI30120	IP Seal Segments - Protect with SermaLoy 'J' coating		34	
TI30143	HP/IP Turbine Roller Bearing - Overhaul		2	
			Total =	=====

RB211 Module 05 Serial No. 1785-278

MODULE 05 REPLACEMENT PARTS

Part No.	Description	Price (CAN \$)	Quantity	Total (CAN \$)
LK44410	SHIELD		17	
LK44415	SHIELD		1	
LK63450	RING		4	
LK71394	PLATE		5	
LK71394 *	PLATE		1	
LW10632	BLANKET		1	
LW10633	BLANKET		1	
LW11887	ADAPTOR		2	
LW16783	BLADE		6	
LW17442	SEGMENT		1	
LW17443	SEGMENT		1	
LW19590	SEAL SEGMENT		29	
Total =				

* denotes overhauled component

RB211 Module 05 Serial No. 1785-278

MODULE 05 STRIP EXCESS COMPONENTS

Part No.	Description	Price (CAN \$)	Quantity	Total (CAN \$)
Strip Excess	Strip Excess (Consumables)		1	
Total =				

RB211 Module 06 Serial No. 1786-428

Summary For

RB211 Module 06 Serial No. 1786-428

Labour

Modifications

Repair Schemes

Replacement Parts

Strip Excess Components

Total =

RB211 Module 06 Serial No. 1786-428

MODULE 06 MODIFICATIONS

Modification	Description	Price (CAN \$)
1321	Introduction of Rotary Variable Differential Transducer (RVDT)	
		Total =

RB211 Module 06 Serial No. 1786-428

MODULE 06 REPAIR SCHEMES

Repair No.	Description	Price (CAN \$)	Quantity	Total (CAN \$)
CTS1159	IP Bleed Valve - Overhaul and test		2	
CTS1160	Handling Bleed Valve - Overhaul and test		1	
DAVALVE	Overhaul Davis Valve		1	
PCP021	Oil Vent Block - Re-protect with PL165		1	
RP661	IP BOV Air Outlet Assembly - Re-protect		1	
TI30076	Pipe assembly - Repair damage and fretage by welding		2	
TI30096	Thrust Piston Cylinder -24G - Re-apply Metco Lining		1	
TI30097	Thrust Piston Cover -24G - Re-apply Metco Lining		1	
TI30106	MOOG Valve - Overhaul and function test		1	
TI30114	Repair cracked BOV duct by welding		2	
TL1108	Function test Vent Valve		1	
			Total =	<u> </u>

RB211 Module 06 Serial No. 1786-428

MODULE 06 REPLACEMENT PARTS

Part No.	Description	Price (CAN \$)	Quantity	Total (CAN \$)
LW10299	UNION		1	
LW10894	SHIELD		1	
LW11566	PLATE		1	
LW12455	COVER		2	
LW12457	COVER		2	
LW12805	PIPE		1	
LW12888	PLATE		1	
LW17267	FILTER		1	
LW18157	ACCMTR		1	
LW18184	TUBE		1	
LW19790	PIPE		1	
LW19837	CONNECTR		1	
LW20082	TUBE		1	
P110038	PIN		1	
P852019	CLIP		4	
S350025	BOLT		3	
S358010	BOLT		3	
S365159	UNION		2	
S400004	VALVE		1	
S844215	NUT		1	
S844276	UNION		1	

Part No.	Description	Price (CAN \$)	Quantity	Total (CAN \$)
S889005	NIPPLE		1	
S889501	NIPPLE		1	
SKSV2689-1	KIT		1	
			Total =	CAN \$27,923.08

* denotes overhauled component

RB211 Module 06 Serial No. 1786-428

MODULE 06 STRIP EXCESS COMPONENTS

Part No.	Description	Price (CAN \$)	Quantity	Total (CAN \$)
Strip Excess	Strip Excess (Consumables)		1	
Total =				

RB211 Performance Test

ENGINE TEST ITEMS

Test Code	Description	Price (CAN \$)
DLE	Performance Test for DLE	
		Total =

RB211 Engine Additional Items

ENGINE ADDITIONAL ITEMS

Description	Price (CAN \$)
Additional noise testing as requested by TCPL	
	Total =

Rolls Wood Group
(Repair & Overhauls) Limited

Final Technical Report

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Operator: TRANSCANADA PIPELINES			Location: 119 - SUNDRIDGE	
Engine Type: RB211	Mk: -24G	TSN 22,804	TSO N/A	TSR N/A
Engine Serial No 1780-428	Date Removed: Mar - 1998		Date Examined: Apr - 1998	

The following Report details the condition of the engine components as seen after cleaning and visual inspection. All details are records from the RWG detail inspection cards.

Report No:	Issue:	Date:	Prepared by	Approved:
IR1405	01	06-Jul-98	D. LOMBARD	<i>D. Montgomery</i>

01 Technical Report Summary

Customer	TRANSCANADA PIPELINES LIMITED
Order Nr:	MRA# I.W400-727
Date:	06-Jul-98
Job No:	RB1406

RB211 Module 01 Serial Number:

1781428

Summary

The 01 Module was cleaned and visually inspected in the bulk strip condition.

The slave VIGV hydraulic operating rams were functionally tested in accordance with FSTS115. One of the slave rams was outwith the test limits and required overhaul.

One of the VIGV transducers was rejected for having an open circuit.

The vent valve was function tested in accordance with TL1108.

No further defects to the module were apparent.

01 Final Technical Report for Repair Schemes

Customer	TRANSCANADA PIPELINES LIMITED
Order Nr:	LW400-727
Date:	06-Jul-98
Job No:	RE1406

RB211 Module 01 Serial Number:

1781428

Repair No	Details of Repair	Qty
<i>FSTS115</i>	<i>Slave ram overhaul and test</i>	<i>1</i>
<i>FSTS115P</i>	<i>Function test slave ram</i>	<i>2</i>
<i>TL1108</i>	<i>Function Test Vent Valve</i>	<i>1</i>

01 Final Technical Report for Replacement Parts

Customer	TRANSCANADA PIPELINES LIMITED
Order Nr:	LW400-727
Date:	06-Jul-98
Job No:	RE1406

RB211 Module 01 Serial Number: 1781428

Replacement	Description	Reason	Quantity
LW17135	TRANSDCR	Faulty circuit resistance	1

02 Technical Report Summary

Customer	TRANSCANADA PIPELINES LIMITED
Order Nr:	MRA# LW400-727
Date:	06-Jul-98
Job No:	RE1407

RB211 Module 02 Serial Number:

1782428

Summary

IP Compressor Stator Vanes and Casings

The stage 5 and 6 stator vane assemblies were reworked in accordance with modifications 1205 and 1159, respectively.

IP Compressor Rotor Assembly

The compressor rotor assembly exhibited a salt like deposit on the 1st and 2nd stage blades. (Photo) The 3rd and 5th stage blades had were found loose and required new blade retaining lock plates. The rotor was cleaned and inspected in the bulk strip condition.

On completion of rebuild the complete assembly was dynamically balanced in accordance with the OEM procedures.

02 Final Technical Report for Modifications

Customer	TRANSCANADA PIPELINES LIMITED
Order Nr:	LW400-727
Date:	06-Jul-98
Job No:	RE1407

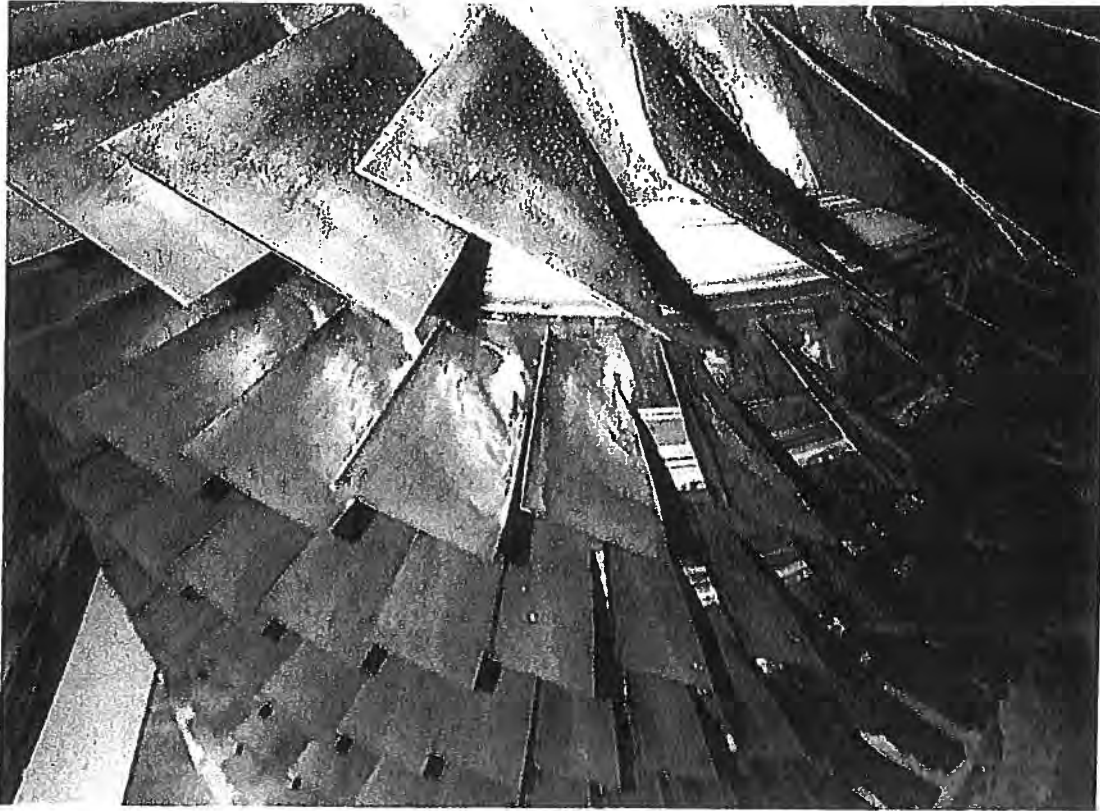
RB211 Module 02 Serial Number:

1782428

Mod No	Details of Modification
1159RW	<i>This modification incorporates a hard faced coating to the stage 6 IP stator vanes feet and shroud. This reduces fretage wear at the contact points.</i>
1205RW	<i>This modification incorporates a hard faced coating to the stage 5 IP stator vanes feet and shroud. This reduces fretage wear at the contact points.</i>

Rolls Wood Group (Repair & Overhauls) Limited

**TRANSCANADA PIPELINES
Engine S/No 1780-428**



View of IP Compressor Rotor Assembly showing as received condition

03 Technical Report Summary

Customer	TRANSCANADA PIPELINES LIMITED
Order Nr:	MRA# LW400-727
Date:	06-Jul-98
Job No:	RE1408

RB211 Module 03 Serial Number:

1783429

Summary

The module was cleaned and inspected.

The speed probes were electrically tested. One failed for having an open circuit and was replaced. The other three probes were missing potting material and required repair in accordance with RWG TI30,039.

The 7th Stage outlet guide vane (OGV) ring inner vane feet were severely worn and required weld repair in accordance with RWG TI30,075. (Photos) Following weld repair the OGV was reworked in accordance with Mod 1190, reassembled and re-rubbed with MSRR 9403 damping material to Mod 1036 standard.

All of the threaded inserts on the intermediate casing were replaced.

03 Final Technical Report for Modifications

Customer	TRANSCANADA PIPELINES LIMITED
Order Nr:	LW400-727
Date:	06-Jul-98
Job No:	RE1408

RB211 Module 03 Serial Number: 1783429

Mod No	Details of Modification
1190RW	<i>This Modification introduces a hard face coating to the vane feet and shroud contact areas to reduce any fretting. In addition Sermetel 'W' is removed from the rivet holes in order to eliminate the possibility of the rivets becoming loose.</i>

03 Final Technical Report for Repair Schemes

Customer	TRANSCANADA PIPELINES LIMITED
Order Nr:	LW400-727
Date:	06-Jul-98
Job No:	RE1408

RB211 Module 03 Serial Number:

1783429

Repair No	Details of Repair	Qty
<i>RN5014</i>	<i>7th stage OGV assembly reapplication of damping medium</i>	1
<i>TI30039</i>	<i>Speed probe reapplication of potting compound</i>	3
<i>TI30055</i>	<i>7th stage OGV assembly reapplication of abradable lining and reprotect</i>	1
<i>TI30075</i>	<i>Stage seven OGV assembly reclaim the inner feet profile</i>	1

03 Final Technical Report for Replacement Parts

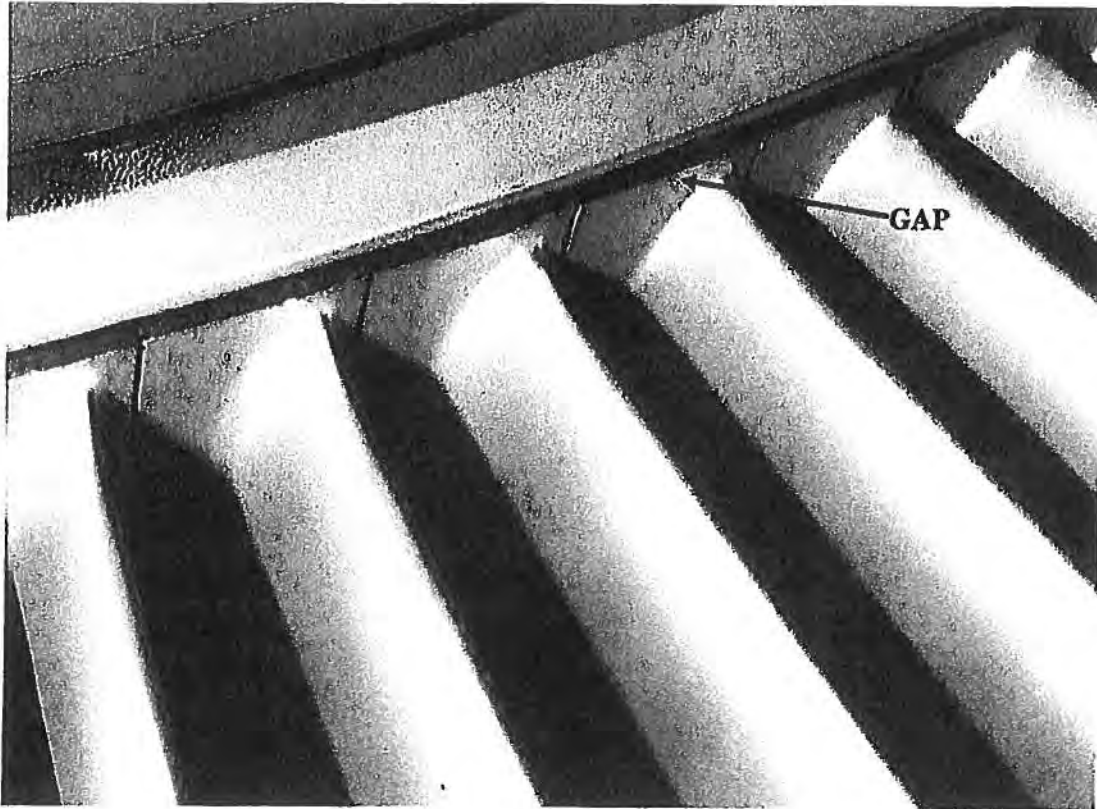
Customer	TRANSCANADA PIPELINES LIMITED
Order Nr:	LW400-727
Date:	06-Jul-98
Job No:	RE1408

RB211 Module 03 Serial Number:

1783429

Replacement	Description	Reason	Quantity
<i>S400105</i>	<i>SENSOR</i>	<i>Open circuit</i>	<i>1</i>

TRANSCANADA PIPELINES
Engine S/No 1780-428



View of 7th Stage OGV Ring showing gap at inner shroud location indicative of worn inner vane feet

Rolls Wood Group (Repair & Overhauls) Limited

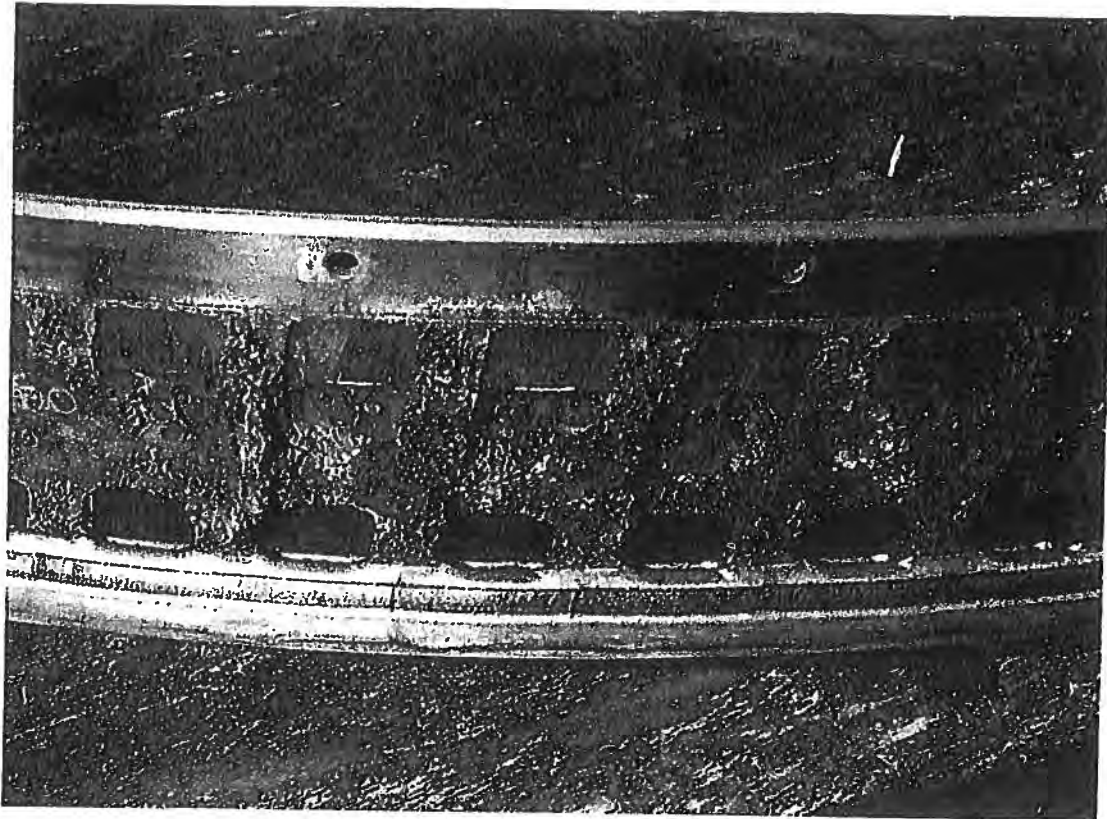
**TRANSCANADA PIPELINES
Engine S/No 1780-428**



View of 7th Stage OGV Ring showing worn inner vane feet

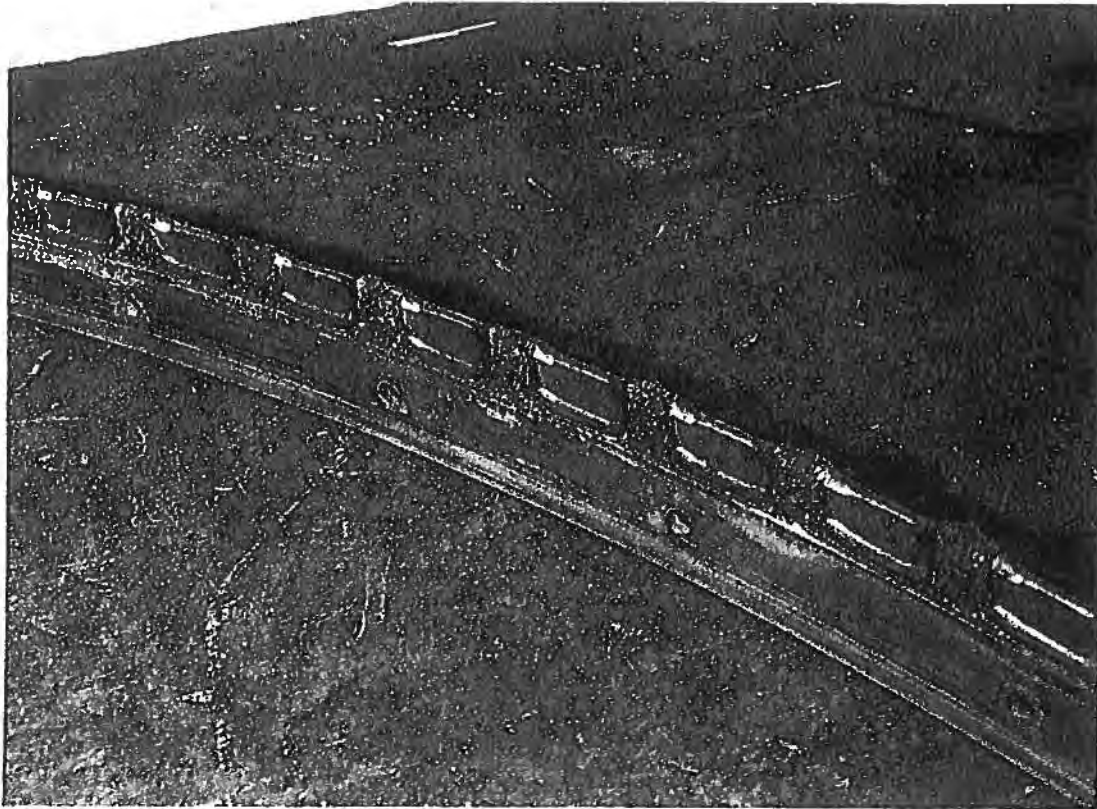
TRANSCANADA PIPELINES

Engine S/No 1780-428



View of 7th Stage OGV Ring inner shroud showing wear from vane feet

TRANSCANADA PIPELINES
Engine S/No 1780-428



View of 7th Stage OGV Ring inner shroud showing wear from inner feet

04 Technical Report Summary

Customer	TRANSCANADA PIPELINES LIMITED
Order Nr:	MRA# LW400-727
Date:	06-Jul-98
Job No:	RE1409

RB211 Module 04 Serial Number:

1784432

Summary

The 04 Module was dismantled, cleaned and inspected.

HP Compressor Rotor Assembly

One of the stage 5 HP compressor blades was impacted damaged. The blade was damaged beyond repair limits and required replacement. (Photo)

Following these operations, the HP compressor rotor was subjected to a dynamic balance in accordance with the procedures stated in the manufacturers overhaul manual.

HP Stator Vanes/Casings

The stage 2 HP casing exhibited chipped abradable lining. (Photo)

The Stages 1, 2, 3 and 6 HP casing rotor path linings were replaced in accordance with RWG TI 30,005. TI 30,005 included the Modifications 1115 and 1189 (lining in Metco 601 material Stage 1/2 and Metco 307 Stage 3). Three of the casings exhibited deterioration of their protective coating and were therefore reprotected with a Sermetel 'W' type 'B' coating in accordance with RWG TI 30,029.

No further defects were apparent therefore the IIP compressor rotor assembly was rebuilt with bolts in Jethete material in accordance with Repair Note 5009.

Front Combustion Liner (FCL)

The front combustion liner was found to exhibit extensive mini flare erosion and cracking. The component was repaired by the original manufacturer. (Photo)

HP Nozzle Box Assembly

The HP NGV's were stripped of their protective coating and subjected to an NDT crack test. The vane assemblies exhibited erosion to the outer gas washed surface and required repair in accordance with FRS5993. (Photo) One vane was beyond repair and required replacement. After repair the NGV's were reprotected with a SernaLoy 'J' coating to Mod 1110 standard.

04 Technical Report Summary

Customer	TRANSCANADA PIPELINES LIMITED
Order Nr:	MRA# I.W400-727
Date:	06-Jul-98
Job No:	RE1409

RB211 Module 04 Serial Number:

1784432

The location ring exhibited wear on the front face caused by the blanking plugs. The assembly was found acceptable for continued use. (Photo)

The rear combustion liner exhibited deterioration and chipping of the thermal barrier coating. It was reprotected in accordance with FRS 4368. (Photo)

The HP seal segments exhibited wear and thinning around the bird mouth area. Two were found cracked and were replaced with new components. (Photos)

HP Turbine Rotor Assembly

The HP turbine assembly was dismantled to remove the blades.

The HPT blades were stripped and cracked tested and found acceptable. There was some minor erosion and shipping of the hard face coating. (Photos) The blades were reprotected with SermaLoy 'J' coating.

The HP turbine disc was successfully subjected to an NDT crack test.

During rebuild of the HP turbine assembly, the turbine disc seal and blade inner platform sealing wires were replaced.

Following these operations, the turbine assembly was subjected to a dynamic balance in accordance with the procedures stated in the overhaul manual.

04 Module Inner and Outer Casings

Due to deterioration of the protective coating and to prevent corrosion, the outer casing was reprotected with a Sermetel 'W' type 'B' coating in accordance with RWG TI 30,029.

On full module rebuild, the FCL securing bolts were replaced with bolts in INCO 718 material for improved corrosion resistance in accordance with Mod 1167.

04 Final Technical Report for Modifications

Customer	TRANSCANADA PIPELINES LIMITED
Order Nr:	LW400-727
Date:	06-Jul-98
Job No:	RE1409

RB211 Module 04 Serial Number: 1784432

Mod No	Details of Modification
1115	HP Cases stages 1 & 2 improved abradable lining
1167RP	Changes the material of the front combustion liner location bolts from Jethete to INCO 718. It was found that Jethete bolts were prone to stress corrosion cracking. The INCO 718 material eliminates this problem.
1189	This is a change of material at the abradeable lining on stage 3 HP casing. The material changes to Metco 307 which gives greater resistance to salt water corrosion.

04 Final Technical Report for Repair Schemes

Customer	TRANSCANADA PIPELINES LIMITED
Order Nr:	LW400-727
Date:	06-Jul-98
Job No:	RE1409

RB211 Module 04 Serial Number: 1784432

Repair No	Details of Repair	Qty
-24GHPTB	NDT crack test then reprotect the HP turbine blades (92 off-coating TBA)	1
FRS4368	Rear combustion liner renew thermal barrier coating	1
FRS5993	HP Nozzle guide vane -24G repair by braze and weld including reprotection	17
GFCLREP	Gas fuelled front combustion liner repair	1
RP2724	HP Turbine inner race assembly reprotect	1
RP291	Retaining Ring - renew flame spray hard facing	1
TI300056	Stage six HP casing reapplication of abradable lining	1
TI300291	Outer casing reprotect	1

04 Final Technical Report for Replacement Parts

Customer	TRANSCANADA PIPELINES LIMITED
Order Nr:	LW400-727
Date:	06-Jul-98
Job No:	RE1409

RB211 Module 04 Serial Number: **1784432**

Replacement	Description	Reason	Quantity
<i>LK46979</i>	<i>BRACKET</i>	<i>Fretage</i>	<i>1</i>
<i>LW17107</i>	<i>SEAL</i>	<i>Cracking</i>	<i>2</i>
<i>LW17508</i>	<i>VANE</i>	<i>Excessive erosion on outer wall</i>	<i>1</i>
<i>UL18288</i>	<i>PLATE</i>	<i>Distortion and galling</i>	<i>12</i>
<i>UL21901</i>	<i>BLADE</i>	<i>Impact damage</i>	<i>1</i>

Rolls Wood Group (Repair & Overhauls) Limited

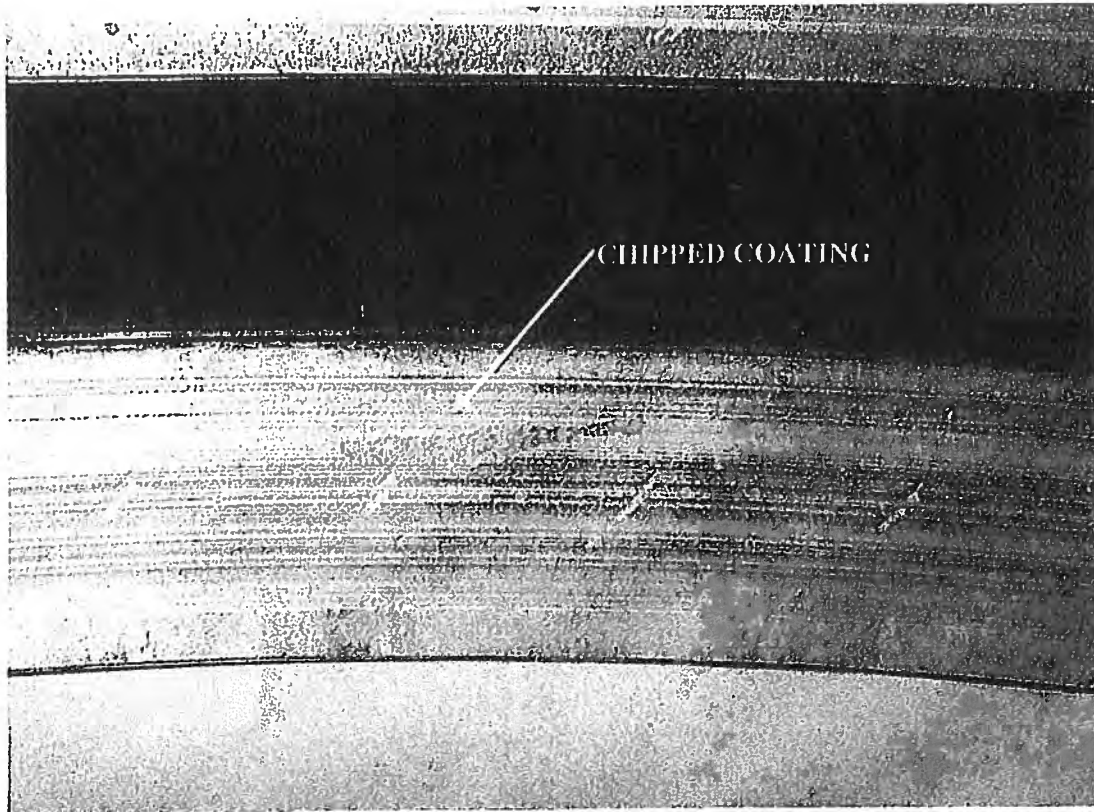
**TRANSCANADA PIPELINES
Engine S/No 1780-428**



View of 5th Stage HP Compressor Blades showing impact damage

Rolls Wood Group (Repair & Overhauls) Limited

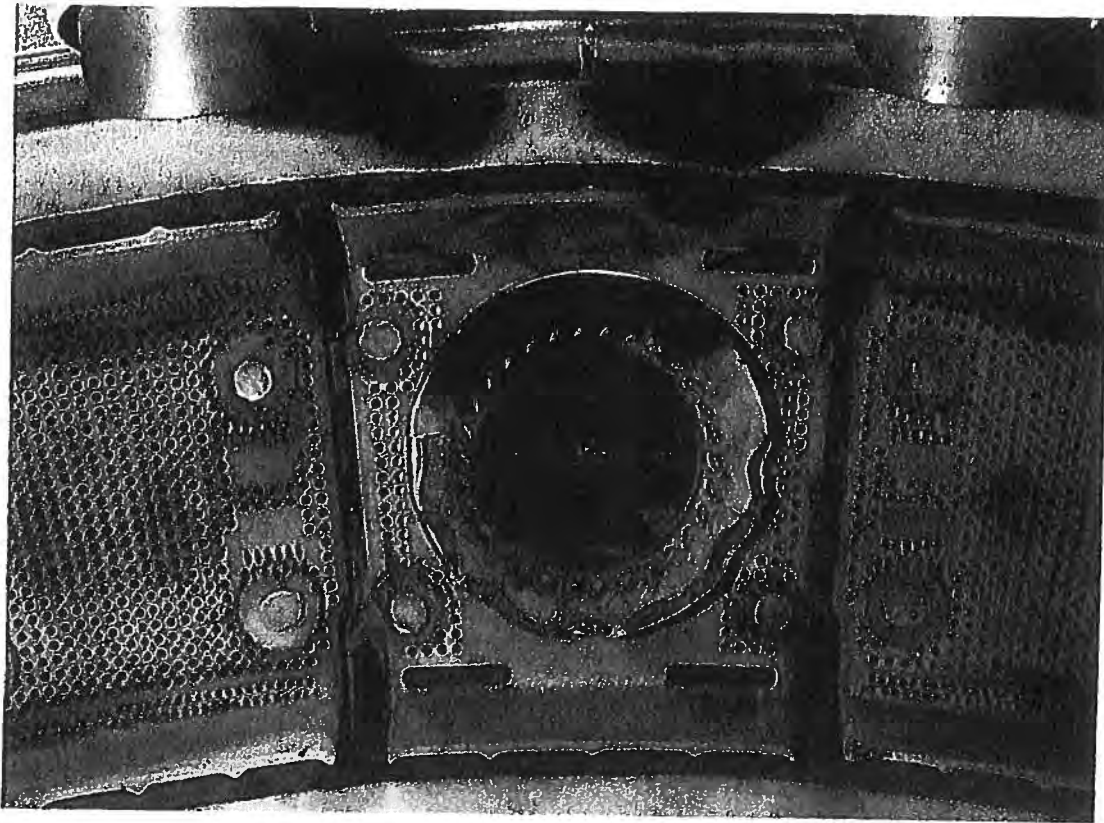
TRANSCANADA PIPELINES
Engine S/No 1780-428



View of 2nd Stage HP Compressor Casing showing chipped abrasible lining

Rolls Wood Group (Repair & Overhauls) Limited

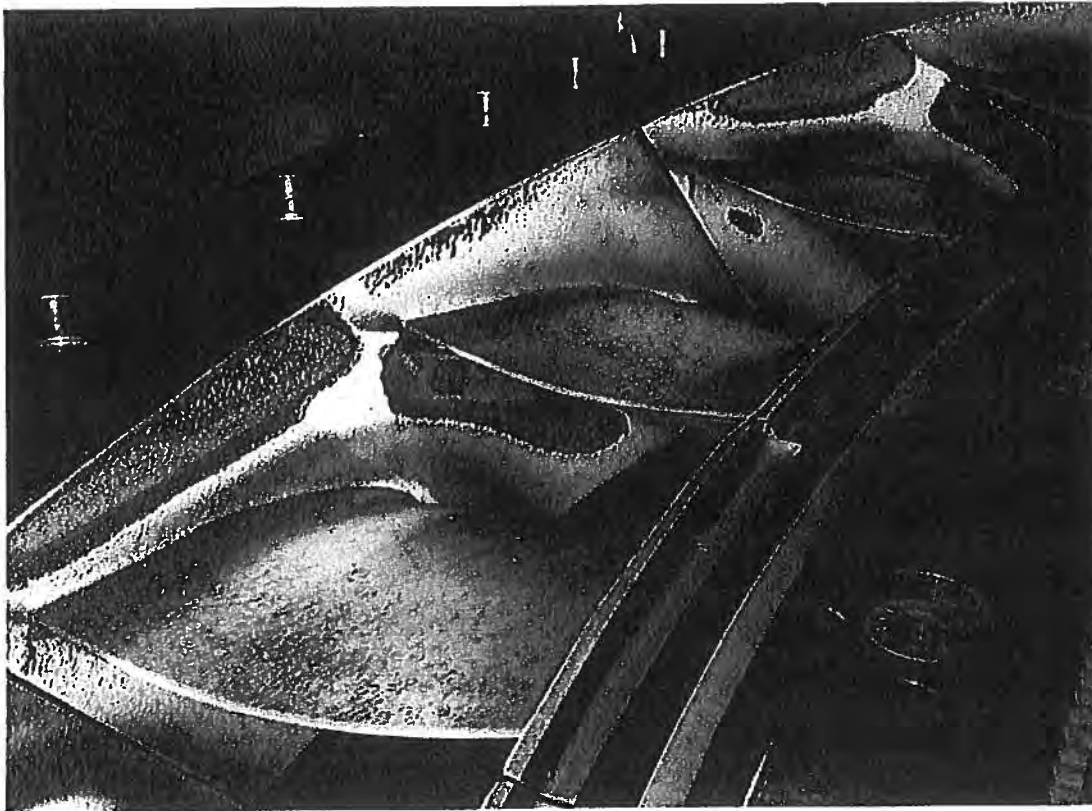
**TRANSCANADA PIPELINES
Engine S/No 1780-428**



View of Front Combustion Liner showing mini-flare erosion and cracking

Rolls Wood Group (Repair & Overhauls) Limited

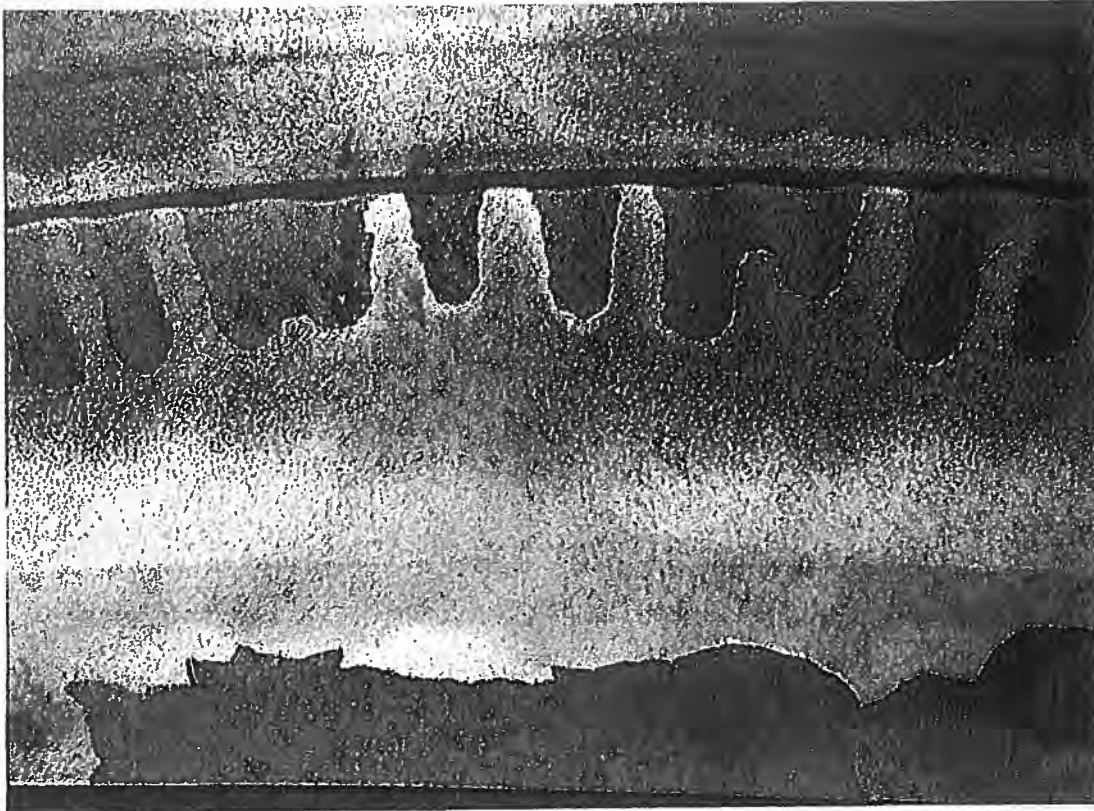
**TRANSCANADA PIPELINES
Engine S/No 1780-428**



View of HP NGV's showing erosion of the outer wall

TRANSCANADA PIPELINES

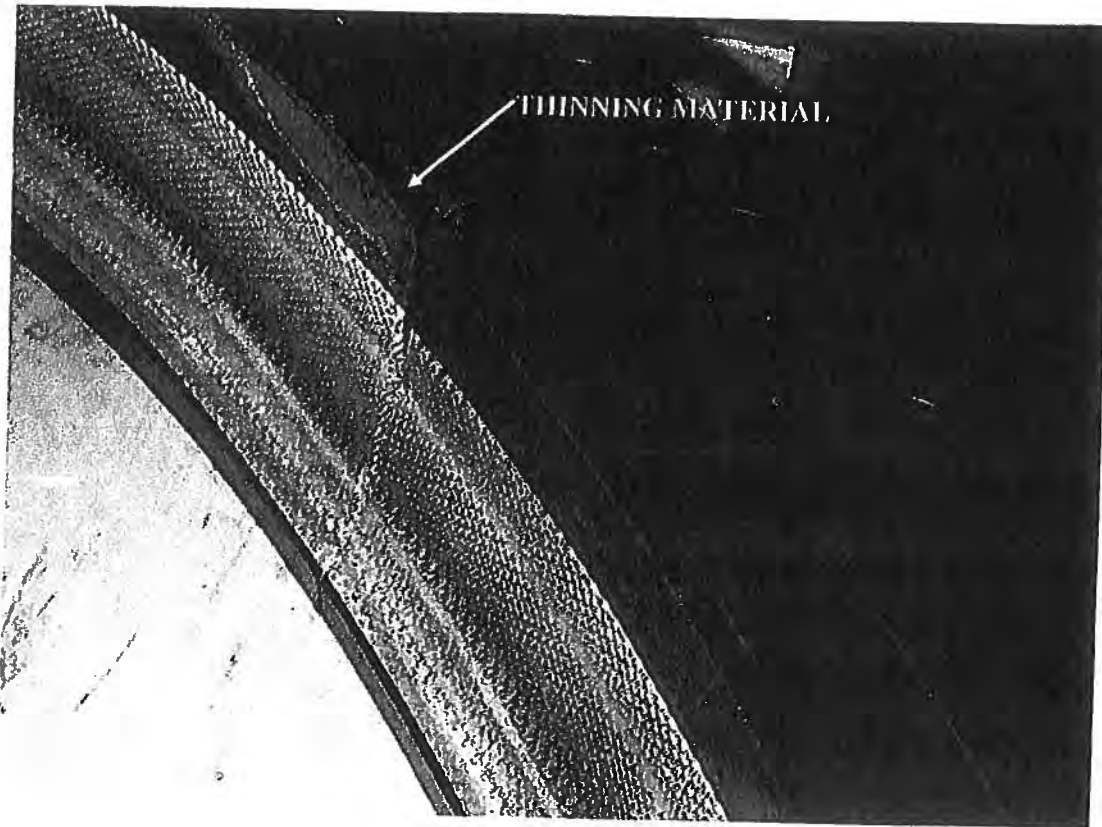
Engine S/No 1780-428



View of Rear Combustion Liner showing chipped thermal barrier coating

Rolls Wood Group (Repair & Overhauls) Limited

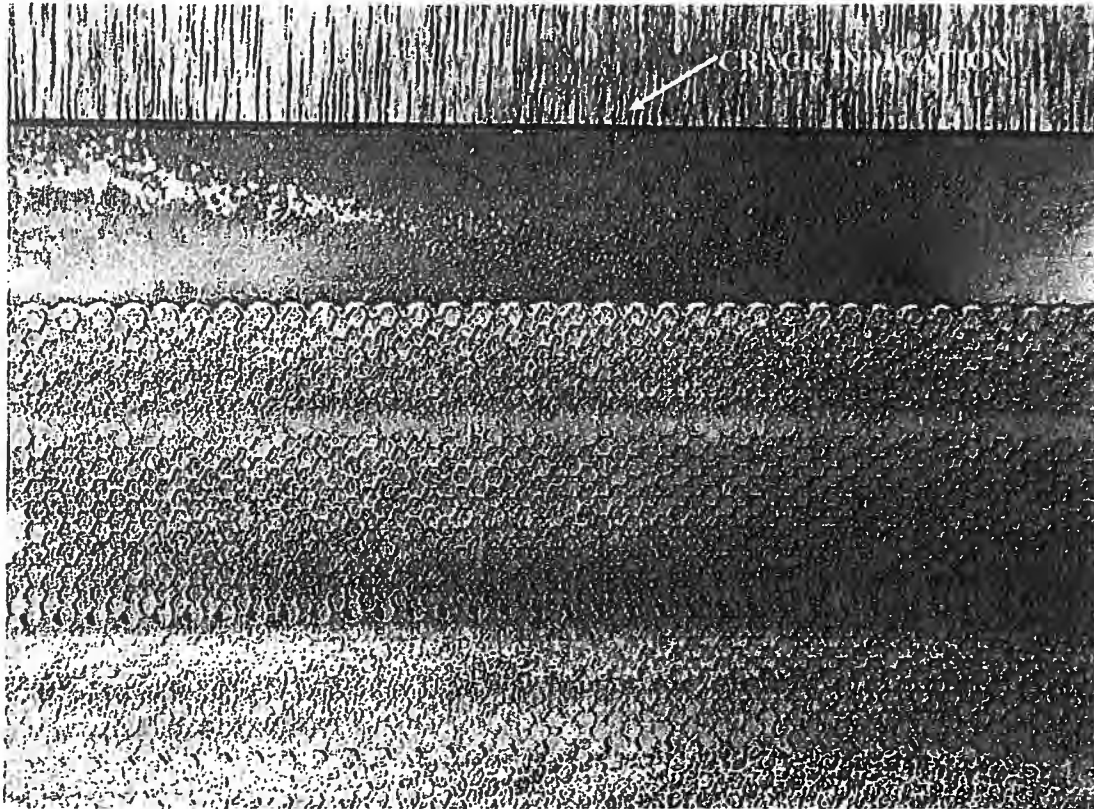
TRANSCANADA PIPELINES
Engine S/No 1780-428



View of HP Seal Segments showing material thinning at bird mouth area

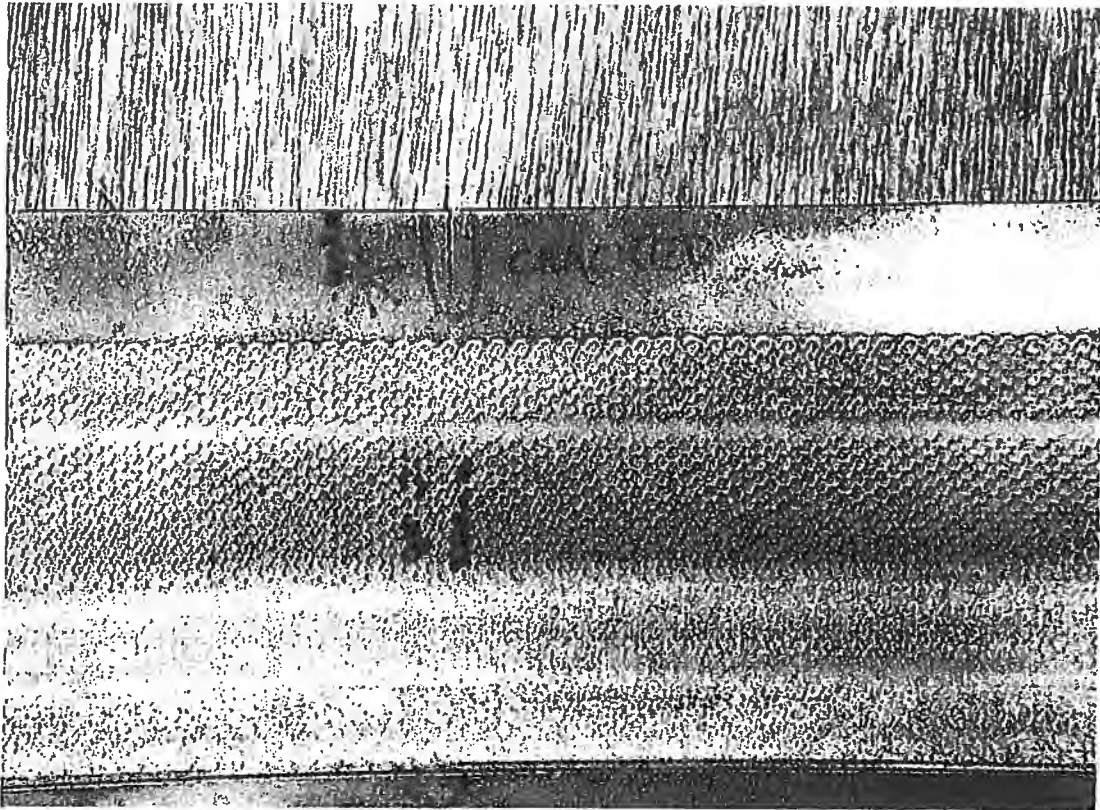
TRANSCANADA PIPELINES

Engine S/No 1780-428



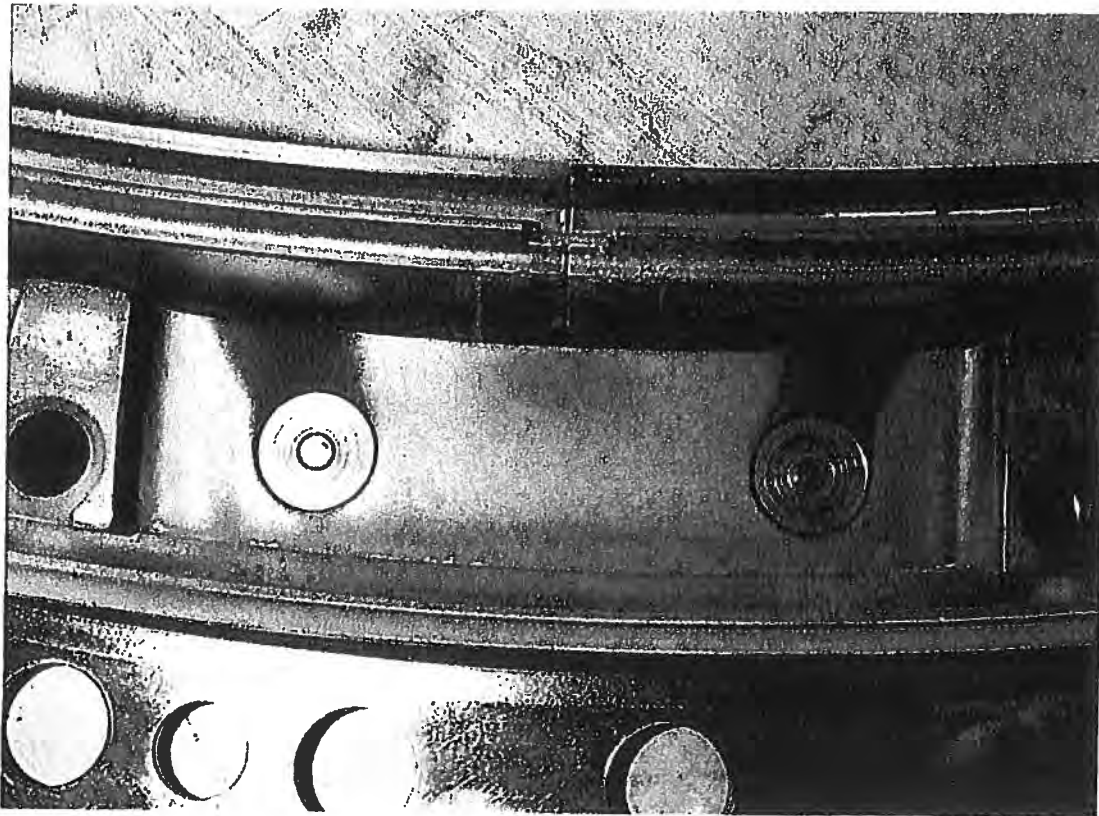
View of HP Seal Segment showing crack indication

TRANSCANADA PIPELINES
Engine S/No 1780-428



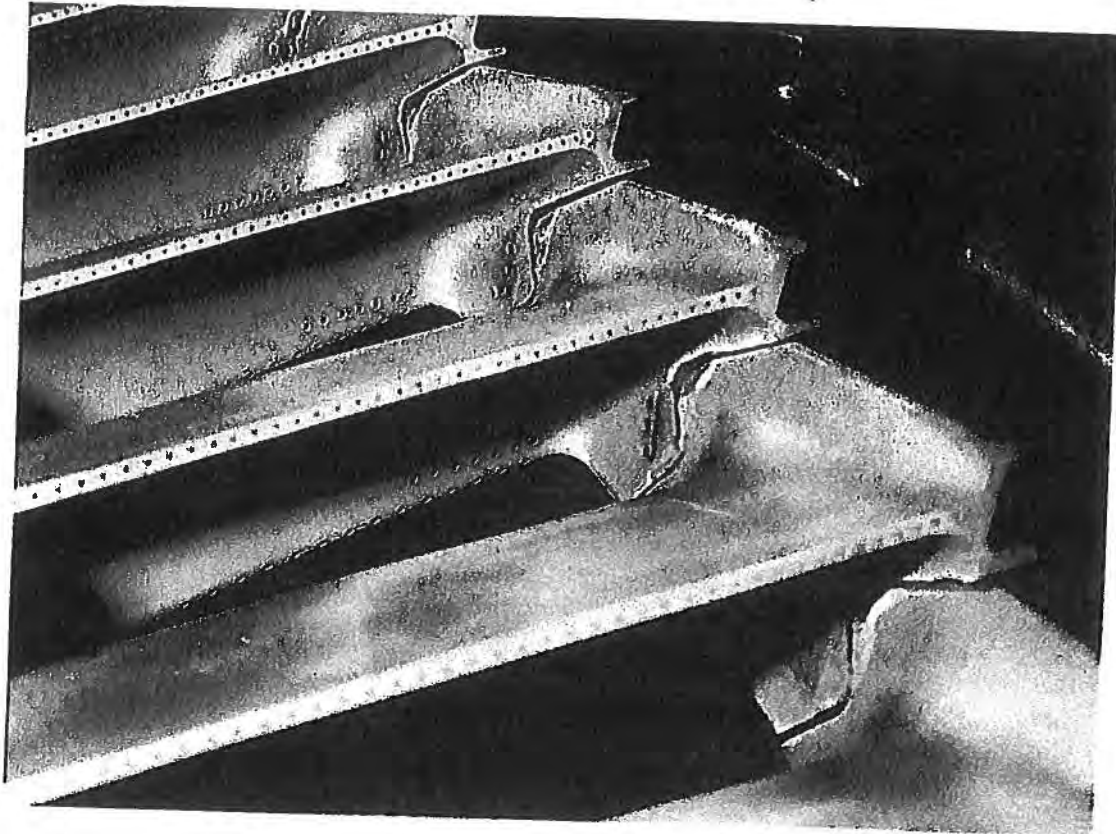
View of HP Seal Segment showing crack indication

TRANSCANADA PIPELINES
Engine S/No 1780-428



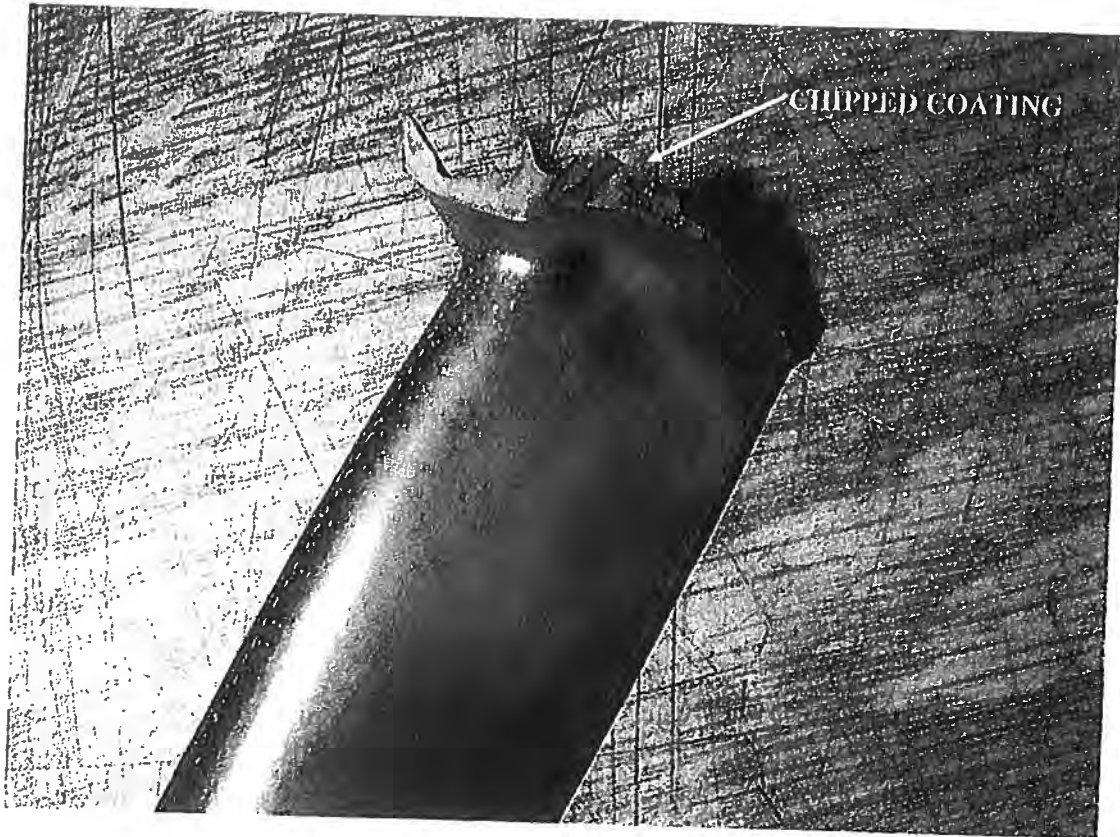
View of Location Ring showing wear caused by the blanking plugs

TRANSCANADA PIPELINES
Engine S/No 1780-428



View of HP Turbine Blades showing erosion and chipping of the outer shroud abutment face

TRANSCANADA PIPELINES
Engine S/No 1780-428



View of HP Turbine Blade showing chipped hard facing on outer shroud abutment face

05 Technical Report Summary

Customer	TRANSCANADA PIPELINES LIMITED
Order Nr:	MRA# LW400-727
Date:	06-Jul-98
Job No:	RE1410

RB211 Module 05 Serial Number:

1785428

Summary

05 Turbine Rotor Assembly

The IP rotor was dismantled to detail, cleaned and inspected.

The IP turbine blades exhibited excessive movement at the outer shroud abutment faces. The abutment faces were weld repaired in accordance with S405248, following repair, the blades were reprotected with SermaLoy 'J' coating to Mod 1187 standard.

The IP turbine rotor was rebuilt and subjected to a dynamic balance in accordance with the procedures stated in the original manufactures overhaul manual.

05 IP Casing Assembly

The casing was dismantled sufficiently to remove the IP Seal Segments.

All of the IP seal segments were rejected for severe erosion of the gas washed surfaces. The replacement seal segments were coated with SermaLoy 'J'. (Photo)

Both the HP and IP bearing retainers exhibited wear to their abradable seals. (Photo)

One of the liner segments was found bowed and distorted at build and required replacement.

New insulation blankets were fitted when rebuilding the module.

05 Final Technical Report for Repair Schemes

Customer	TRANSCANADA PIPELINES LIMITED
Order Nr:	LW400-727
Date:	06-Jul-98
Job No:	RE1410

RB211 Module 05 Serial Number:

1785428

Repair No	Details of Repair	Qty
<i>RW/TV/R13</i>	<i>Protect IP Seal Segments with a Sermaloy 'J' coating</i>	34
<i>S405247</i>	<i>IP Turbine blade repair interlock faces, seal fins and reprotect with Sermaloy 'J' coating</i>	142

05 Final Technical Report for Replacement Parts

Customer	TRANSCANADA PIPELINES LIMITED
Order Nr:	LW400-727
Date:	06-Jul-98
Job No:	RE1410

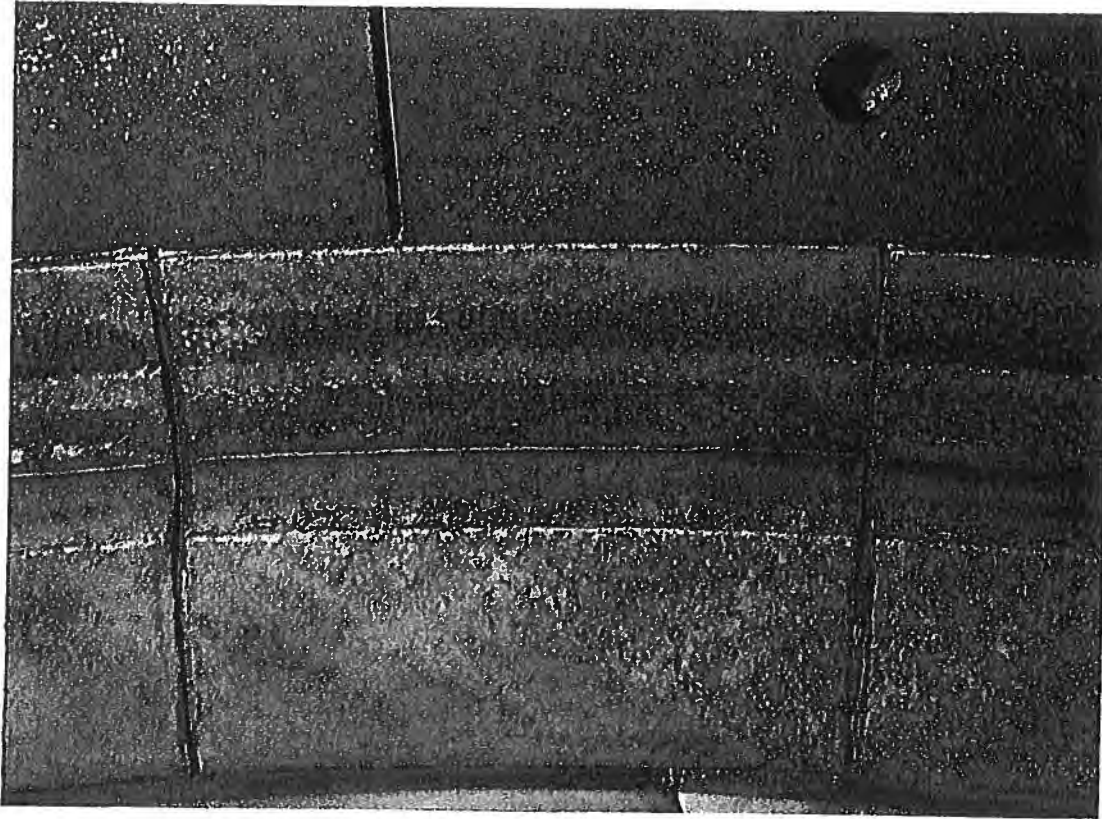
RB211 Module 05 Serial Number:

1785428

Replacement	Description	Reason	Quantity
LK44410	SHIELD	Operational deterioration	17
LK44415	SHIELD	Operational deterioration	1
LW10632	BLANKET	Operational deterioration	1
LW10633	BLANKET	Operational deterioration	1
LW12492	LINER	Distorted	1
LW17382	SEAL	Thinning and erosion	34

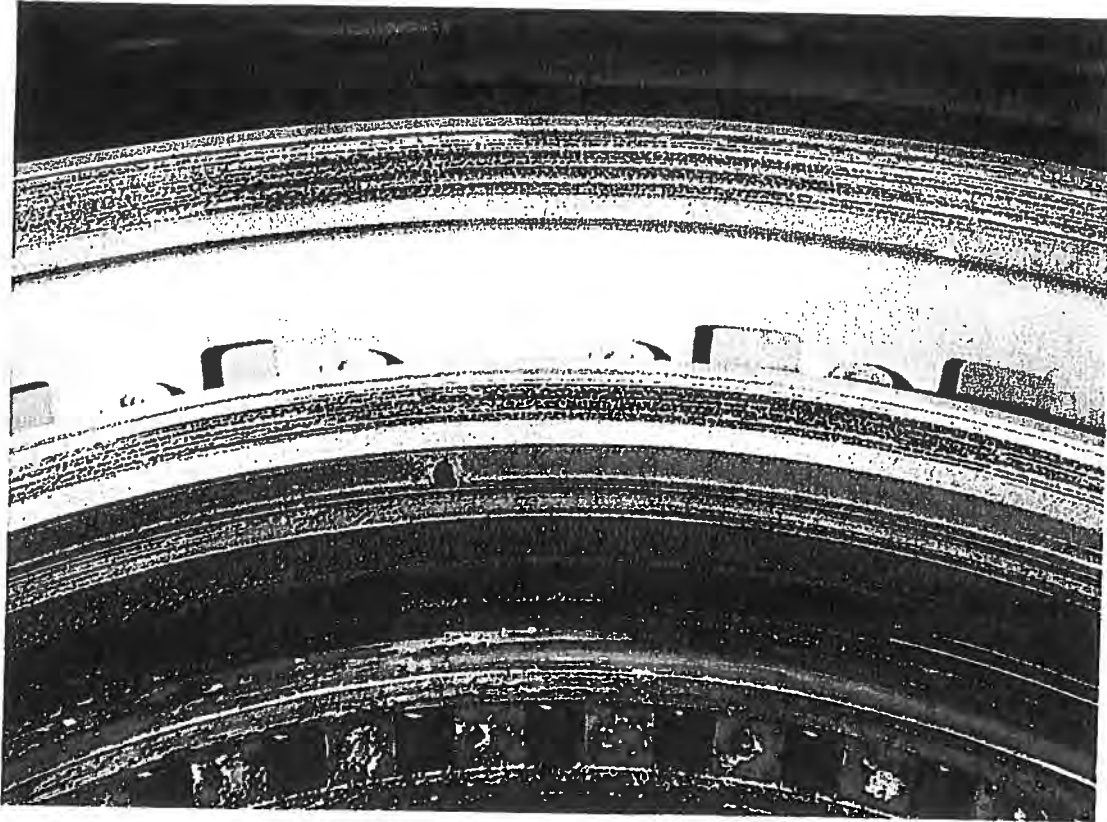
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TRANSCANADA PIPELINES
Engine S/No 1780-428



View of IP Seal Segments show erosion of the gas washed surfaces

TRANSCANADA PIPELINES
Engine S/No 1780-428



View of IP Bearing Retainer showing worn abradable lining

06 Technical Report Summary

Customer	TRANSCANADA PIPELINES LIMITED
Order Nr:	MRA# LW400-727
Date:	06-Jul-98
Job No:	RE1410

RB211 Module 06 Serial Number:

1786428

Summary

The 06 Module consists of all external engine accessories e.g. pipe work, electrical harness, T6 thermocouples, bleed valves and burners as fitted to the Engine.

The gas fuel manifold and burner 'pigtails' pipes were subjected to a pressure test in accordance with RWG TI 30,035. Three of the pigtails were leaking at pressure test and replaced. (Photo)

The burners exhibited gas plate erosion and were overhauled to modification 760 standard. (Photo)

The IP handling, IIP handling and HP starting bleed valves were functionally tested in accordance with manufacturer's overhaul manual. The HP handling valve failed the function test and required overhaul.

The IP bleed valve duct was cracked and required replacement. (Photo)

The IIP handling bleed valve duct was missing a section and required replacement. (Photo)

One thermocouple was replaced due to wear on the rigid cable.

Prior to despatch, all relevant blanks and clamping devices were fitted to ensure the continued integrity of the engine.

No further defects were apparent.

Engine Test

The engine was subjected to 'seal break' and 'full performance runs'. These runs proved the integrity of the engine and that the performance criteria was within the manufacturer's pass-off limits.

06 Final Technical Report for Repair Schemes

Customer	TRANSCANADA PIPELINES LIMITED
Order Nr:	LW400-727
Date:	06-Jul-98
Job No:	RE1405

RB211 Module 06 Serial Number: 1786428

Repair No	Details of Repair	Qty
<i>CTS1159F</i>	<i>IP Bleed Valve function test</i>	2
<i>CTS1160</i>	<i>Handling bleed valve failed function test, required overhaul</i>	1
<i>CTS1161F</i>	<i>Starting Bleed Valve function test</i>	1
<i>OHGBURN</i>	<i>Overhaul gas burners</i>	18
<i>TI30035</i>	<i>Gas manifold pressure test</i>	1

06 Final Technical Report for Replacement Parts

Customer	TRANSCANADA PIPELINES LIMITED
Order Nr:	LW400-727
Date:	06-Jul-98
Job No:	RE1405

RB211 Module 06 Serial Number: **1786428**

Replacement	Description	Reason	Quantity
<i>1014649</i>	<i>THERMCPL</i>	<i>Wear on rigid cable</i>	<i>1</i>
<i>L907023</i>	<i>PLUG</i>	<i>Loose element</i>	<i>1</i>
<i>LW10753</i>	<i>UNION</i>	<i>Excessive frettage</i>	<i>1</i>
<i>LW11054</i>	<i>DUCT</i>	<i>Broken section</i>	<i>1</i>
<i>LW11519</i>	<i>DUCT</i>	<i>Excessive cracking</i>	<i>1</i>
<i>LW12455</i>	<i>COVER</i>	<i>Not received</i>	<i>1</i>
<i>LW12457</i>	<i>COVER</i>	<i>Torn</i>	<i>1</i>
<i>LW14096</i>	<i>PIPE</i>	<i>Leaking at pressure test</i>	<i>3</i>
<i>LW14582</i>	<i>PIPE</i>	<i>Excessive frettage</i>	<i>1</i>
<i>LW15341</i>	<i>PLATE</i>	<i>Not received</i>	<i>1</i>
<i>LW15344</i>	<i>ACCLRMTR</i>	<i>Split conduit</i>	<i>1</i>
<i>LW17267</i>	<i>FILTER</i>	<i>Not received</i>	<i>1</i>

06 Final Technical Report for Replacement Parts

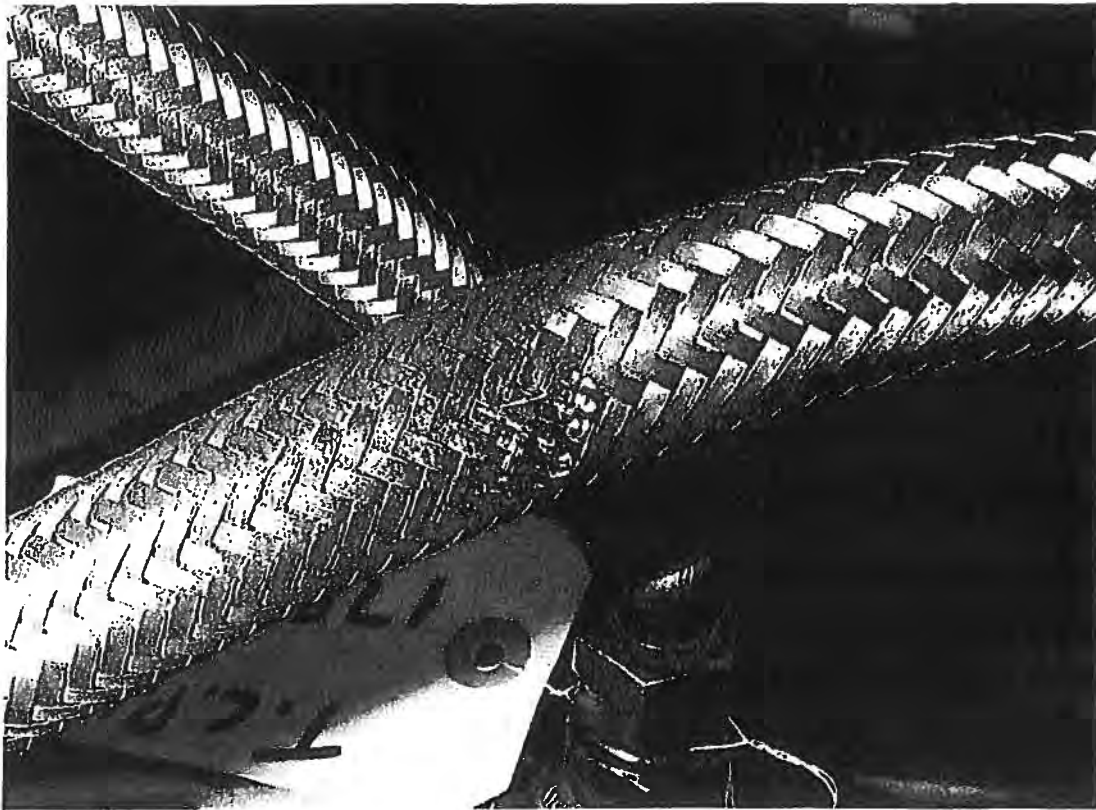
Customer	TRANSCANADA PIPELINES LIMITED
Order Nr:	LW400-727
Date:	06-Jul-98
Job No:	RB1405

RB211 Module 06 Serial Number: *1786428*

Replacement	Description	Reason	Quantity
<i>LW17461</i>	<i>TUBE</i>	<i>Not received</i>	<i>1</i>

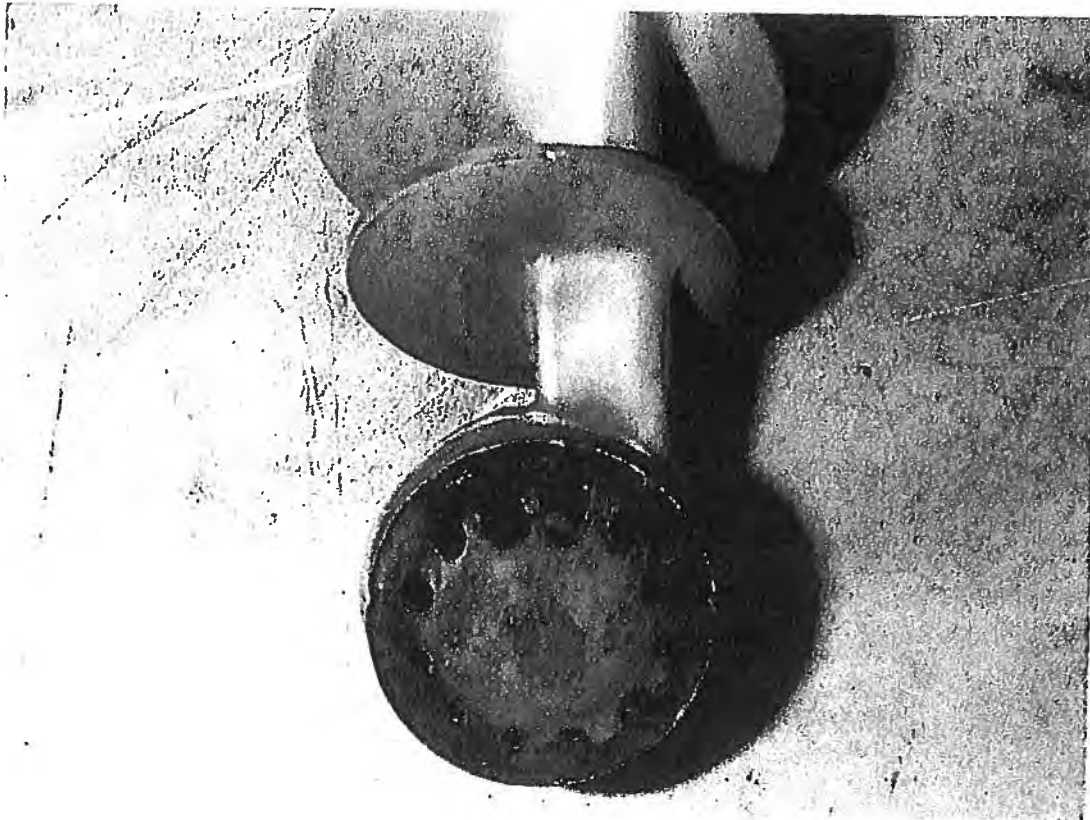
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**TRANSCANADA PIPELINES
Engine S/No 1780-428**



View Gas Feed Pipe with damage to braiding

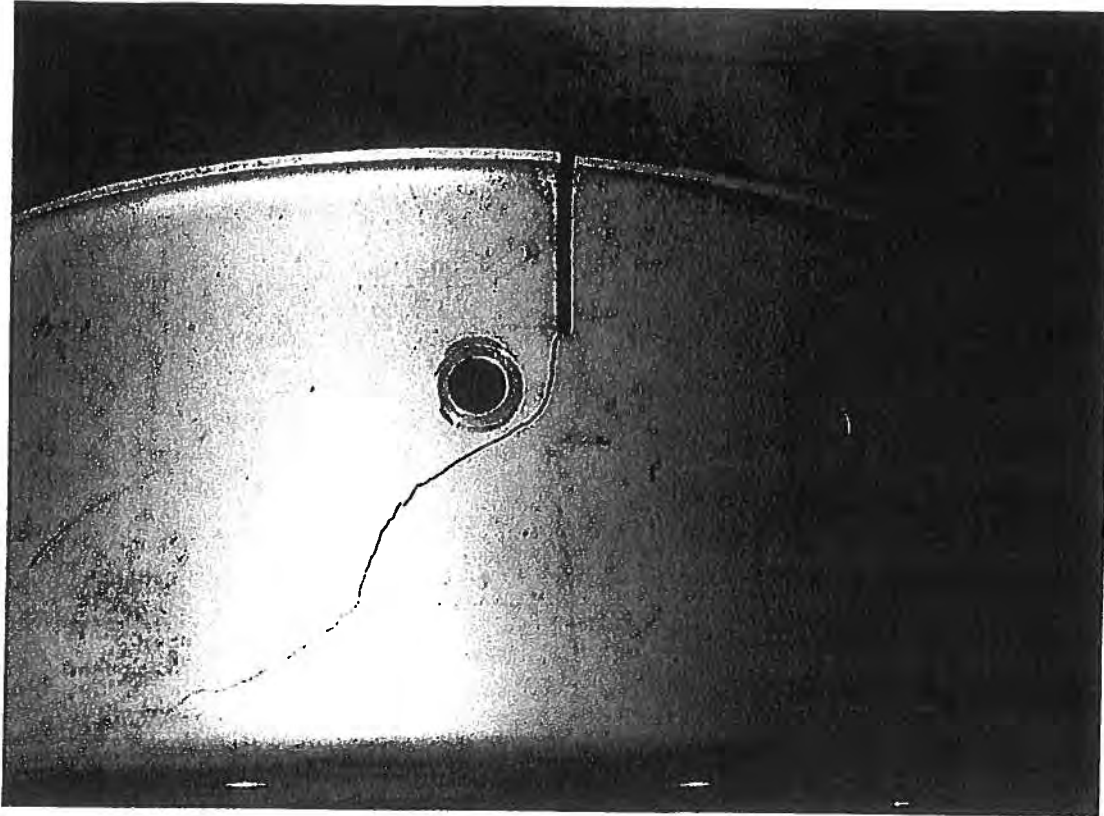
TRANSCANADA PIPELINES
Engine S/No 1780-428



View of Gaseous Fuel Burner showing erosion of the gas plate

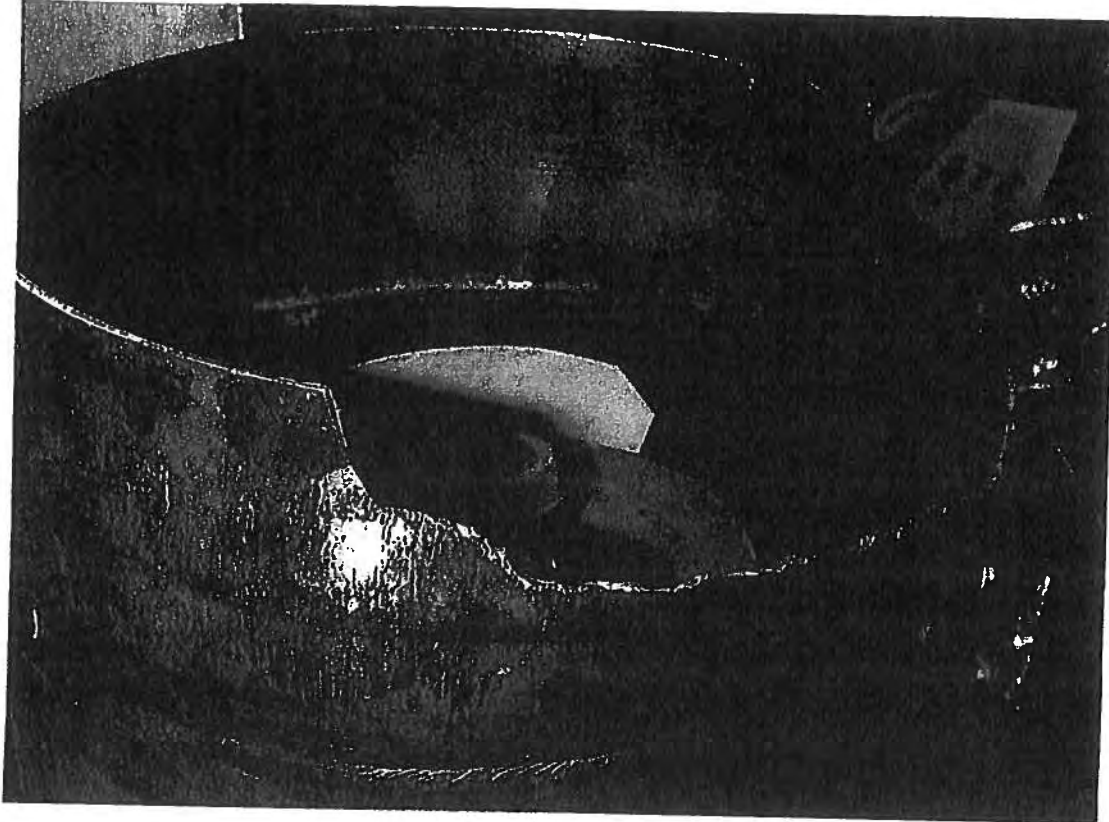
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**TRANSCANADA PIPELINES
Engine S/No 1780-428**



View of IP Bleed Valve Duct with crack

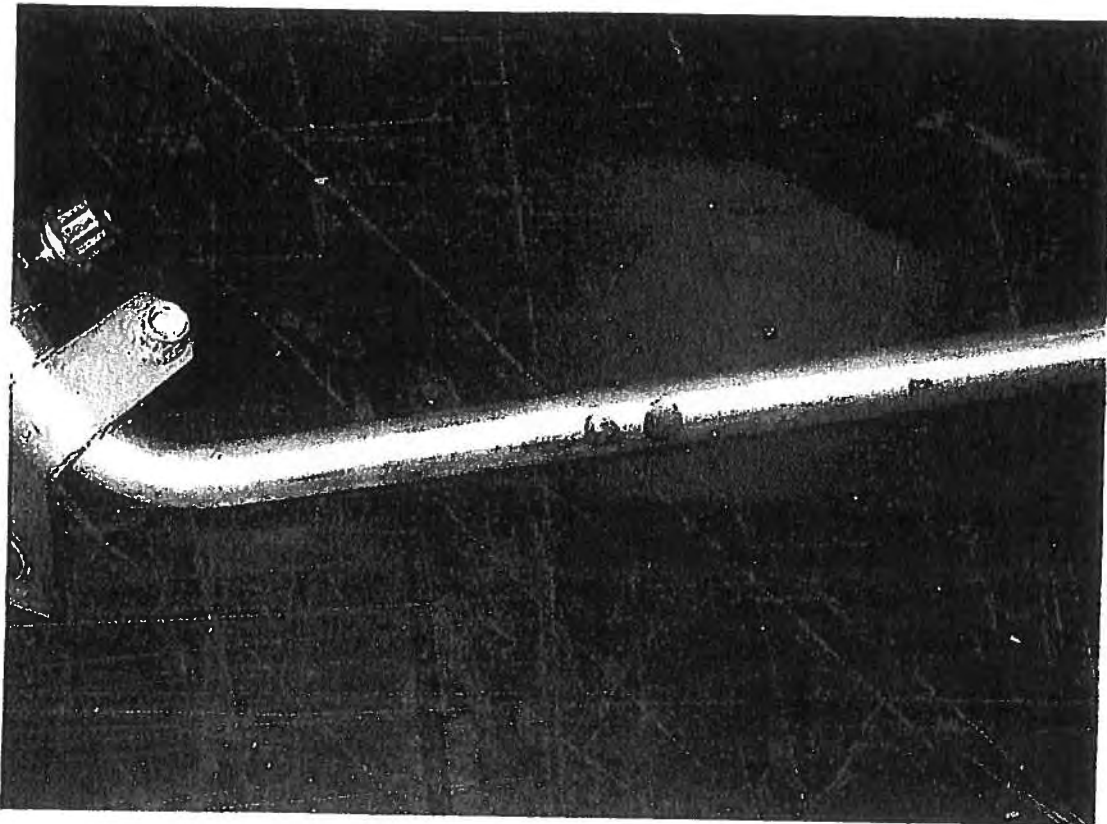
TRANSCANADA PIPELINES
Engine S/No 1780-428



View of broken HP Bleed Valve Duct

TRANSCANADA PIPELINES

Engine S/No 1780-428



View of rigid pipe showing frettage

Redford, Jim

Attachment 2

From: Tim Stringer [tim_stringer@transcanada.com]
Sent: February 13, 2013 1:48 PM
To: Redford, Jim
Subject: Work at 1790814
Attachments: 2013Jan29_work_at_1790814.pdf

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1401 Irricana Road
Airdrie, AB T4B 2B8

ENGINE STRIP CONDITION REPORT

Engine Type: Rolls Royce MK RB211-24G DLE	Engine No. 1790814DLE	Work Order: 210067-3/-4
Station Removed From : Station 99, Unit C Smooth Rock Falls, Ontario	Date of Removal: January 20, 2003	
Engine Hours: T.S.N. 27,554 T.S.O. n/a T.S.R. 16,906 Set Hrs: 64,488 T.S.I. 11,178	Reason for Removal: Scheduled Removal. Engine routed to Airdrie for minor overhaul. Note: in April mod 1313 #9 fuel injector was replaced. In July #1 + #9 discharge nozzles, and #9 combustor support were also replaced.	
Remarks: Unit was inducted on April 7, 2003 into equipment repair shop in Airdrie. The unit was reassembled complete by August 28, 2003. Friday morning engine was shipped to TCT in Calgary for combustion can installation and test. NOTE: Due to shipment of parts delay unit was assembled in Airdrie shop with three slave combustion cans.		
Prepared By: Edward Tataryn	Date: September 10, 2003	

REPORT CONTENTS

- 1.0 INTRODUCTION
- 2.0 STRIP CONDITION
- 3.0 HOURS AND WORK PERFORMED
- 4.0 LISTS OF PARTS REQUIRED


TransCanada
**REMOVAL
REPORT**


USER REF. No. 03/02		Statistic use only R.I.R.No.			DATE: January 23, 2003	
Customer TCPL				*Engine Type RB211 -24G DLE		
*Station 99 - Smooth Rock Falls, Ontario				*Set Unit C		
*Date of Engine/Installation April 16, 2001				*Date of Removal January 20, 2003		
*Removal Category	Basic ☐	Non Basic ☐	Scheduled ☐	Policy ☐	Mod. 760 ☐	
	Defective ☐	Modification ☐	Time Expired ☐	Information ☐	Other:	
ENGINE S/N	T.S.I.	T.S.R.	T.S.O.	T.S.N.	T.S.MID LIFE	SET HOURS
1790814	11,178	16,906*	N/A	27,554	N/A	64488
Serial No. Installed: 1780407 (24G non DLE)				Return Date: TBA		
To be returned to: Airdrie Service Center				*Warranty Claim ☐ yes ☐ no		

REMOVAL / ACTION TAKEN:
Scheduled removal. Engine to be routed for Minor Overhaul.
***NOTE: The following in-field repairs were carried out to the combustion section:**
April 2002 - #9 fuel injector (Mod 1313) was replaced.
July 2002 - #1 & #9 discharge nozzles, and #9 combustor support replaced.

	MODULE S/N	TSN	TSO	TSR	TSI
01	1791-814	27,554	N/A	N/A	11,178
02	1782-484	"	"	"	"
03	1793-814	"	"	"	"
04	1794-815	"	"	16,906	"
05	1795-814	"	"	N/A	"

REPORTED BY: ROBERT ORR	COMPANY: TCPL - Calgary	POSITION: Rotating Equip. Specialist
TEL No. (403) 920-6719	FAX No. (403) 920-6719	
ROLLS-ROYCE plc ACTION / COMMENTS:	CQC 130	☐ yes ☐ no
	A SHEET	☐ yes ☐ no
	CONCESSION	☐ yes ☐ no
	INVESTIGATE	☐ yes ☐ no
	CUSTOMER COMPLAINT	☐ yes ☐ no

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1.0 INTRODUCTION

Engine s/n 1790837 was inducted for a scheduled minor overhaul.
Stage. 5,6 and 7(OGV) were shipped to TCT for overhaul.
Module 04 was shipped to Rolls Wood Group.
The following Module S/N changes were incorporated:

Module	Removed	Installed
01	S/N: 1791-814	S/N: 1791-814
02	S/N: 1782-484	S/N: 1782-484
03	S/N: 1793-814	S/N: 1793-814
04	S/N: 1794-815	S/N: 1794-815
05	S/N: 1795-814	S/N: 1795-814

2.0 STRIP CONDITION

01 Module: S/N 1791-814

Inspection of the 01 Module found it in relatively good condition for continued service. .
Extensive cleaning of the casing interior and inlet guide vanes assemblies was required.
The three N1 magnetic speed sensors (transducers) were checked electronically and were found to be serviceable.

02 Module: S/N 1782-484

IP cases were cleaned.

Ip compressor rotor was cleaned, also.

IP compressor stators stage five (5) and six (6) were routed to TCT for inspection and 24,000 Hr serviceable rating.

IPC Stators removed

IPC-5 P/N:LW17733 S/N:SA15685

IPC-6 P/N:LW17736 S/N:SA15973

IPC Stators installed

IPC-5 P/N:LW17733 S/N:SA14563

IPC-6 P/N:LW17735 S/N: SA14202

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Airdrie, AB T4B 2B8

STRIP CONDITION CONTINUED

03 Module: S/N 1793-814

General inspection of 03 module showed that it was serviceable.

The OGV ring(IPC stage seven(7) vane assembly) was routed to TCT for inspection and 24,000hr serviceable rating.

IPC Compressor OGV removed:

OGV P/N:LW LW18293 S/N:SA15679

IPC Compressor OGV installed:

OGV P/N:LW18293 S/N: SA15679

NOTE: Seal Strip P/N:3105744 was replaced at this changeout.(Bestobel seal)

04 Module: S/N 1794-815

The complete 04 module assembly was routed to TransCanada Turbines for complete overhaul..

Electrical N2 probes checked and found them to be serviceable.

When 04 module arrived from overhaul it was installed.

05 Module: S/N 1795-814

05 module was assembled to engine

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Aldrie, AB T4B 2B8

STRIP CONDITION CONTINUED

06 Module: Accessory Components

Starter quill shaft P/N LW12756 missing..

Some oils lines were weld repaired.

L1 filter was cleaned and installed.

All o-rings seals were replaced were required.

Davis valve was overhauled , functionally checked and installed onto module 03.

Electrical harness and vibration cables were found to be serviceable. These assemblies were installed unto gas generator.

Latest nose bullet also installed..

One new T3 thermocouple installed.

Lastest hinged clamps for T3 and T6 installed.

Six T6 thermocouple bolts broken.

All filters in igv rams were cleaned and installed with new o-rings.

Small hole in lower bag right hand side front.

Two cdp lines to top inner face plate(located at top of front 01 module) were cut. The other 2 lines were missing, also the plate was missing as well.

NOTE: Ip turbine drop at arrival was 0.712.
“ “ “ after assembly was 0.727.


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1401 Irricana Road
Aldrie, AB T4B 2B8

3.0

HOURS AND WORK PERFROMED

CARS Labour Analysis Report

2003.09.11

OT = (Reg OT Hrs + Oth OT Hrs) / Total Hrs X 100

Cost Object	Activity	Employee Name	EE Grp Subgrp	Work Date	Sendg PersArea /Department	Regular Time	Other Time	Over Time	Total Hours
210067-3	23039A	KENNEY, JAMES	170	2003.06.04	AB00/00000004220	3.00	0.00	0.00	3.00
	23039A	LAWRENCE, DEREK	170	2003.08.19	AB00/00000000448	9.00	0.00	0.00	9.00
	23039A	LAWRENCE, DEREK	170	2003.08.20	AB00/00000000448	9.00	0.00	0.00	9.00
	23039A	LAWRENCE, DEREK	170	2003.08.21	AB00/00000000448	9.00	0.00	0.00	9.00
	23039A	LAWRENCE, DEREK	170	2003.08.22	AB00/00000000448	8.00	0.00	0.00	8.00
	23039A	LAWRENCE, DEREK	170	2003.08.25	AB00/00000000448	4.00	0.00	0.00	4.00
	23039A	LAWRENCE, DEREK	170	2003.05.05	AB00/000000004220	9.00	0.00	0.00	9.00
	23039A	LEONG, JAMES	170	2003.05.06	AB00/000000004220	9.00	0.00	0.00	9.00
	23039A	LEONG, JAMES	170	2003.05.07	AB00/000000004220	9.00	0.00	0.00	9.00
	23039A	LEONG, JAMES	170	2003.05.08	AB00/000000004220	4.00	0.00	0.00	4.00
	23039A	LEONG, JAMES	170	2003.04.16	AB00/000000004220	9.00	0.00	0.00	9.00
	23039A	MANCHUR, KEVIN	170	2003.04.17	AB00/000000004220	9.00	0.00	0.00	9.00
	23039A	MANCHUR, KEVIN	170	2003.05.20	AB00/000000004220	9.00	0.00	0.00	9.00
	23039A	MANCHUR, KEVIN	170	2003.05.21	AB00/000000004220	9.00	0.00	0.00	9.00
	23039A	MANCHUR, KEVIN	170	2003.05.26	AB00/000000004220	4.00	0.00	0.00	4.00
	23039A	MANCHUR, KEVIN	170	2003.05.27	AB00/000000004220	9.00	0.00	0.00	9.00
	23039A	MANCHUR, KEVIN	170	2003.05.28	AB00/000000004220	9.00	0.00	0.00	9.00
	23039A	MANCHUR, KEVIN	170	2003.05.29	AB00/000000004220	9.00	0.00	0.00	9.00
	23039A	MANCHUR, KEVIN	170	2003.05.23	AB00/000000004220	1.50	0.00	0.00	1.50
	23039A	O'CONNOR, SHAUN	170	2003.06.23	AB00/000000004220	1.00	0.00	0.00	1.00
	23039A	RUSTON WAYNE	170	2003.08.27	AB00/00000000448	9.00	0.00	0.00	9.00
	23039A	TATARYN, EDWARD	170	2003.04.14	AB00/000000004220	9.00	0.00	0.00	9.00
	23039A	TATARYN, EDWARD	170	2003.04.15	AB00/000000004220	9.00	0.00	0.00	9.00
	23039A	TATARYN, EDWARD	170	2003.05.06	AB00/000000004220	9.00	0.00	0.00	9.00
	23039A	TATARYN, EDWARD	170	2003.05.09	AB00/000000004220	1.00	0.00	0.00	1.00
	23039A	TATARYN, EDWARD	170	2003.05.13	AB00/000000004220	9.00	0.00	0.00	9.00
	23039A	TATARYN, EDWARD	170	2003.05.14	AB00/000000004220	9.00	0.00	0.00	9.00
	23039A	TATARYN, EDWARD	170	2003.05.15	AB00/000000004220	9.00	0.00	0.00	9.00
	23039A	TATARYN, EDWARD	170	2003.05.20	AB00/000000004220	9.00	0.00	0.00	9.00
	23039A	TATARYN, EDWARD	170	2003.05.21	AB00/000000004220	9.00	0.00	0.00	9.00
	23039A	TATARYN, EDWARD	170	2003.05.22	AB00/000000004220	9.00	0.00	0.00	9.00
	23039A	TATARYN, EDWARD	170	2003.05.23	AB00/000000004220	8.00	0.00	0.00	8.00
	23039A	TATARYN, EDWARD	170	2003.04.10	AB00/000000004220	2.00	0.00	0.00	2.00
	23039A	TAYLOR, ROGER	170	2003.04.16	AB00/000000004220	9.00	0.00	0.00	9.00
	23039A	TAYLOR, ROGER	170	2003.04.17	AB00/000000004220	9.00	0.00	0.00	9.00
	23039A	TAYLOR, ROGER	170	2003.08.05	AB00/00000000448	9.00	0.00	0.00	9.00
	23039A	TAYLOR, ROGER	170	2003.08.06	AB00/00000000448	9.00	0.00	0.00	9.00
	23039A	TAYLOR, ROGER	170	2003.08.07	AB00/00000000448	9.00	0.00	0.00	9.00
	23039A	TAYLOR, ROGER	170	2003.08.18	AB00/00000000448	9.00	0.00	0.00	9.00
	23039A	TAYLOR, ROGER	170	2003.08.19	AB00/00000000448	9.00	0.00	0.00	9.00
	23039A	TAYLOR, ROGER	170	2003.08.20	AB00/00000000448	9.00	0.00	0.00	9.00
	23039A	TAYLOR, ROGER	170	2003.08.21	AB00/00000000448	9.00	0.00	0.00	9.00
	23039A	TAYLOR, ROGER	170	2003.08.22	AB00/00000000448	8.00	0.00	0.00	8.00
	23039A	TAYLOR, ROGER	170	2003.08.25	AB00/00000000448	9.00	0.00	0.00	9.00
	23039A	TAYLOR, ROGER	170	2003.08.26	AB00/00000000448	9.00	0.00	0.00	9.00
	23039A	TAYLOR, ROGER	170	2003.08.27	AB00/00000000448	9.00	0.00	0.00	9.00
	23039A	TAYLOR, ROGER	170	2003.08.28	AB00/00000000448	4.00	0.00	0.00	4.00
		Sub total for: Activity		23039A		363.50	0.00	0.00	363.50
		Overtime %				363.50	0.00	0.00	363.50
		Overtime %				0.00	0.00	0.00	0.00

Total for: Cost Object



TransCanada

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**TransCanada pipelines Limited
Plant Engineering, Equipment Repairs
1401 Irricana Road
Airdrie, AB T4B 2B8**

4.0 LISTS OF PARTS REQUIRED

Work Order Task

WO Task # 210067-4

Status: Open

Task Title: **RR RB211-24 GG H24K (Minor Overhaul)**
TGV300 Parts Only

Date: **1/15/2003**

Facility/System:

Task Type: **6 Preventive Maintenance**

Priority: **3 - 120 days**

Work Description

Entity Information

Entity Name: **G.G. 1790814**

Tag:

(Immediate Parent: **AIRD-TURB: Airdrie SC Turbine Shop**)

Entity Number: **58145**

Entity Classification: **E-GG**

Entity Type: **GG-RB211 24GDLE**

Location: **AIRD-TURB**

Man: **ROLLS ROYCE CANADA LIMITED**

Mod: **RB211-24G (DLE)**

SN: **1790814**

Scheduling Information

Schedule Not Found Assigned To: **Not Assigned**

Hours:

Start Date:

Start No Earlier Than: **01/15/2003**

Requested By: **Straughan, John M**

Actual Finish:

Finish No Later Than: **05/15/2003**

Plan'r/Sched'r: **Hanes, William A**

AOI: **Repair Shops**

Requirements

Work Order Task

WO Task # 210067-4

Status: Open

Catalog				Purchase			
Number	Description	Planned Quantity	Planning Only	Expected Availability	Order Number	Received In Full	Quantity Issued
71304	BOLT, ROLLS ROYCE, KU6327	15.0 ea	No	5/21/2003			15.0 ea
100611	O RING, ROLLS ROYCE, 2109220	0.0 ea	No				10.0 ea
100570	GASKET, ROLLS ROYCE, LW19896	0.0 ea	No				10.0 ea
100570	GASKET, ROLLS ROYCE, LW19896	0.0 ea	No				10.0 ea
81463	THERMOCOUPLE,	0.0 ea	No				5.0 ea
39017	CLIP,	0.0 ea	No				30.0 ea
102777	BOLT, NOSE N1 SPEED PICKUP	0.0 ea	No				6.0 ea
103423	BOLT,	0.0 ea	No				2.0 ea
100621	STUD,	0.0 ea	No				2.0 ea
102197	CLAMP, ROLLS ROYCE, THM-16	0.0 ea	No				5.0 ea
102183	SEAL, ROLLS ROYCE, 2308247	0.0 ea	No				10.0 ea
102769	INSERT, COMBUSTOR HELICOIL, ROLLS ROYCE, AGS3732	0.0 ea	No				30.0 ea
102179	GASKET, ROLLS ROYCE, R29-LW18547	0.0 ea	No				10.0 ea
100616	WASHER, ROLLS ROYCE, SP11E	0.0 ea	No				100.0 ea
39021	CLIP, P	0.0 ea	No				20.0 ea
71523	TABWASHER, ROLLS ROYCE	0.0 ea	No				20.0 ea
104354	WASHER, TAB, SP42N	0.0 ea	No				100.0 ea
103577	RING,	0.0 ea	No				1.0 ea
103140	DETECTOR, MAGNETIC CHIP, VICKERS, 3A6321P	0.0 ea	No				3.0 ea
109300	HOUSING, ASSEMBLY, VICKERS, 1G395-1SV	0.0 ea	No				3.0 ea
70813	SCREW, CLIP, ROLLS ROYCE, AS21510	0.0 ea	No				20.0 ea
103419	BOLT, ROLLS ROYCE, AS22244	0.0 ea	No				5.0 ea
35627	BOLT, DOUBLE HEX (12 POINT) HEAD	0.0 ea	No				20.0 ea
116972	NIPPLE, ROLLS ROYCE S889004	0.0 ea	No				10.0 ea
116959	HELI-COIL, ROLLS ROYCE 2100934, SOLD IN MULTIPLES OF 10 EA.	0.0 ea	No				10.0 ea
116960	CLAMP, ROLLS ROYCE P609152	0.0 ea	No				20.0 ea
108782	CLAMP, ROLLS ROYCE SPECIAL, P-CLIP, 01-155-2	0.0 ea	No				20.0 ea
108782	CLAMP, ROLLS ROYCE SPECIAL, P-CLIP, 01-155-2	0.0 ea	No				20.0 ea
116961	CLAMP, ROLLS ROYCE P609153	0.0 ea	No				13.0 ea
116961	CLAMP, ROLLS ROYCE P609153	0.0 ea	No				7.0 ea
116962	CLAMP, N.V.Y., ROLLS ROYCE P609155	0.0 ea	No				20.0 ea
116963	CLAMP, ASSEMBLY FLANGE, ROLLS ROYCE LW17355	0.0 ea	No				3.0 ea
68005	PROBE, PRESSURE	0.0 ea	No				3.0 ea
103430	WASHER,	0.0 ea	No				50.0 ea
104772	BOLT, RR SPECIAL, P5 SENSOR	0.0 ea	No				10.0 ea
103728	PIN,	0.0 ea	No				5.0 ea
103425	PIN, STARTER	0.0 ea	No				3.0 ea

Exhibit I.A1 UGL CCC 7
WO Task # 210067-4
Attachment 2

Work Order Task

Status: Open

103259	ASSEMBLY, TUBE	0.0 ea	No		1.0 ea
10465	NIPPLE, ROLLS LW18114	0.0 ea	No		1.0 ea
102805	UNION, ROLLS ROYCE, S364433	0.0 ea	No		2.0 ea
109357	CAP, ROLLS ROYCE, S844277	0.0 ea	No		10.0 ea
39020	CLIP, P	0.0 ea	No		20.0 ea
72942	SEAL RING, BONDED, ROLLS ROYCE, P346017	0.0 ea	No		10.0 ea
71319	PLUG, ROLLS ROYCE, LK45470	1.0 ea	No	5/5/2003	1.0 ea
70823	BOLT, 1/4" - 28 UNJF, ROLLS ROYCE, AS22008	1.0 ea	No	5/5/2003	1.0 ea
70824	BOLT, ROLLS ROYCE, AS22011	2.0 ea	No	5/5/2003	2.0 ea
54453	O RING, BUNA N, ENGLISH .551" X .070" METRIC 14.00 MM X 1.78 MM, GENERIC OEM, 2-015	20.0 ea	No	7/17/2003	4.0 ea
54453	O RING, BUNA N, ENGLISH .551" X .070" METRIC 14.00 MM X 1.78 MM, GENERIC OEM, 2-015	20.0 ea	No	7/17/2003	16.0 ea
71354	SEAL, RING, ROLLS ROYCE, LW11803	20.0 ea	No	6/27/2003	20.0 ea
70593	KIT, SEAL, ROLLS ROYCE, 1022027	2.0 ea	No	7/2/2003	2.0 ea
70614	SEAL RING, ROLLS ROYCE, 2109214	1.0 ea	No	7/2/2003	1.0 ea
70614	SEAL RING, ROLLS ROYCE, 2109214	1.0 ea	No	7/2/2003	10.0 ea
70615	SEAL RING, ROLLS ROYCE, 2109216	1.0 ea	No	7/2/2003	1.0 ea
70616	SEAL RING, RB211-24A, ROLLS ROYCE, 2109227	1.0 ea	No	7/2/2003	1.0 ea
70814	BOLT, DOUBLE HEX (12 POINT) HEAD, ROLLS ROYCE, AS21512	20.0 ea	No	7/28/2003	7.0 ea
70814	BOLT, DOUBLE HEX (12 POINT) HEAD, ROLLS ROYCE, AS21512	20.0 ea	No	7/28/2003	13.0 ea
113493	BOLT, ROLLS ROYCE AS22014	20.0 ea	No	7/30/2003	10.0 ea
113493	BOLT, ROLLS ROYCE AS22014	20.0 ea	No	7/30/2003	10.0 ea
52343	GASKET	2.0 ea	No	6/27/2003	2.0 ea
70869	FILTER ASSEMBLY	6.0 ea	No	7/2/2003	6.0 ea
71163	WASHER, SPRING, ROLLS ROYCE	20.0 ea	No	6/27/2003	20.0 ea
71208	SEAL RING, ROLLS ROYCE, KB16404	3.0 ea	No	7/7/2003	1.0 ea
71208	SEAL RING, ROLLS ROYCE, KB16404	3.0 ea	No	7/7/2003	2.0 ea
71209	SEAL RING, ROLLS ROYCE, KB17408	1.0 ea	No	7/2/2003	1.0 ea
71245	SEAL, ROLLS ROYCE, KB27112	20.0 ea	No	8/25/2003	6.0 ea
71245	SEAL, ROLLS ROYCE, KB27112	20.0 ea	No	8/25/2003	14.0 ea
71251	JOINT, ROLLS ROYCE, KB6667	3.0 ea	No	7/2/2003	3.0 ea
113491	SLEEVE, P3 BORESCOPE, ROLLS ROYCE LW12136	2.0 ea	No	7/2/2003	2.0 ea
71476	SEAL, ROLLS ROYCE, P346022	10.0 ea	No	7/28/2003	2.0 ea
71476	SEAL, ROLLS ROYCE, P346022	10.0 ea	No	7/28/2003	6.0 ea
71547	NUT, ROLLS ROYCE, U128441	10.0 ea	No	8/25/2003	4.0 ea
71547	NUT, ROLLS ROYCE, U128441	10.0 ea	No	8/25/2003	6.0 ea
102400	CLAMP, ROLLS ROYCE, P609005	20.0 ea	No	7/30/2003	8.0 ea
102400	CLAMP, ROLLS ROYCE, P609005	20.0 ea	No	7/30/2003	12.0 ea

Work Order Task

WO Task # 210067-4

Status: Open

113516	CLAMP, ROLLS ROYCE S5001041 TE4	20.0 ea	No	7/2/2003				30.0 ea
71304	BOLT, ROLLS ROYCE, KU6327	10.0 ea	No	8/25/2003				4.0 ea
71304	BOLT, ROLLS ROYCE, KU6327	10.0 ea	No	8/25/2003				6.0 ea
117556	PLATE, INTERFACE, ROLLS ROYCE, LW18034	1.0 ea	No					
117557	FITTING, UNION, ROLLS ROYCE, S365195	3.0 ea	No					
117558	FITTING, UNION, ROLLS ROYCE, S365194	1.0 ea	No					
117559	NUT, JAM, LOCKNUT, ROLLS ROYCE, S842528	3.0 ea	No					
117560	NUT, JAM, LOCKNUT, ROLLS ROYCE, S842527	1.0 ea	No					
70825	BOLT, 3/8" - 24 UNJF THRD, ROLLS ROYCE, AS23238	1.0 ea	No	8/28/2003				
70793	NUT, SELF LOCKING, 3/8" - 24 UNJF THRD, ROLLS ROYCE, AS20627	4.0 ea	No	1/16/2003	125872	3	No	
117561	SPACER, ROLLS ROYCE, LW18042	8.0 ea	No					
103430	WASHER,	4.0 ea	No	1/16/2003	125872	4	No	
117562	PIPE, TUBE ASSEMBLY P3 CONNECTION INTER PLATE, ROLLS ROYCE, LW17930	1.0 ea	No					
103259	TUBE ASSEMBLY P3 COMBUSTION CENTRE CASING CONNECTION	1.0 ea	No	1/16/2003	125872	5	No	
117563	PIPE, TUBE ASSEMBLY P2 INTERMEDIATE CASING INTER PLATE, ROLLS ROYCE, LW17924	2.0 ea	No					
117564	PIPE, TUBE ASSEMBLY P3 CONNECTION INTER PLATE, ROLLS ROYCE, LW17926	1.0 ea	No					
117565	PIPE, TUBE ASSEMBLY P3 CASING INTER PLATE, ROLLS ROYCE, LW17928	1.0 ea	No					
117566	BRACKET, ROLLS ROYCE, LW18032	1.0 ea	No					
117567	BRACKET, ROLLS ROYCE, LW18033	1.0 ea	No					
117568	BRACKET, ROLLS ROYCE, LW18089	1.0 ea	No					
117569	SPACER, ROLLS ROYCE, S340042	2.0 ea	No					
70800	CLAMP, BOLT, 1/4" - 28 UNJF THRD, ROLLS ROYCE, AS21020	4.0 ea	No	8/27/2003				
117552	CLAMP, BOLT, 1/4" - 28 UNJF THRD, ROLLS ROYCE, AS21010	12.0 ea	No					
116962	CLAMP, N.V.Y., ROLLS ROYCE P609155	10.0 ea	No					
102196	CLAMP, P-CLIP, ROLLS ROYCE, P609105	10.0 ea	No	1/16/2003	125872	6	No	
71547	NUT, ROLLS ROYCE, U128441	20.0 ea	No	8/25/2003				

Drivers

Regulatory Compliance: No Environment:
Safety: External Request:

Outage

Outage Required: No Duration: UOM:
Comments:

Closing Information

Root Cause Reason For Failure Action Taken

Additional Comments

Activities

Redford, Jim

Attachment 2

From: Redford, Jim
Sent: March 5, 2013 12:10 PM
To: 'Tim Stringer'
Subject: COMPRESSOR COMPONENTS - 62C and 62D

Importance: High

I received a quick answer back from Paul Colwell who tells me that the components that seem to fit best are the gas turbine skid, inlet air filter and compressor/power turbine lube oil skid and cooler.

The driven equipment (compressor skid and components) will not fit our application due to the compressor staging that we need (three stages vs. two stages currently). The exhaust will also not fit our application as the noise specifications for Parkway are much more stringent. Based on feedback from Rolls Royce the cost to retrofit these items would be prohibitive.

Jim

Hagerman, Max

From: Tim Stringer [tim_stringer@transcanada.com]
Sent: March-12-13 4:08 PM
To: Hagerman, Max
Subject: RE: NBV of units at 62C and 62D

Hey Max/"Brian",

Give me a call at 416.869.2177 when you get a chance. I'd like to re-schedule tomorrow's meeting, as we were having some difficulty today breaking out the costs of the specific components you're interested in. Our accounting records have a number of components lumped together, which means the NBV would likely be inaccurate. One of the gentlemen in our Turbines group has gone away to try to figure out the appropriate price of the components, but he doesn't think he'll have the information ready for tomorrow morning. He's also working with accounting to figure out the price absent the installation costs.

I'll let you know once I get a revised timing estimate from him, and then I'll schedule another call, hopefully before week's end.

Let me know if you have any questions.

Thanks ...Tim

From: Hagerman, Max [mailto:MHagerman@uniongas.com]
Sent: Monday, March 11, 2013 3:05 PM
To: Tim Stringer
Subject: RE: NBV of units at 62C and 62D

Sure can...

Max Hagerman

Manager
Strategic Accounts
Union Gas Limited | A Spectra Energy Company
50 Keil Drive | Chatham, ON
Tel: 519-436-2163

One of Canada's Top 100 Employers



From: Tim Stringer [mailto:tim_stringer@transcanada.com]
Sent: March-11-13 3:04 PM
To: Hagerman, Max
Subject: RE: NBV of units at 62C and 62D

Hi Max ...Can I call you at 3:30?

From: Hagerman, Max [<mailto:MHagerman@uniongas.com>]
Sent: Monday, March 11, 2013 11:25 AM
To: Tim Stringer
Subject: RE: NBV of units at 62C and 62D

Hi Tim...this afternoon around 2:00 pm works for me. I am in the office most of the afternoon...just send a quick note when you are free and we will connect.

Regards,

Max

From: Tim Stringer [mailto:tim_stringer@transcanada.com]
Sent: March-11-13 11:02 AM
To: Hagerman, Max
Subject: NBV of units at 62C and 62D

Hi Max, hope all is well today. I'm in meetings through 2:00 today, then I'm free. Do you have any time to discuss this this afternoon? If not, let me know when you're free.

Thanks,
Tim

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Redford, Jim

Attachment 2

From: Tim Stringer [tim_stringer@transcanada.com]
Sent: March 19, 2013 3:39 PM
To: Redford, Jim; George, Michelle
Cc: Don Bell
Subject: Station 62 - price of components for C and D units

Here are the numbers for the C and D units at Station 62, as per our phone call. As I was saying on the phone, the net book value of these components in our books includes the installed costs, and a number of the components have been lumped together, making it difficult to establish the net book value of the individual components. Therefore, we've attempted to establish a price that reflects the value of the components based on information provided to us by the manufacturer. I'd be interested to know how these numbers compare with your alternatives.

<u>Component</u>	<u>C Plant</u>	<u>D Plant</u>
Skid with all internally mounted equipment non enclosed	\$187,500.00	\$225,000.00
Air Intake	\$325,000.00	\$390,000.00
Gas Turbine	\$1,650,000.00	\$1,980,000.00
Power Turbine	\$875,000.00	\$1,050,000.00
GG Lube oil system	\$162,500.00	\$195,000.00
PT Lube oil system	\$93,750.00	\$112,500.00
Exhaust System	\$250,000.00	\$300,000.00
Lube oil cooler	\$168,750.00	\$202,500.00
Total	\$3,712,500.00	\$4,455,000.00

As I mentioned on the phone, the C plant is the older of the two units (in-service 1995 versus 1998) and is nearing the requirement for its first major overhaul (based on the maintenance records I sent to Jim earlier this year. From an hours run perspective, the D unit has recently had a mid-life overhaul.

I recognize you need to make a decision fairly quickly, so give me a call if you have any questions regarding these numbers.

Thanks,
Tim

This electronic message and any attached documents are intended only for the named addressee(s). This communication from TransCanada may contain information that is privileged, confidential or otherwise protected from disclosure and it must not be disclosed, copied, forwarded or distributed without authorization. If you have received this message in error, please notify the sender immediately and delete the original message. Thank you.



January 30, 2013

TransCanada PipeLines Limited
450 – 1st Street S.W.
Calgary, Alberta, Canada T2P 5H1

Mr. Mark Isherwood, P.Eng, M.B.A.
Vice President, Business Development, Storage and Transmission
Union Gas Limited
P.O Box 2001
50 Keil Drive North
Chatham, ON
N7M 5M1

tel 403.920.5574
fax 403.920.2384
email dave_schultz@transcanada.com
web www.transcanada.com

Dave Schultz, P. Eng.
Vice President, Commercial East

Dear Mr. Isherwood:

Re: TransCanada Proposed Modifications to its Hamilton Line

TransCanada is proposing to make some physical and operational modifications to a portion of its existing pipeline ("the Hamilton Line") in the area between Hamilton and Parkway. TransCanada is proposing to install two control valves, one near its existing Parkway meter station and the other near its existing mainline block valve 208A. Additionally, modifications will be made to the Parkway meter station to allow the meter runs that measure the gas delivered to Parkway Consumers to be isolated from the other Parkway metering. The effect of all of the modifications will be to allow aggregate deliveries of up to approximately 200,000 GJ/d from either of the Niagara and/or Chippawa locations to the Parkway Consumers location while simultaneously receiving gas from Union at pressures up to the MAOP of the station for delivery to other locations on the TransCanada system.

TransCanada intends to conduct a New Capacity Open Season to solicit customer interest in committing to long term firm service contracts to support the capital expenditures associated with the proposed modifications.

TransCanada would like to confirm that Union Gas does not have any issues or concerns associated with the proposed modifications. As a result, we would request written affirmation that there are no issues or concerns with the proposal as described above by February 8th, 2013. If you need to contact me, I can be reached at 403-920-5574.

Sincerely,

Dave Schultz
Vice President, Commercial East
Canadian Natural Gas Pipelines



January 31, 2013

TransCanada Pipelines Limited
450 – 1st Street S.W.
Calgary, Alberta
T2P 5H1

Attention: Dave Schultz
Vice-President, Commercial East, Canadian Natural Gas Pipelines

Dear Dave:

Re: Union Gas Limited – Parkway LCU Protection and Related Issues

I am writing further to the discussions between our respective companies and Enbridge which have been ongoing since last year.

As you know, our discussions have considered matters beyond the need for loss of critical unit (LCU) protection at Parkway to include Enbridge's GTA reinforcement project, the impact on Ontario of the changing North American gas supply dynamics occasioned by the development of Marcellus shale gas and, generally, the development of the natural gas market in Ontario and the need for facilities to address that development.

I believe our discussions have been productive in considering each of the above issues. We have made significant progress in understanding our companies' respective points of view and in determining how the needs of Ontarians can best be met going forward, all as encouraged by the Ontario Energy Board.

Beginning with Enbridge's GTA reinforcement project, we understand that it is intended to:

1. Reinforce downtown Toronto to permit for more growth post 2015, with the capability to source supply from multiple directions (as opposed to today where supply is sourced down the DVP).
2. Manage the existing dependency on Parkway. This is being addressed as follows, by: (i) building a line from Parkway to Albion; (ii) rebuilding the Albion Gate Station into a major feed (one of four such stations); (iii) supporting the development of LCU protection at Parkway; (iv) supporting a second feed from the suction side of Parkway to back up the Parkway Consumers and Lisgar feeds; and (v) diversifying the supply at Parkway to include direct delivery from TCPL (Niagara to Parkway) along TCPL's domestic line.
3. Restructure Enbridge's gas supply portfolio away from long haul discretionary services to more short haul supply on Union's system.

We understand that, consistent with the GTA project, Enbridge is currently negotiating new supply contracts with Union and a Memorandum of Understanding with TCPL. The MOU includes a new joint

development of the Parkway to Albion line (by EGD and TCPL), with a further expansion of the line by TCPL from Albion to Maple. We understand this work is scheduled to be completed by November 1, 2015. Union strongly supports this expansion provided it can be done by the end of 2015.

Turning to the Parkway project and the need for physical LCU protection at Parkway, it is consistent with the GTA project and Enbridge's objectives. The Parkway project also addresses Union's own significant operational and risk management needs which have been driven by the changing gas supply dynamics discussed above. Enbridge, GMi, Vermont Gas and the other ex-franchise shippers who will bear the majority of the costs associated with the project all support it. Marcellus and the changes it has brought about are here to stay. The potential benefits to Ontarians (and others) in terms of reduced gas supply costs are significant. While Marcellus volumes coming into Ontario may have an impact on Mainline flows, ultimately, facilitating Marcellus supply will benefit Ontario and ensure that TCPL's eastern triangle continues to grow.

I understand that having considered all of the issues outlined above including the shippers' perspective, Union's operational needs, the best interests of Ontarians and the various alternatives we have discussed in the past, TCPL now similarly supports the Parkway projects.

As a final matter, we have advised you that Union has entered into contracts for the incremental transportation of 700,000 Gj/d of growth. These contracts drive the need for a new growth compressor at Parkway West and a loop of the Dawn to Parkway transmission system (Brantford to Kirkwall). TCPL and Enbridge have indicated their support for that compressor given the new incremental contracted volumes. Union would expect that support (and for the Union Gas contracts on TCPL from Parkway to the NDA and Parkway to the EDA) to continue going forward.

As always, please feel to give me a call should you wish to discuss any of the above further. It would be appreciated if you could please confirm back TCPL's agreement with respect to all of the matters described above by February 8th, 2013.

Yours truly,



Mark Isherwood
Vice President, Business Development
Storage & Transmission

cc: Malini Giridhar (Enbridge)



February 8, 2013

Mr. Mark Isherwood, P.Eng, M.B.A.
Vice President, Business Development, Storage and Transmission
Union Gas Limited
P.O Box 2001
50 Keil Drive North
Chatham, ON
N7M 5M1

TransCanada PipeLines Limited
450 – 1st Street S.W.
Calgary, Alberta, Canada T2P 5H1

tel 403.920.5574
fax 403.920.2384
email dave_schultz@transcanada.com
web www.transcanada.com

Dave Schultz, P. Eng.
Vice President, Commercial East

Dear Mark:

Re: Union Gas Limited – Parkway LCU Protection and Related Issues

I am writing in response to your letter sent to me on January 31, 2013 regarding "Parkway LCU Protection and Related Issues". In your letter, you describe a number of items, some of which I will not respond to at this time as they pertain to discussions occurring with other third parties. With respect to the proposed Union Gas facilities at Parkway West, as noted in your letter, TransCanada is not opposed to Union's facility plans related to incremental growth requirements supported by firm contractual commitments. Specifically this is related to the new compressor at the proposed Parkway West site and associated metering. Additionally, TransCanada has determined it is not opposed to the addition of a Loss of Critical Unit protection compressor unit to the proposed scope of the Parkway West site. Finally, TransCanada continues to progress its plans that will facilitate having the required capacity in place to accommodate the incremental Union Gas contract volumes from Parkway to the NDA and EDA for November 2015.

If you need to contact me, I can be reached at 403-920-5574.

Sincerely,

Dave Schultz
Vice President, Commercial East
Canadian Natural Gas Pipelines



February 8, 2013

TransCanada Pipelines Limited
450 – 1st Street S.W.
Calgary, Alberta
T2P 5H1

Attention: Dave Schultz
Vice-President, Commercial East, Canadian Natural Gas Pipelines

Dear Dave:

Re: TransCanada Proposed Modifications to its' Hamilton Line

Thank you for your letter of January 30, 2013 explaining your proposal to reverse your Hamilton Line. This is consistent with the discussions we have had with both yourself and Enbridge.

Union understands that this project has a defined scope of two control valves and metering changes with total volumes of approximately 200,000 GJ/d and will proceed with market support from an Open Season.

Union can confirm that we do not have issues with this project.

Yours truly,

Mark Isherwood
Vice President, Business Development
Storage & Transmission

Isherwood, Mark

From: Dave Schultz [dave_schultz@transcanada.com]
Sent: March-06-13 8:40 AM
To: Isherwood, Mark
Cc: Redford, Jim; Shorts, Chris; Don Bell; Chris Tosi; Larry Jensen
Subject: Agenda- Union & TransCanada Mar 6 2013 Meeting
Attachments: Agenda Union & TransCanada Mar 6 2013 Meeting.doc

Mark, attached is a copy of the agenda for our meeting later this morning. I will bring hard copies to the meeting. See you at 8:00 at the reception area on the 3rd floor.

This electronic message and any attached documents are intended only for the named addressee(s). This communication from TransCanada may contain information that is privileged, confidential or otherwise protected from disclosure and it must not be disclosed, copied, forwarded or distributed without authorization. If you have received this message in error, please notify the sender immediately and delete the original message. Thank you.

Agenda
Union & TransCanada
March 6th 2013 Meeting – Room 391 (3rd Floor TC Tower)

1. Union's TCPL contracts for 2015.
 - We plan to file the PA's with the OEB for prior approval later in March.
 - Will need to understand the financial backstopping and ultimate cost, timing etc
 - Would like to sign in the near term if possible
2. Parkway Interconnects for 2015
 - Would like to discuss in detail the interconnect options between Union and TCPL for the Parkway west site. We have looked at a few options that we would like to discuss with you. We can bring some schematics that would help in the discussions
 - Address your questions from your earlier email (*see below*)
 - Would like to discuss the necessary interconnect changes at the existing Parkway station for your domestic line
3. Parkway Measurement Upgrade – 2014
 - Our measurement is very old at the current Parkway station and we have plans to upgrade existing measurement
4. Union to Update TCPL on Parkway West projects
 - Can update you on where the projects are, timing, key milestones etc.
 - *Update on potential acquisition of TCPL compression*
5. TCPL to Update Union on Parkway to Maple Expansion
 - Update on current status, key milestones etc.
6. Expansion Post 2015
 - Market interest for 2016 and beyond
 - Joint – Co-ordinated Open seasons later in Q2?
7. New Transportation Services
 - New service proposal by Union for a new short haul service with increased number (8) of nomination windows.

TransCanada Questions

1. Does the amendment of the EGD application to move the starting location for the portion of their project that they refer to as "Segment A" have any impact on what Union has recently filed in its application?
2. How will flows from the new compression get to TCPL? Are there any new connections or modifications to TCPL facilities required?
3. How are the measurement requirements of Union and TCPL going to be met? Are there any opportunities for us to optimize what new facilities are required with a goal of keeping our combined costs minimized if possible while still meeting our collective requirements?

Hagerman, Max

From: Tim Stringer [tim_stringer@transcanada.com]
Sent: April-23-13 5:53 PM
To: Redford, Jim; brian.wikant@enbridge.com; cindy.mills@enbridge.com;
owne.schneider@enbridge.com; lisa.dumond@enbridge.com; byron.madrid@enbridge.com;
George, Michelle; Hagerman, Max; Craig Fernandes; Brian West; Lisa DeAbreu
Subject: April 15 Meeting Minutes
Attachments: Meeting Minutes - April 15 2013 coordination meeting.docx

Folks, here are the meeting minutes and associated action items from last Monday's meeting. My apologies for the delay in sending these, I meant to send them out first thing Monday morning. Thanks to Jim Redford who essentially completed the consolidation of notes that Craig started, I only had to add a few small items.

If you have any questions, please give me a call at 416.869.2177 or send me an email.

Thanks,
Tim

This electronic message and any attached documents are intended only for the named addressee(s). This communication from TransCanada may contain information that is privileged, confidential or otherwise protected from disclosure and it must not be disclosed, copied, forwarded or distributed without authorization. If you have received this message in error, please notify the sender immediately and delete the original message. Thank you.

Enbridge, TransCanada and Union Gas Coordination Meeting

Date:

April 15, 2013

Attendees:

TransCanada – Tim Stringer, Lisa Deabreu, Brian West

Enbridge – Craig Fernandes, Byron Madrid, Cindy Mills, Lisa-Marie Dumond, Brian Wikant, Owen Schneider, Aman Haq

Union Gas – Jim Redford, Max Hagerman, Michelle George, Paul Colwell

Purpose of Meeting: to introduce project teams to one another and discuss coordination of associated infrastructure projects over the 2013-2015 time-frame.

Key Discussion Points:

Enbridge project planning:

- 2015 in-service for Segment A and B
- 2015 in-service for Parkway West Gate Station
- Pre-filed evidence update currently being filed with the OEB
- Segment A and Segment B required to move incremental Dawn-Parkway contracted volumes to intended market

TCPL project planning:

- TCPL preliminary route for NPS 36, 13 km 2015 EME follows Highway 50 to a 500 kV power line and then to the Parkway-Maple corridor
- Targeting late November 2013 NEB Section 58 filing with approval expected by Q3 2014
- Targeting late October 2015 in-service
- New interconnection to Union at Parkway West targeting early Q4 2015 in-service and does not require check measurement

Union Gas project planning:

- Parkway Projects consist of a reliability project (Parkway West Project) and a growth project to serve ¾ Bcfd of incremental Dawn-Parkway demand (Parkway D compressor and Brantford-Kirkwall looping)
- Parkway West Project to be in-service in stages
 - 2014 – Parkway (Consumers 2) interconnection along with site grading and preparations, tie-in to Dawn-Parkway System, replacement of NPS 26 and NPS 34 pipelines across the station property and station headers
 - 2015 – Plant C compressor and remaining associated facilities
- Parkway West Project application submitted January 29, 2013
- Parkway growth projects (Plant D compressor at the Parkway West site and Brantford-Kirkwall looping) to be in-service November 1, 2015
- Parkway growth projects application submitted April 2, 2013

- **Jim Redford** to have a follow up discussion with Craig Fernandes regarding the Parkway West Gate Station timing

Action items:

Joint Engineering/Construction Team

Need identified for coordination between project development teams.

Engineering/Construction Team to discuss engineering design, schedule and construction issues related to the Enbridge, TransCanada and Union Gas projects. **Tim Stringer** to follow up with Larry Jensen to schedule initial Engineering/Construction Team coordination meeting. Engineering/Construction Team meetings to be scheduled regularly starting with bi-weekly occurrences.

- Include Larry Jensen, Byron Madrid, Paul Colwell, Roger Pielt and Brian West (minimum) on invite
- Schedule initial meeting as soon as possible - week of April 22nd preferred
- Technical team leads to draft discussion items list for consolidation and circulation prior to the meeting – will include: ownership of the tie-in (Bramwest), ownership of the pipeline between Parkway West and TransCanada's existing valve site, detailed design requirements, sharing of project schedules, etc.
- **Tim Stringer** to set up a meeting between Byron Madrid, Paul Colwell and Brian West to get clarity on the land requirements from Infrastructure Ontario for all of the related projects and to discuss overall lands coordination
- Need to develop a common milestone schedule encompassing all related projects at the first or second meeting
- **Jim Redford** to set up a meeting with Tim Stringer to discuss who will own the pipe between the TransCanada valve site and Union's facilities at the Parkway West site
- **Jim Redford** to develop a letter of understanding between Union and TransCanada detailing ownership and operation of the Union/TransCanada interconnection facilities
- **Paul Colwell** to forward geo-technical information on the Parkway West site to Byron Madrid
- **Lisa-Marie Dumond** to contact Doug Schmidt regarding the Environmental Assessment information for the Parkway West Project

Paul Colwell and **Byron Madrid** to follow up on zoning approval and site plan approval next steps for Parkway West:

- Pre-consultation for zoning on April 22nd - **Paul Colwell** to follow up with Byron Madrid and Bill Coldicott on results
- **Paul Colwell** and **Byron Madrid** to discuss whether Parkway West ECA is to be a common site plan application or two separate ECAs. Results to be communicated to the Enbridge, TransCanada and Union Gas project teams.

Engineering/Construction Team leads (**Byron Madrid, Paul Colwell** and **Brian West**) to exchange a list of technical assumptions and detailed design requirements for further discussion.

- Communication signals, ownership of each element of the proposed facilities, tie-in points, cathodic protection, induced currents, station design parameters, access, etc.

Joint Stakeholder Relations Team

- Need identified to have coordinated stakeholder relations since one party is likely to be asked about the projects proposed by the other two parties (consistency required)
- Team would cover media, First Nations, all levels of government, landowner, permitting, regulatory (potentially) and other stakeholder relations
- **Jim Redford** to provide Union Gas contact details for Stakeholder Relations Team to Cindy Mills
- **Cindy Mills** to schedule recurring meeting – suggest bi-weekly to start
- Need to draft issues list for initial meeting and discuss common key messages as soon as possible

Procurement

- Recognized as an opportunity for Enbridge, TransCanada and Union Gas to work together and create value
- Procurement Team can be formed to discuss strategy regarding procurement of services and materials with initial focus on construction contracting (joint engagement of HDD contractor and efficient logistics such as mobilization and demobilization). Pipe order (mill space, etc.) and other long lead items could be discussed following. Scope to include scheduling, logistics and costs.
- Procurement Team to be initiated after Engineering/Construction Team gets together and would be a sub-set of the Engineering/Construction Team. Procurement Team to be developed, including representatives from Enbridge, TransCanada and Union Gas.
- Procurement Team would have recurring meetings as part of the Engineering/Construction Team discussions
- Common regional spare parts was mentioned as an item to be discussed jointly amongst the Procurement Team and the Engineering/Construction Team



June 13, 2013

TransCanada Pipelines Limited
Royal Bank Plaza
24th Floor, South Tower
200 Bay Street
Toronto, Ontario M5J 2J1

Attention: Don Bell

Dear Don:

**Re: Memorandum of Understanding ("MOU") between TransCanada Pipelines Limited and Enbridge Gas Distribution Inc.
EB-2012-0451: Exhibit I.A1. EGD.CME.6**

I have had the opportunity to review your letter to Enbridge Gas Distribution Inc. dated May 22, 2013 attaching TCPL's notice electing Election #2 under the MOU between TCPL and Enbridge. Union's review of the MOU itself is ongoing.

Your letter indicates that, "Union has informed TransCanada that it is not in a position to offer the required Union Dawn to Parkway TBO [M12] capacity necessary to convert existing currently contracted GLGT back haul to forward haul until November 1, 2016." Your letter further indicates that this has "come as a surprise to TCPL".

Union has informed TCPL that in order to secure further capacity on the Dawn Parkway system, TCPL would need to acquire that capacity through a binding open season. The capacity referred to in your letter was acquired in precisely that fashion. Union, Enbridge GMi and Vermont Gas acquired the capacity through a binding open season held by Union in 2012. As you are aware, TCPL elected not to participate in that open season. It would be inconsistent with the OEB's Storage and Transportation Access Rules (STAR) and Union's contractual commitments and unfair to the parties that participated in Union's open season if it were to now simply re-assign the capacity to TCPL. This cannot come as a "surprise" to TCPL.

Union does intend to hold a further open season for Dawn Parkway capacity commencing in 2016. Your letter recognizes the cost advantage to TCPL of shipping on the Dawn Parkway system rather than back haul on GLGT, a point Union has been trying to make to TCPL for some time. Given this cost advantage, we look forward to TCPL's participation in Union's open season. It is our understanding that TCPL currently ships approximately 500,000 GJ/day back haul on GLGT.

Yours truly,

A handwritten signature in black ink, appearing to read 'Mark Isherwood'.

Mark Isherwood
Vice President, Business Development
Storage & Transmission

cc: Malini Giridhar (Enbridge)

UNION GAS LIMITED

Answer to Interrogatory from
Consumers Council of Canada (“CCC”)

Ref: Section 8, p. 9

Please provide all correspondence between Union and TCPL regarding the Brantford-Kirkwall/Parkway D Project. Is TCPL fully supportive of Union’s proposals? If not please explain where there is not agreement between TCPL and Union regarding the proposed facilities.

Response:

Union also filed materials presented to TransCanada with respect to the proposed projects in EB-2012-0433, Schedule 8-4 and EB-2013-0074, Schedule 9-2.

Union, Enbridge and TransCanada discussed the infrastructure required in Ontario to provide reliability and security of supply at Parkway and to serve the changing transportation demands of Union, Gaz Métro and Enbridge. By letter dated January 31, 2013, Union requested TransCanada’s agreement with respect to results of these discussions, specifically Union’s proposed Brantford-Kirkwall pipeline/Parkway D Compressor projects.

By letter dated January 8, 2013, TransCanada indicated to Union that it is not opposed to Union’s facility plans related to incremental growth requirements supported by firm contractual commitments. Specifically this related to the new compressor at the proposed Parkway West site and associated metering. See letters attached to Exhibit I.A1.UGL.CCC.7.

Please see Attachment 1 for additional correspondence (redacted).

Shorts, Chris

From: Lisa DeAbreu [lisa_deabreu@transcanada.com]
Sent: May-28-12 5:43 PM
To: Shorts, Chris
Subject: Notification from TransCanada's 4May12 New Capacity Open Season
Attachments: Union Bid Acceptance TC NCOS 4May2012 10000.pdf; Union Bid Acceptance TC NCOS 4May2012 100000.pdf

Good afternoon Chris,

As per your discussion with Don Bell, attached please find two letter regarding the acceptance of Union Gas's two bids in TransCanada's new capacity open season that closed May 4, 2012.

If you have any questions, please feel free to contact me at the below noted numbers or Don Bell at 416-869-2191.

Regards,

Lisa

*Lisa DeAbreu
Customer Account Manager
Canadian Pipelines, Commercial East
Phone: 416-869-2171
Cell: 416-571-5078*

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May 28, 2012

200 Bay Street, 24th Floor
Toronto, Ontario, Canada M5J 2J1
tel. 416-869-2171
fax 416-869-2119
email lisa_deabreu@transcanada.com
web www.transcanada.com

Union Gas Limited
50 Keil Drive North
Chatham, Ontario
N7M 5M1

Attention: Chris Shorts
Director, Gas Supply

Dear Chris,

This letter acknowledges receipt of the following bid from Union Gas Limited ("Union Gas") in response to TransCanada PipeLines Limited's ("TransCanada") New Capacity Open Season ("NCOS") which closed on May 4th, 2012:

- 100,000 GJ/d of Firm Transportation ("FT") service from Union Parkway Belt to Union EDA, commencing November 1, 2014 and expiring October 31, 2024 (the "Requested Service").

TransCanada is pleased to accept Union Gas's bid for the Requested Service subject to the removal of the conditions contained in the bid and included in the cover letter to the bid.

TransCanada anticipates that the flexibility of the Precedent Agreement ("PA") will accommodate Union Gas's requirement to obtain its necessary internal approvals for this bid, and to manage its requirement for upstream transportation. The PA allows a Service Applicant to declare an Event of Cancellation at any time. Additionally, Union Gas will have 30 days to execute the PA once it is received from TransCanada. A spend profile for the project will be provided to Union Gas with the PA, which will allow Union Gas to manage its exposure to the liability of the agreement if either the internal approvals have not yet been received or if the Union Gas capacity has not been secured. TransCanada does not expect to incur appreciable costs until August 2012 which will give Union Gas additional time to accommodate these requirements.

With respect to the condition requiring TransCanada to build facilities between Parkway and Maple, TransCanada expects that incremental facilities will be required between Parkway and Maple and possibly at other locations on its system to accommodate all of the requests from the NCOS.

A Precedent Agreement ("PA") and Financial Assurances Agreement ("FAA") will be sent to you within a few weeks. As per TransCanada's Transportation Access Procedures and the NCOS posting, Union Gas will have 30 days to execute the PA and FAA following its receipt of the executable versions.

We look forward to working with you to meet your transportation requirements.

Regards,



Lisa DeAbreu
Customer Account Manager
Mainline East, Canadian Pipelines



May 28, 2012

200 Bay Street, 24th Floor
Toronto, Ontario, Canada M5J 2J1
tel. 416-869-2171
fax 416-869-2119
email lisa_deabreu@transcanada.com
web www.transcanada.com

Union Gas Limited
50 Keil Drive North
Chatham, Ontario
N7M 5M1

Attention: Chris Shorts
Director, Gas Supply

Dear Chris,

This letter acknowledges receipt of the following bid from Union Gas Limited ("Union Gas") in response to TransCanada PipeLines Limited's ("TransCanada") New Capacity Open Season ("NCOS") which closed on May 4th, 2012:

- 10,000 GJ/d of Firm Transportation ("FT") service from Union Parkway Belt to Union NDA, commencing November 1, 2014 and expiring October 31, 2024 (the "Requested Service").

TransCanada is pleased to accept Union Gas's bid for the Requested Service subject to the removal of the conditions contained in the bid and included in the cover letter to the bid.

TransCanada anticipates that the flexibility of the Precedent Agreement ("PA") will accommodate Union Gas's requirement to obtain its necessary internal approvals for this bid, and to manage its requirement for upstream transportation. The PA allows a Service Applicant to declare an Event of Cancellation at any time. Additionally, Union Gas will have 30 days to execute the PA once it is received from TransCanada. A spend profile for the project will be provided to Union Gas with the PA, which will allow Union Gas to manage its exposure to the liability of the agreement if either the internal approvals have not yet been received or if the Union Gas capacity has not been secured. TransCanada does not expect to incur appreciable costs until August 2012 which will give Union Gas additional time to accommodate these requirements.

With respect to the condition requiring TransCanada to build facilities between Parkway and Maple, TransCanada expects that incremental facilities will be required between Parkway and Maple and possibly at other locations on its system to accommodate all of the requests from the NCOS.

A Precedent Agreement ("PA") and Financial Assurances Agreement ("FAA") will be sent to you within a few weeks. As per TransCanada's Transportation Access Procedures and the NCOS posting, Union Gas will have 30 days to execute the PA and FAA following its receipt of the executable versions.

We look forward to working with you to meet your transportation requirements.

Regards,



Lisa DeAbreu
Customer Account Manager
Mainline East, Canadian Pipelines

Shorts, Chris

From: Lisa DeAbreu [lisa_deabreu@transcanada.com]
Sent: June-15-12 4:45 PM
To: Shorts, Chris
Cc: Hodgson, Tina
Subject: RE: Agreements from TransCanada's New Capacity Open Season
Attachments: PA UNION May 4, 2012 Parkway to Union NDA.pdf; PA UNION May 4, 2012 Parkway to Union EDA.pdf; FAA UNION 100000 GJ Union Parkway to Union EDA.pdf; FAA UNION 10000 GJ Union Parkway to Union NDA.pdf

Dear Chris/Tina,

Attached please find the Precedent Agreement and Financial Assurances Agreement for your two requests for service from TransCanada's most recent New Capacity Open Season that closed May 4th, 2012.

Kindly execute two copies of each agreement and return them to my attention by July 16, 2012.

As per Section 5.1 a (ii) of the Transportation Access Procedures, TransCanada will require Union Gas to provide information on its supply arrangements, market requirements and any other pertinent information that would support TransCanada's application to the National Energy Board for the facilities. This information is required by June 22nd, 2012.

If you have any questions regarding the Precedent Agreement, Financial Assurances Agreement or the requirements for supporting documentation please feel free to contact me at 416-869-2171 or by cell at 416-571-5078.

Regards,
Lisa DeAbreu

*Lisa DeAbreu
Customer Account Manager
Commercial East, Canadian Pipelines
Phone: 416-869-2171
Cell: 416-571-5078*

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Financial Assurances Agreement

FINANCIAL ASSURANCES AGREEMENT

This Financial Assurances Agreement made the 15th day of June, 2012.

BETWEEN:

TransCanada PipeLines Limited
a Canadian corporation
(hereinafter called "TransCanada")

AND:

Union Gas Limited
a Corporation incorporated under the laws of
the Province of Ontario
(hereinafter called "Shipper")

WITNESSES THAT:

WHEREAS, upon Shipper and TransCanada executing this Financial Assurances Agreement (hereinafter called the "Financial Assurances Agreement"), Shipper and TransCanada shall enter into a Precedent Agreement (hereinafter called the "Precedent Agreement") wherein both parties shall agree, subject to satisfaction of the conditions contained in the Precedent Agreement, to enter into a Firm Service Transportation Contract substantially in the form attached as Exhibit "A" to the Precedent Agreement (hereinafter called the "Contract"); and

WHEREAS, the Contract, upon execution, will be for gas transportation and related services where TransCanada determined it must construct facilities in order to provide such service ("Expansion Capacity Service"); and

WHEREAS, the Contract, upon execution, would provide for TransCanada to transport for the account of Shipper up to 10,000 GJ per day of natural gas from Union Parkway Belt to Union NDA commencing the 1st day of November, 2014 or as soon as possible thereafter; and

WHEREAS the General Terms and Conditions of TransCanada's Canadian Mainline Transportation Tariff that are applicable to the Contract, as such may be amended, replaced or varied from time to time (hereinafter called the "Tariff"), sets out that TransCanada may request and Shipper shall provide if TransCanada so requests, financial assurances for the payment of the charges to be paid by Shipper pursuant to the Contract; and

WHEREAS, the parties wish to enter into this Financial Assurances Agreement for the purpose of describing the manner in which such security is to be provided by Shipper.

Financial Assurances Agreement

NOW THEREFORE THIS FINANCIAL ASSURANCES AGREEMENT WITNESSES THAT, in consideration of the mutual covenants and agreements contained herein, Shipper and TransCanada agree as follows:

1. Prior to the execution of the Contract, TransCanada may request financial assurances from Shipper, in form and substance acceptable to TransCanada and in an amount determined in accordance with the Tariff for Expansion Capacity Service. Shipper shall provide such financial assurances within four (4) Banking Days of TransCanada's request or such other time as may be set forth by TransCanada in the request. Upon receipt by TransCanada of the requested financial assurances, section 9(d) of the Precedent Agreement shall be satisfied, and until receipt by TransCanada of the requested financial assurances, section 9(d) of the Precedent Agreement shall not be satisfied.
2. TransCanada may request that Shipper at any time and from time to time prior to and during service, provide TransCanada with financial assurances acceptable to TransCanada, in form and substance satisfactory to TransCanada and in an amount determined in accordance with the Tariff for Expansion Capacity Service (the "Financial Assurances Request").
3. Shipper shall provide TransCanada with the financial assurances requested in the Financial Assurances Request within the time period set out in the Tariff.
4. If Shipper fails to provide TransCanada with the financial assurances requested, then TransCanada may, in addition to any other remedy available to it, exercise any remedies available to it in the Precedent Agreement or the Tariff.
5. This Financial Assurances Agreement shall become effective on the date of execution hereof and shall remain in effect until:
 - (a) the Precedent Agreement is terminated by either party in accordance with the terms thereof and all of the Shipper's obligations pursuant to the Precedent Agreement have been satisfied, and
 - (b) if the Contract is executed,
 - (i) the Contract is terminated by either party in accordance with the terms thereof and all of the Shipper's obligations pursuant to the Contract have been satisfied; or
 - (ii) all of the Shipper's obligations pursuant to the Contract for the Existing Term have been satisfied.

Financial Assurances Agreement

6. For greater certainty, this Financial Assurances Agreement is deemed to be a financial assurances agreement under the Tariff.
7. This Financial Assurances Agreement and the rights and obligations of the parties hereunder shall be subject to all present and future laws, rules, regulations, decisions and orders of any legislative body or duly constituted authority now or hereafter having jurisdiction over any of the matters contained herein, including without limitation the General Terms and Conditions of the Tariff.
8. Any notice, request or demand (hereinafter called a "Notice") to or upon the respective parties hereto, shall be in writing and shall be validly communicated by the delivery thereof to its addressee, either personally or by courier, first class mail, or telecopier to the address hereinafter mentioned:

In the case of TransCanada: TransCanada PipeLines Limited

Delivery Address: TransCanada PipeLines Tower
450 – 1st Street S.W.
Calgary, Alberta
T2P 5H1

Mailing Address: Same As Above

Attention: Director, Counterparty Risk
Telecopier: (403) 920-2359

In the case of Shipper: Union Gas Limited

Delivery Address: 50 Kell Drive
Chatham, Ontario
N7M 5M1

Mailing Address: Same As Above

Attention: Chris Shorts
Telecopier: 519-436-4643

Any Notice shall be sent in order to ensure prompt receipt by the other party. Such Notice sent as aforesaid shall be deemed to have been received by the party to whom it is sent: (a) at the time of its delivery if personally delivered or if sent by telecopier, or (b) on the business day

Financial Assurances Agreement

following transmittal thereof if sent by courier, or (c) on the third (3rd) Banking Day following the transmittal thereof if sent by first class mail; provided, however, that in the event normal mail service, courier service, or telecopier service shall be interrupted by a cause beyond the control of the parties hereto, then the party sending the Notice shall utilize any of the said services which has not been so interrupted or shall personally deliver such Notice. Each party shall provide Notice to the other of any change of address for the purposes hereof.

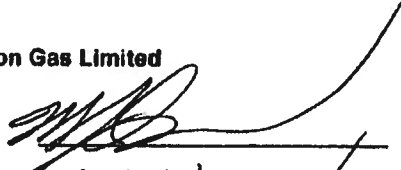
9. Any company which shall succeed by purchase, merger or consolidation to the assets substantially or in entirety, of Shipper or TransCanada, as the case may be, shall be entitled to the rights and shall be subject to the obligations of its predecessor under this Financial Assurances Agreement. Either party may, without relieving itself of its obligations under this Financial Assurances Agreement, assign any of its rights and obligations hereunder to an affiliate (as such term is defined in the Canada Business Corporations Act) of such party without the consent of the other party hereto, but otherwise no assignment of this Financial Assurances Agreement or any of the rights or obligations hereunder shall be made unless there first shall have been obtained the written consent thereto of the other party, such consent not to be unreasonably withheld. Notwithstanding the foregoing, Shipper may not assign its rights or obligations hereunder unless Shipper concurrently assigns its rights and/or obligations under the Precedent Agreement or the Contract to the same assignee. It is agreed, however, that the restrictions on assignment contained in this paragraph shall not in any way prevent either party to this Financial Assurances Agreement from pledging or mortgaging its rights hereunder as security for its indebtedness. This Financial Assurances Agreement shall be binding upon and inure to the benefit of the respective successors and permitted assigns of the parties hereto.
10. This Financial Assurances Agreement shall be construed and applied in accordance with, and be subject to, the laws of the Province of Alberta, and, where applicable, the laws of Canada.
11. If any provision of this Financial Assurances Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or enforceability shall apply only to such provision and all other provisions hereof shall continue in full force and effect.
12. TransCanada and Shipper hereby stipulate and agree that this Financial Assurances Agreement is executed for the sole benefit of TransCanada and Shipper, including all successors and assignees permitted under the terms of this Financial Assurances Agreement. TransCanada and Shipper expressly intend that no rights under this Financial Assurances Agreement inure to any other parties.

Financial Assurances Agreement

13. Shipper acknowledges and agrees that it has reviewed and is familiar with the terms, conditions and provisions of the Tariff.
14. TransCanada and Shipper agree that any upper case terms not defined herein shall have the meaning ascribed thereto in the Tariff.
15. This Financial Assurances Agreement may be so executed in counterpart and a complete set of counterpart pages shall be provided to each party.

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

Union Gas Limited

Per: 

Name: M.J. Isherwood

Title: V.P. BDST

Per: _____

Name: _____

Title: _____

TransCanada PipeLines Limited

Per: _____

Name: _____

Title: _____

Per: _____

Name: _____

Title: _____

Contract Approval	
Customer Service Leader	
Customer Representative	
Legal Review	Proforma

Financial Assurances Agreement

FINANCIAL ASSURANCES AGREEMENT

This Financial Assurances Agreement made the 15th day of June, 2012.

BETWEEN:

TransCanada PipeLines Limited
a Canadian corporation
(hereinafter called "TransCanada")

AND:

Union Gas Limited
a Corporation incorporated under the laws of
the Province of Ontario
(hereinafter called "Shipper")

WITNESSES THAT:

WHEREAS, upon Shipper and TransCanada executing this Financial Assurances Agreement (hereinafter called the "Financial Assurances Agreement"), Shipper and TransCanada shall enter into a Precedent Agreement (hereinafter called the "Precedent Agreement") wherein both parties shall agree, subject to satisfaction of the conditions contained in the Precedent Agreement, to enter into a Firm Service Transportation Contract substantially in the form attached as Exhibit "A" to the Precedent Agreement (hereinafter called the "Contract"); and

WHEREAS, the Contract, upon execution, will be for gas transportation and related services where TransCanada determined it must construct facilities in order to provide such service ("Expansion Capacity Service"); and

WHEREAS, the Contract, upon execution, would provide for TransCanada to transport for the account of Shipper up to 100,000 GJ per day of natural gas from Union Parkway Belt to Union EDA commencing the 1st day of November, 2014 or as soon as possible thereafter; and

WHEREAS the General Terms and Conditions of TransCanada's Canadian Mainline Transportation Tariff that are applicable to the Contract, as such may be amended, replaced or varied from time to time (hereinafter called the "Tariff"), sets out that TransCanada may request and Shipper shall provide if TransCanada so requests, financial assurances for the payment of the charges to be paid by Shipper pursuant to the Contract; and

WHEREAS, the parties wish to enter into this Financial Assurances Agreement for the purpose of describing the manner in which such security is to be provided by Shipper.

Exhibit "A"

Transportation Tariff
FT CONTRACT

TransCanada PipeLines Limited

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

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

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

ARTICLE I – COMMENCEMENT OF SERVICE

1.1 TransCanada shall use reasonable efforts to have the additional facilities (and/or obtain such transportation arrangements on other gas transmission systems) as may be required to effect the transportation of the gas hereunder (the "Necessary Capacity") in place by the [•] day of [•], 200[•], or as soon as possible thereafter. TransCanada's ability to provide service by the [•] day of [•], 200[•], will be subject to, inter alia,

- a) the timing of the receipt by Shipper and TransCanada of the authorizations referred to in paragraphs 2 and 3 of the Precedent Agreement which are required prior to the commencement of construction of TransCanada's facilities and the timing of the commencement of the services required by TransCanada (if any) on the systems of Great Lakes Gas Transmission Limited Partnership, Trans Québec and Maritimes Inc. and Union Gas Limited; and
- b) the lead time required for the acquisition, construction and installation of those facilities required by TransCanada.

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

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

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- a) the date for which Shipper first nominates and TransCanada authorizes service hereunder; or
- b) the tenth (10th) day following the day on which Shipper received TransCanada's Notice;
PROVIDED that Shipper shall not be obligated to a Date of Commencement which is earlier than the [•] day of [•], 200[•], unless mutually agreed upon by both Parties.

ARTICLE II – GAS TO BE TRANSPORTED

2.1 Subject to the provisions of this Contract, the FT Toll Schedule, the List of Tolls, and the General Terms and Conditions referred to in Section 7.1 hereof, TransCanada shall provide transportation service hereunder for Shipper in respect of a quantity of gas which, in any one day from the Date of Commencement until the [•] day of [•], 200[•], shall not exceed [•] GJ/d (the "Contract Demand").

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

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

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

ARTICLE IV – TOLLS

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

Exhibit "A"

Transportation Tariff

TransCanada PipeLines Limited

FT CONTRACT

ARTICLE V – TERM OF CONTRACT

5.1 This Contract shall be effective from the date hereof and shall continue until the [•] day of [•], 200[•].

ARTICLE VI – NOTICES

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

IN THE CASE OF TRANSCANADA:		TRANSCANADA PIPELINES LIMITED	
(i)	mailing address:	P.O. Box 1000 Station M Calgary, Alberta T2P 4K5	
(ii)	delivery address:	TransCanada Tower 450 - 1st Street S.W. Calgary, Alberta T2P 5H1	
		Attention:	Director, Customer Service
		Telecopy:	(403) 920 - 2446
(iii)	nominations:	Attention:	Manager, Nominations and Allocations
		Telecopy:	(403) 920 - 2446
(iv)	invoices:	Attention:	Manager, Contracts and Billing
		Telecopy:	(403) 920 - 2446
(v)	other matters:	Attention:	Director, Customer Service
		Telecopy:	(403) 920 - 2446

Exhibit "A"

Transportation Tariff
FT CONTRACT

TransCanada PipeLines Limited

- IN THE CASE OF SHIPPER:** [•]
- (i) mailing address: [•]
- (ii) delivery address: same as above
- (iii) nominations: Attention: [•]
Telecopy: [•]
- (iv) invoices: Attention: [•]
Telecopy: [•]
- (v) other matters: Attention: [•]
Telecopy: [•]

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

ARTICLE VII – MISCELLANEOUS PROVISIONS

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

Exhibit "A"

Transportation Tariff
FT CONTRACT

TransCanada PipeLines Limited

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

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

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

[•]

TRANSCANADA PIPELINES LIMITED

Per: _____	Per: _____
Name: _____	Name: _____
Title: _____	Title: _____
Per: _____	Per: _____
Name: _____	Name: _____
Title: _____	Title: _____

Contract Approval	
Customer Service Leader	
Customer Representative	
Legal Review	Proforma Approved

Exhibit "A"

Transportation Tariff
FF CONTRACT

TransCanada PipeLines Limited

EXHIBIT "1"

This is EXHIBIT "1" to the FIRM TRANSPORTATION SERVICE CONTRACT made as of the [•] day of [•] between TRANSCANADA PIPELINES LIMITED ("TransCanada") and [•] ("Shipper").

The Delivery Point(s) hereunder is the point(s) of interconnection between the pipeline facilities of TransCanada and [•] which is located at:

[•]

The Receipt Point(s) hereunder is the point(s) of interconnection between the pipeline facilities of TransCanada and [•] which is located at:

[•]

Financial Assurances Agreement

FINANCIAL ASSURANCES AGREEMENT

This Financial Assurances Agreement made the 15th day of June, 2012.

BETWEEN:

TransCanada PipeLines Limited
a Canadian corporation
(hereinafter called "TransCanada")

AND:

Union Gas Limited
a Corporation incorporated under the laws of
the Province of Ontario
(hereinafter called "Shipper")

WITNESSES THAT:

WHEREAS, upon Shipper and TransCanada executing this Financial Assurances Agreement (hereinafter called the "Financial Assurances Agreement"), Shipper and TransCanada shall enter into a Precedent Agreement (hereinafter called the "Precedent Agreement") wherein both parties shall agree, subject to satisfaction of the conditions contained in the Precedent Agreement, to enter into a Firm Service Transportation Contract substantially in the form attached as Exhibit "A" to the Precedent Agreement (hereinafter called the "Contract"); and

WHEREAS, the Contract, upon execution, will be for gas transportation and related services where TransCanada determined it must construct facilities in order to provide such service ("Expansion Capacity Service"); and

WHEREAS, the Contract, upon execution, would provide for TransCanada to transport for the account of Shipper up to 100,000 GJ per day of natural gas from Union Parkway Belt to Union EDA commencing the 1st day of November, 2014 or as soon as possible thereafter; and

WHEREAS the General Terms and Conditions of TransCanada's Canadian Mainline Transportation Tariff that are applicable to the Contract, as such may be amended, replaced or varied from time to time (hereinafter called the "Tariff"), sets out that TransCanada may request and Shipper shall provide if TransCanada so requests, financial assurances for the payment of the charges to be paid by Shipper pursuant to the Contract; and

WHEREAS, the parties wish to enter into this Financial Assurances Agreement for the purpose of describing the manner in which such security is to be provided by Shipper.

Financial Assurances Agreement

NOW THEREFORE THIS FINANCIAL ASSURANCES AGREEMENT WITNESSES THAT, in consideration of the mutual covenants and agreements contained herein, Shipper and TransCanada agree as follows:

1. Prior to the execution of the Contract, TransCanada may request financial assurances from Shipper, in form and substance acceptable to TransCanada and in an amount determined in accordance with the Tariff for Expansion Capacity Service. Shipper shall provide such financial assurances within four (4) Banking Days of TransCanada's request or such other time as may be set forth by TransCanada in the request. Upon receipt by TransCanada of the requested financial assurances, section 9(d) of the Precedent Agreement shall be satisfied, and until receipt by TransCanada of the requested financial assurances, section 9(d) of the Precedent Agreement shall not be satisfied.
2. TransCanada may request that Shipper at any time and from time to time prior to and during service, provide TransCanada with financial assurances acceptable to TransCanada, in form and substance satisfactory to TransCanada and in an amount determined in accordance with the Tariff for Expansion Capacity Service (the "Financial Assurances Request").
3. Shipper shall provide TransCanada with the financial assurances requested in the Financial Assurances Request within the time period set out in the Tariff.
4. If Shipper fails to provide TransCanada with the financial assurances requested, then TransCanada may, in addition to any other remedy available to it, exercise any remedies available to it in the Precedent Agreement or the Tariff.
5. This Financial Assurances Agreement shall become effective on the date of execution hereof and shall remain in effect until:
 - (a) the Precedent Agreement is terminated by either party in accordance with the terms thereof and all of the Shipper's obligations pursuant to the Precedent Agreement have been satisfied, and
 - (b) if the Contract is executed,
 - (i) the Contract is terminated by either party in accordance with the terms thereof and all of the Shipper's obligations pursuant to the Contract have been satisfied; or
 - (ii) all of the Shipper's obligations pursuant to the Contract for the Existing Term have been satisfied.

Financial Assurances Agreement

6. For greater certainty, this Financial Assurances Agreement is deemed to be a financial assurances agreement under the Tariff.
7. This Financial Assurances Agreement and the rights and obligations of the parties hereunder shall be subject to all present and future laws, rules, regulations, decisions and orders of any legislative body or duly constituted authority now or hereafter having jurisdiction over any of the matters contained herein, including without limitation the General Terms and Conditions of the Tariff.
8. Any notice, request or demand (hereinafter called a "Notice") to or upon the respective parties hereto, shall be in writing and shall be validly communicated by the delivery thereof to its addressee, either personally or by courier, first class mail, or telecopier to the address hereinafter mentioned:

In the case of TransCanada: TransCanada PipeLines Limited

Delivery Address: TransCanada PipeLines Tower
450 – 1st Street S.W.
Calgary, Alberta
T2P 5H1

Mailing Address: Same As Above

Attention: Director, Counterparty Risk
Telecopier: (403) 920-2359

In the case of Shipper: Union Gas Limited

Delivery Address: 50 Kell Drive
Chatham, Ontario
N7M 5M1

Mailing Address: Same As Above

Attention: Chris Shorts
Telecopier: 519-436-4643

Any Notice shall be sent in order to ensure prompt receipt by the other party. Such Notice sent as aforesaid shall be deemed to have been received by the party to whom it is sent: (a) at the time of its delivery if personally delivered or if sent by telecopier, or (b) on the business day

Financial Assurances Agreement

following transmittal thereof if sent by courier, or (c) on the third (3rd) Banking Day following the transmittal thereof if sent by first class mail; provided, however, that in the event normal mail service, courier service, or telecopier service shall be interrupted by a cause beyond the control of the parties hereto, then the party sending the Notice shall utilize any of the said services which has not been so interrupted or shall personally deliver such Notice. Each party shall provide Notice to the other of any change of address for the purposes hereof.

9. Any company which shall succeed by purchase, merger or consolidation to the assets substantially or in entirety, of Shipper or TransCanada, as the case may be, shall be entitled to the rights and shall be subject to the obligations of its predecessor under this Financial Assurances Agreement. Either party may, without relieving itself of its obligations under this Financial Assurances Agreement, assign any of its rights and obligations hereunder to an affiliate (as such term is defined in the Canada Business Corporations Act) of such party without the consent of the other party hereto, but otherwise no assignment of this Financial Assurances Agreement or any of the rights or obligations hereunder shall be made unless there first shall have been obtained the written consent thereto of the other party, such consent not to be unreasonably withheld. Notwithstanding the foregoing, Shipper may not assign its rights or obligations hereunder unless Shipper concurrently assigns its rights and/or obligations under the Precedent Agreement or the Contract to the same assignee. It is agreed, however, that the restrictions on assignment contained in this paragraph shall not in any way prevent either party to this Financial Assurances Agreement from pledging or mortgaging its rights hereunder as security for its indebtedness. This Financial Assurances Agreement shall be binding upon and inure to the benefit of the respective successors and permitted assigns of the parties hereto.
10. This Financial Assurances Agreement shall be construed and applied in accordance with, and be subject to, the laws of the Province of Alberta, and, where applicable, the laws of Canada.
11. If any provision of this Financial Assurances Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or enforceability shall apply only to such provision and all other provisions hereof shall continue in full force and effect.
12. TransCanada and Shipper hereby stipulate and agree that this Financial Assurances Agreement is executed for the sole benefit of TransCanada and Shipper, including all successors and assignees permitted under the terms of this Financial Assurances Agreement. TransCanada and Shipper expressly intend that no rights under this Financial Assurances Agreement inure to any other parties

Financial Assurances Agreement

13. Shipper acknowledges and agrees that it has reviewed and is familiar with the terms, conditions and provisions of the Tariff.
14. TransCanada and Shipper agree that any upper case terms not defined herein shall have the meaning ascribed thereto in the Tariff.
15. This Financial Assurances Agreement may be so executed in counterpart and a complete set of counterpart pages shall be provided to each party.

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

Union Gas Limited

Per: [Signature]

Name: M. Isterwan

Title: V.P. BDST

Per: _____

Name: _____

Title: _____

TransCanada PipeLines Limited

Per: _____

Name: _____

Title: _____

Per: _____

Name: _____

Title: _____

Contract Approval	
Customer Service Leader	
Customer Representative	
Legal Review	Proforma

Exhibit "A"

Transportation Tariff
FT CONTRACT

TransCanada PipeLines Limited

FIRM TRANSPORTATION SERVICE CONTRACT

THIS FIRM TRANSPORTATION SERVICE CONTRACT, made as of the [•] day of [•].

BETWEEN:

TRANSCANADA PIPELINES LIMITED
a Canadian corporation
("TransCanada")

OF THE FIRST PART

AND:

[•]
a «Entity» «formed» under the laws of
[•]
("Shipper")

OF THE SECOND PART

WITNESSES THAT:

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

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

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

WHEREAS the Parties hereto have heretofore entered into an agreement dated effective as of the [•] day of [•], 200[•], (the "Precedent Agreement") which bound them, subject to fulfillment or waiver of the conditions precedent therein set forth, to enter into a Contract substantially upon the terms and conditions hereinafter described; and

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FT CONTRACT

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

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

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

ARTICLE I – COMMENCEMENT OF SERVICE

1.1 TransCanada shall use reasonable efforts to have the additional facilities (and/or obtain such transportation arrangements on other gas transmission systems) as may be required to effect the transportation of the gas hereunder (the "Necessary Capacity") in place by the [•] day of [•], 200[•], or as soon as possible thereafter. TransCanada's ability to provide service by the [•] day of [•], 200[•], will be subject to, inter alia,

- a) the timing of the receipt by Shipper and TransCanada of the authorizations referred to in paragraphs 2 and 3 of the Precedent Agreement which are required prior to the commencement of construction of TransCanada's facilities and the timing of the commencement of the services required by TransCanada (if any) on the systems of Great Lakes Gas Transmission Limited Partnership, Trans Québec and Maritimes Inc. and Union Gas Limited; and
- b) the lead time required for the acquisition, construction and installation of those facilities required by TransCanada.

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

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

Exhibit "A"

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FT CONTRACT

- a) the date for which Shipper first nominates and TransCanada authorizes service hereunder; or
- b) the tenth (10th) day following the day on which Shipper received TransCanada's Notice; PROVIDED that Shipper shall not be obligated to a Date of Commencement which is earlier than the [•] day of [•], 200[•], unless mutually agreed upon by both Parties.

ARTICLE II – GAS TO BE TRANSPORTED

2.1 Subject to the provisions of this Contract, the FT Toll Schedule, the List of Tolls, and the General Terms and Conditions referred to in Section 7.1 hereof, TransCanada shall provide transportation service hereunder for Shipper in respect of a quantity of gas which, in any one day from the Date of Commencement until the [•] day of [•], 200[•], shall not exceed [•] GJ/d (the "Contract Demand").

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

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

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

ARTICLE IV – TOLLS

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

Exhibit "A"

Transportation Tariff

TransCanada PipeLines Limited

PI CONTRACT

ARTICLE V -- TERM OF CONTRACT

5.1 This Contract shall be effective from the date hereof and shall continue until the [•] day of [•], 200[•].

ARTICLE VI -- NOTICES

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

IN THE CASE OF TRANSCANADA:

TRANSCANADA PIPELINES LIMITED

(i) mailing address:

P.O. Box 1000
Station M
Calgary, Alberta
T2P 4K5

(ii) delivery address:

TransCanada Tower
450 - 1st Street S.W.
Calgary, Alberta
T2P 5H1

Attention: Director, Customer Service
Telecopy: (403) 920 - 2446

(iii) nominations:

Attention: Manager, Nominations and Allocations
Telecopy: (403) 920 - 2446

(iv) invoices:

Attention: Manager, Contracts and Billing
Telecopy: (403) 920 - 2446

(v) other matters:

Attention: Director, Customer Service
Telecopy: (403) 920 - 2446

Exhibit "A"

Transportation Tariff
FT CONTRACT

TransCanada PipeLines Limited

- IN THE CASE OF SHIPPER:** **[•]**
- (i) mailing address: **[•]**
- (ii) delivery address: same as above
- (iii) nominations: Attention: **[•]**
Telecopy: **[•]**
- (iv) invoices: Attention: **[•]**
Telecopy: **[•]**
- (v) other matters: Attention: **[•]**
Telecopy: **[•]**

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

ARTICLE VII – MISCELLANEOUS PROVISIONS

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

Exhibit "A"

Transportation Tariff

TransCanada PipeLines Limited

FT CONTRACT

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

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

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

[•]

TRANSCANADA PIPELINES LIMITED

Per: _____	Per: _____
Name: _____	Name: _____
Title: _____	Title: _____
Per: _____	Per: _____
Name: _____	Name: _____
Title: _____	Title: _____

Contract Approval	
Customer Service Leader	
Customer Representative	
Legal Review	Proforma Approved

Exhibit "A"

Transportation Tariff

TransCanada PipeLines Limited

FT CONTRACT

EXHIBIT "1"

This is EXHIBIT "1" to the FIRM TRANSPORTATION SERVICE CONTRACT made as of the [•] day of [•] between TRANSCANADA PIPELINES LIMITED ("TransCanada") and [•] ("Shipper").

The Delivery Point(s) hereunder is the point(s) of interconnection between the pipeline facilities of TransCanada and [•] which is located at:

[•]

The Receipt Point(s) hereunder is the point(s) of interconnection between the pipeline facilities of TransCanada and [•] which is located at:

[•]

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PRECEDENT AGREEMENT

THIS PRECEDENT AGREEMENT made as of the 15th day of June, 2012.

BETWEEN:

TRANSCANADA PIPELINES LIMITED
a Canadian corporation
("TransCanada")

OF THE FIRST PART

AND:

UNION GAS LIMITED
a Corporation incorporated under the laws of
the Province of Ontario
("Shipper")

OF THE SECOND PART

WITNESSES THAT:

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

WHEREAS TransCanada utilizes capacity available from the TransCanada System and from its firm transportation service entitlements on the natural gas transmission systems of the Great Lakes Gas Transmission Limited Partnership, Union Gas Limited, and Trans Quebec & Maritimes Pipeline Inc. (the "TBO Pipelines") to enable it to provide transportation service to its customers (such capacity on the TransCanada System and the TBO Pipelines is collectively defined as the "Combined Capacity"); and

WHEREAS pursuant to a new capacity open season which closed on May 4, 2012 (the "New Capacity Open Season"), Shipper requested TransCanada to transport up to 100,000 GJ/d of natural gas from the Union Parkway Belt receipt point ("Receipt Point") to the Union EDA delivery point (the "Delivery Point") for delivery for the account of Shipper commencing the 1st day of November, 2014 (the "In-Service Date") or as soon as possible thereafter and terminating the 31st day of October, 2024 (the "Requested Service"); and

WHEREAS others have requested gas transportation services pursuant to the New Capacity Open Season (the "Other Requests"); and

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WHEREAS TransCanada and Shipper recognize that, taking into account Shipper's request for the Requested Service and the Other Requests, an increase to the Combined Capacity may be necessary to accommodate the Requested Service and, subject to the terms and conditions of this Precedent Agreement, TransCanada is willing to use reasonable efforts to increase the Combined Capacity to the extent necessary, taking into account Shipper's request for the Requested Service and the Other Requests, in order to provide Shipper with the Requested Service, it being recognized that the extent to which it is necessary to increase the Combined Capacity may change from time to time, (the "Required Increase"); and

WHEREAS TransCanada will use reasonable efforts to provide the Requested Service, Other Requests and Required Increase in the most efficient manner which may or may not require an increase to the Combined Capacity; and

WHEREAS Shipper will support TransCanada's efforts to provide the Requested Service, Other Requests and Required Increase using the most efficient manner, including without limitation, consideration of options which may or may not require the installation of additional pipeline facilities; and

WHEREAS TransCanada and Shipper recognize that the Required Increase may rely on the installation of facilities which are required solely on account of Shipper's request for the Requested Service and/or facilities which are required on account of both Shipper's request for the Requested Service and one or more of the Other Requests; and

WHEREAS Shipper and TransCanada agree that, upon an Event of Cancellation, Shipper shall bear the risk of all reasonably incurred financial obligations and outlays in connection with TransCanada's efforts to increase the Combined Capacity to the extent necessary, taking into account the Requested Service and TransCanada's obligations pursuant to the Other Requests, in order to provide Shipper with the Requested Service, subject to the cost allocations and limitations set forth herein; and

WHEREAS Shipper has provided TransCanada with evidence of natural gas supply, market and upstream and downstream transportation arrangements corresponding to the Requested Service, as applicable; and

WHEREAS TransCanada and Shipper have executed a financial assurances agreement dated effective as of the Effective Date of this Precedent Agreement (such financial assurances agreement, as amended from time to time, being hereinafter called the "Financial Assurances Agreement"), pertaining to the financial security that TransCanada may require from Shipper in connection with the payment of transportation charges for the provision of the Requested Service; and

WHEREAS, subject to the terms and conditions of this Precedent Agreement, TransCanada and Shipper desire to enter into a firm transportation service contract substantially in the form attached hereto as Exhibit "A" (the "Firm Transportation Service Contract").

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

1. Except where the context expressly states otherwise, the following capitalized terms, when used in this Precedent Agreement, shall have the following meanings:

DEFINITIONS:

- (a) **"Additional Information"** shall have the meaning given to it in Paragraph 2(b).
- (b) **"Allocated Cancellation Costs"** means all Cancellation Costs which are not included in the definition of Shipper Specific Cancellation Costs.
- (c) **"Availability Provisions"** shall have the meaning given to it in Paragraph 2(a).
- (d) **"Banking Day"** shall have the meaning ascribed thereto in the General Terms and Conditions of TransCanada's Canadian Mainline Transportation Tariff, as amended from time to time.
- (e) **"Cancellation Charges"** means, to the extent such costs and charges arise from, are attributable to or are incurred in respect of an Event of Cancellation, all reasonably incurred costs and charges whatsoever which TransCanada incurs or becomes obligated to pay as a result of:
 - (i) not fulfilling all or any of its obligations under; or
 - (ii) cancelling or terminating all or any portion of,

any third party contract or agreement entered into in respect of, in whole or in part, the design, engineering, procurement, manufacture, construction or supply of any property, equipment, services or other components whatsoever related to, arising from or attributable to Shipper's request for the Requested Service, regardless of whether such costs or charges are incurred prior to or after an Event of Cancellation.
- (f) **"Cancellation Costs"** means the sum of all the following amounts, whether such amounts were incurred prior to or after the Effective Date of this Precedent Agreement and provided that to the extent any amount falls within more than one of the categories described in this definition such amount shall only be accounted for once:
 - (i) all Cancellation Charges; plus
 - (ii) all Financial Loss; plus

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- (iii) all Monthly Carrying Costs incurred in respect of Retained Equipment and Materials until such time as such Retained Equipment and Materials are utilized, or otherwise disposed of, by TransCanada; plus
- (iv) all Project Costs not otherwise accounted for pursuant to subparagraphs (i), (ii) or (iii) of this definition; plus
- (v) any other financial obligations and outlays reasonably incurred by TransCanada not otherwise accounted for pursuant to subparagraphs (i), (ii), (iii) or (iv) of this definition to the extent they arise from, are attributable to or are incurred in respect of Shipper's request for the Requested Service, regardless of whether such obligations and outlays are incurred prior to or after an Event of Cancellation ("Other Financial Obligations and Outlays").
- (g) "Combined Capacity" shall have the meaning given to it in the 2nd recital.
- (h) "Conditions Precedent" shall have the meaning given to it in Paragraph 29.
- (i) "Delivery Point" shall have the meaning given to it in the 3rd recital.
- (j) "Effective Date" shall mean July 16, 2012.
- (k) "Estimated Liability Limit" shall have the meaning given to it in Paragraph 15(a).
- (l) "Estimated Liability Limit Notice" shall have the meaning given to it in Paragraph 15(c).
- (m) "Event of Cancellation" shall mean any one of the following events:
 - (i) any declaration of an Event of Cancellation made in accordance with the terms and conditions of this Precedent Agreement becoming effective; or
 - (ii) in accordance with Paragraph 10 hereof, Shipper withdrawing its request for the Requested Service at any time prior to the execution of the Firm Transportation Service Contract.
- (n) "Financial Assurances" shall have the meaning given to it in Paragraph 20.
- (o) "Financial Assurances Agreement" shall have the meaning given to it in the 11th recital.

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- (p) **"Financial Assurances Request"** shall have the meaning given to it in Paragraph 20.
- (q) **"Financial Loss"** means, to the extent arising from, attributable to or incurred in respect of an Event of Cancellation, any negative variance between cash proceeds received by TransCanada from the sale, disposal or return of property, equipment, materials, services or other components whatsoever related to, arising from or attributable to Shipper's request for the Requested Service (less any reasonably incurred costs of TransCanada related to such sale, disposal or return), and TransCanada's reasonably incurred costs (including, without limitation, costs for design, engineering, procurement, manufacture, construction, supply and any related costs) incurred in originally acquiring same, regardless of whether such amounts are incurred prior to or after an Event of Cancellation.
- (r) **"Firm Transportation Service Contract"** shall have the meaning given to it in the 12th recital.
- (s) **"GJ"** shall mean gigajoule, being 1,000,000 joules and include the plural as the context requires.
- (t) **"In Service Date"** shall have the meaning given to it in the 3rd recital.
- (u) **"Monthly Carrying Costs"** means the monthly financial costs that TransCanada shall charge Shipper in respect of Retained Equipment and Materials, which costs shall be calculated, for any calendar month, by multiplying the aggregate amount of all out-of-pocket expenses incurred in the acquisition of Retained Equipment and Materials pursuant to this Precedent Agreement (calculated on the last day of such month) by that percentage amount equal to one twelfth (1/12) of the sum of the Canadian Imperial Bank of Commerce's prime lending rate per annum for Canadian dollar commercial loans in effect on the last day of such month plus one (1) percent.
- (v) **"NEB"** means the National Energy Board.
- (w) **"New Capacity Open Season"** shall have the meaning given to it in the 3rd recital.
- (x) **"Notice"** shall have the meaning given to it in Paragraph 23.
- (y) **"Other Requests"** shall have the meaning given to it in the 4th recital.

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- (z) **"Other Request Allocated Cancellation Costs"** means, with respect to each of the Other Requests pursuant to which a precedent agreement (similar to this precedent agreement) has been entered into, the "Allocated Cancellation Costs" (as defined therein).
- (aa) **"Parties"** means TransCanada and Shipper, **"Party"** means either one of them.
- (bb) **"Precedent Agreement"** means this precedent agreement between TransCanada and Shipper.
- (cc) **"Project Costs"** means the reasonably incurred internal and third party costs, expenses and charges of TransCanada arising from, attributable to or incurred in respect of:
 - (i) any regulatory proceedings to the extent related to, arising from or attributable to Shipper's request for the Requested Service, including the preparatory work effected in connection therewith; and
 - (ii) all engineering, design, procurement and construction related costs, expenses and charges to the extent related to, arising from or attributable to Shipper's request for the Requested Service, regardless of whether such amounts are incurred prior to or after an Event of Cancellation. Internal costs, expenses and charges shall only be included in the definition of Project Costs if such amounts are directly and exclusively charged and attributable to the project or projects which are wholly or partially attributable to Shipper's request for the Requested Service.
- (dd) **"Receipt Point"** shall have the meaning given to it in the 3rd recital.
- (ee) **"Requested Service"** shall have the meaning given to it in the 3rd recital.
- (ff) **"Required Increase"** shall have the meaning given to it in the 5th recital.
- (gg) **"Retained Equipment and Materials"** means property, equipment, materials, services or other components, to the extent that the purchase of such property, equipment, materials, services or other components relates to, arises from or is attributable to Shipper's request for the Requested Service and to the extent that the construction of the contemplated facilities into which such property, equipment, materials, services or other components were to be incorporated has been cancelled in accordance with Paragraph 13 herein, that TransCanada, acting in a commercially reasonable manner, elects to retain rather than return, sell, cancel or otherwise divest.
- (hh) **"Shipper Authorizations"** shall have the meaning given to it in Paragraph 2(c).

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- (ii) **"Shipper Specific Cancellation Costs"** means the Cancellation Costs which relate to, arise from or are attributable to contemplated facilities which are solely attributable to the Shipper's request for the Requested Service, if any.
- (jj) **"TBO Pipeline"** shall have the meaning given to it in the 2nd recital.
- (kk) **"TransCanada Authorizations"** shall have the meaning given to it in Paragraph 3.
- (ll) **"TransCanada System"** shall have the meaning given to it in the 1st recital.

SHIPPER AUTHORIZATIONS

2. Shipper shall use reasonable efforts to do, or cause to be done, all lawful acts that may be necessary to:

- (a) qualify Shipper for service under the Firm Transportation Service Contract by complying, inter alia, with Section 1.1 (b) of the "Availability" provisions of the FT Toll Schedule as set out in TransCanada's Canadian Mainline Transportation Tariff as amended from time to time (the "Availability Provisions");
- (b) present to TransCanada, when requested by TransCanada, any information pertaining to Shipper's natural gas supply, markets and upstream and downstream transportation arrangements that are related to Shipper's request for the Requested Service and that may be required by TransCanada, acting reasonably, to fulfill the requirements of Part III of the National Energy Board Act and the National Energy Board Filing Manual (both as amended from time to time) in seeking approval for TransCanada's facilities application(s) in relation to Shipper's request for the Requested Service (the "Additional Information"), and to the extent that such Additional Information is not available, Shipper shall provide TransCanada with the written reasons therefore; and
- (c) as applicable, obtain, or have others obtain, such certificates, permits, orders, licenses and authorizations from regulators or other governmental agencies in the United States and Canada, as the case may be, as are necessary to enable Shipper, or others designated by Shipper, to receive and make use of the Requested Service, including where applicable, the authority to purchase the gas to be transported and to export from the United States and to import and deliver into Canada to TransCanada at the Receipt Point(s) and to receive from TransCanada, to export from Canada, and to import and deliver into the United States at the Delivery Point(s) the quantities of natural gas to be transported by TransCanada under the Firm Transportation Service Contract (individually, a "Shipper Authorization" and collectively, the "Shipper Authorizations") provided that nothing herein shall obligate Shipper to appeal any decision of a regulatory or judicial authority which has the effect of denying any such

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certificate, permit, order, license or authorization or granting same on conditions unsatisfactory to the Parties hereto.

TRANSCANADA AUTHORIZATIONS

3. TransCanada shall, taking into account Shipper's request for the Requested Service, Other Requests and Required Increase, use reasonable efforts to do, or cause to be done, all lawful acts that may be necessary to obtain, or cause to be obtained, such certificates, permits, licenses, orders, approvals and other authorizations TransCanada determines are necessary to enable it to provide the Requested Service, Other Requests and Required Increase in the most efficient manner (individually, a "TransCanada Authorization" and collectively the "TransCanada Authorizations") provided that nothing herein shall obligate TransCanada to appeal, or seek a review of, any decision of a regulatory or judicial authority which has the effect of denying any such certificate, permit, order, license or authorization or granting same on conditions unsatisfactory to either of the Parties hereto. Shipper shall actively support TransCanada's efforts to obtain the TransCanada Authorizations, provided however that such obligation to actively support TransCanada's efforts shall not obligate Shipper to actively support any aspect of TransCanada's efforts to the extent that it would not be reasonable or prudent for Shipper to do so having regard to any material adverse impact TransCanada's efforts may have on Shipper. Notwithstanding the foregoing, if Shipper fails to provide such support as determined by TransCanada, TransCanada may declare an Event of Cancellation. Notwithstanding anything to the contrary herein, the National Energy Board's leave to open with respect to the Required Increase shall not be included within the definition of TransCanada Authorizations.

SHIPPER'S FAILURE TO PROVIDE ADDITIONAL INFORMATION

4. If Shipper does not provide TransCanada with the Additional Information requested pursuant to Paragraph 2(b) hereof and does not provide TransCanada with reasons satisfactory to TransCanada for not providing the said Additional Information, TransCanada may declare an Event of Cancellation by providing Notice of its intention to do so to Shipper. Any such declaration of an Event of Cancellation shall become effective on the expiration of fifteen (15) days following receipt of such Notice by Shipper, unless prior to the expiration of such period Shipper has provided TransCanada with the Additional Information or given satisfactory reasons (in TransCanada's reasonable opinion) for not providing such Additional Information within such period.

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ACCEPTANCE OR REJECTION OF SHIPPER'S AUTHORIZATIONS

5. Upon obtaining each of the Shipper Authorizations and Shipper having exercised any avenue of appeal or review with respect to such Shipper Authorizations, Shipper shall promptly provide to TransCanada a copy of such Shipper Authorizations (as varied, if applicable). TransCanada shall within thirty (30) days of receipt of such Notice from Shipper give Notice to Shipper of TransCanada's acceptance or rejection of such Shipper Authorization. If TransCanada does not respond to Shipper's Notice within such thirty (30) day period, TransCanada shall be deemed to have accepted such Shipper Authorization. Acceptance of any Shipper Authorization by TransCanada shall not be unreasonably withheld and any Notice of rejection of a Shipper Authorization shall be accompanied by written reasons for such rejection. TransCanada acknowledges that it shall not reject an otherwise acceptable Shipper Authorization in the nature of an import or export permit by reason only that such permit is for a term which is shorter than the term of the Firm Transportation Service Contract. Shipper acknowledges that TransCanada's acceptance of any Shipper Authorization shall in no way constitute a representation by TransCanada that such Shipper Authorization will satisfy any regulatory requirements for obtaining acceptable TransCanada Authorizations.

ACCEPTANCE OR REJECTION OF TRANSCANADA'S AUTHORIZATIONS

6. Upon obtaining each of the TransCanada Authorizations and TransCanada having exercised any avenue of appeal or review with respect to such TransCanada Authorization as TransCanada, in its sole discretion, decides to undertake, TransCanada shall promptly provide to Shipper a copy, where applicable, of such TransCanada Authorization (as varied, if applicable) and Notice of TransCanada's acceptance or rejection of such TransCanada Authorization. Acceptance of any TransCanada Authorization by TransCanada shall not be unreasonably withheld and any Notice of rejection of a TransCanada Authorization shall be accompanied by written reasons for such rejection. TransCanada acknowledges that it will not reject any TransCanada Authorization provided such TransCanada Authorization is issued to TransCanada in the form and substance TransCanada applied for and provided such TransCanada Authorization is not subject to any conditions which are unacceptable to TransCanada, acting reasonably.

FAILURE TO OBTAIN TRANSCANADA'S AUTHORIZATIONS

7. In the event of a rejection by TransCanada of a Shipper Authorization or a TransCanada Authorization, either Party shall thereafter have the right, but not the obligation, to declare an Event of Cancellation by providing Notice of its intention to do so to the other Party. Any such declaration of an Event of Cancellation shall become effective on the expiration of thirty (30) days following receipt of such Notice by the other Party, unless within such thirty (30) day period the Parties agree in writing that such declaration of an Event of Cancellation shall not become effective as aforesaid or, provided such Event of Cancellation is only with respect to a rejection of one or more Shipper Authorizations, Shipper waives the requirement for all such rejected Shipper Authorizations in accordance with the provisions of Paragraph 5.

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BANKRUPTCY OR INSOLVENCY

8. Upon any bankruptcy, winding-up, liquidation, dissolution, insolvency or other similar proceeding affecting Shipper or its assets or upon the commencement of any proceeding relating to the foregoing, TransCanada may declare an Event of Cancellation by providing Notice of its intention to do so to Shipper. Any such declaration of an Event of Cancellation shall become effective immediately upon receipt of such Notice by Shipper.

EXECUTION OF THE FIRM TRANSPORTATION SERVICE CONTRACT

9. The Parties shall execute the Firm Transportation Service Contract forthwith after:

- (a) Shipper has complied to TransCanada's satisfaction, acting reasonably, with the Availability Provisions referred to in Paragraph 2(a) hereof;
- (b) TransCanada has received and accepted all of the TransCanada Authorizations pursuant to Paragraph 6 hereof;
- (c) Shipper has received, and TransCanada has accepted, all of the Shipper Authorizations pursuant to Paragraph 5 hereof ; and
- (d) Shipper has supplied to TransCanada (where necessary) the financial assurances pursuant to Section 1 of the Financial Assurances Agreement.

Provided however, that if Shipper fails to execute and return to TransCanada the Firm Transportation Service Contract duly proffered by TransCanada within fifteen (15) days of receipt thereof by Shipper, TransCanada may, in its sole discretion, declare an Event of Cancellation by providing Notice of its intention to do so to Shipper. Any such declaration of an Event of Cancellation shall become effective on the expiration of five (5) days following receipt of such Notice by Shipper, unless within such five (5) day period Shipper has executed and returned the Firm Transportation Service Contract to TransCanada.

WITHDRAWAL OF REQUESTED SERVICE

10. Shipper may withdraw its request for the Requested Services at any time prior to the execution of the Firm Transportation Service Contract.

SUNSET PROVISION

11. (a) Notwithstanding any other provision in this Precedent Agreement, if by May 1, 2014, any of the requirements referred to in Paragraph 9 hereof have not been satisfied, then either Party may thereafter declare an Event of Cancellation by providing Notice of its intention to do so to the other Party. If any of the requirements referred to in Paragraph 9 hereof remain unsatisfied on the fifteenth (15th) day next following receipt of such Notice, any such declaration of an Event of Cancellation shall become effective.

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- (b) If at any time TransCanada is of the opinion, acting reasonably, that any of the requirements referred to in Paragraph 9 will not be satisfied by May 1, 2014, despite the use of reasonable efforts, TransCanada may, in its sole discretion, declare an Event of Cancellation by providing Notice of its Intention to do so to Shipper. Any such declaration of an Event of Cancellation shall become effective on the expiration of thirty (30) days following receipt of such Notice by Shipper, unless within such thirty (30) day period the Parties agree in writing that such declaration of an Event of Cancellation shall not become effective as aforesaid.

AUTHORIZATION TO SPEND

12. Shipper hereby authorizes TransCanada, prior to the receipt of all regulatory approvals TransCanada, taking into account Shipper's request for the Requested Service and the Other Requests, determines necessary for the Required Increase, to forthwith acquire all materials, enter into all agreements with individuals and/or organizations and take such other actions which TransCanada, acting reasonably, considers necessary: (i) for the timely commencement of the Requested Service by the In-Service Date, or as soon as possible thereafter; and (ii) for the timely commencement of the service requested pursuant to the Other Requests by the in-service dates requested pursuant to the Other Requests, or as soon as possible thereafter. Shipper recognizes that the provision of the Requested Service may rely on the installation of facilities which are required for both the provision of the Requested Service and for the provision of service pursuant to one or more of the Other Requests and that TransCanada's actions, as described above, may be influenced by any obligations TransCanada has with respect to the Other Requests.

EVENT OF CANCELLATION

13. Upon the occurrence of an Event of Cancellation, TransCanada's and Shipper's obligations pursuant to Paragraphs 2, 3, 5, 6 and 9 shall terminate. TransCanada may, at its discretion, decide to cancel, in whole or in part, the construction of facilities which arise from or are attributable to Shipper's request for the Requested Service or to continue with, in whole or in part, the construction of facilities which arise from or are attributable to Shipper's request for the Requested Service. In making such decision, TransCanada shall act in a commercially reasonable manner, having regard to all materially relevant matters, including any obligations TransCanada has with respect to the Other Requests. Shipper recognizes that any decision made by TransCanada as described above may be influenced by any obligations TransCanada has with respect to the Other Requests and that such decisions may impact Shipper's obligations pursuant to this Precedent Agreement. Shipper further recognizes that any decision made by TransCanada as described above may be subject to change upon any change in any obligations TransCanada has with respect to the Other Requests, and that such change may impact Shipper's obligations pursuant to this Precedent Agreement. Subject to the foregoing, TransCanada shall use commercially reasonable efforts to minimize all costs payable by Shipper to TransCanada pursuant to Paragraph 14 below, (which shall include efforts to minimize costs committed to prior to TransCanada receiving and accepting all of the TransCanada Authorizations and efforts to utilize in a prospective expansion within a reasonable time period, equipment, materials or internal or third party work product arising out of facilities contemplated on account of the Requested Service and the Other Requests (the construction of which has been cancelled), provided that

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such efforts shall be subject to TransCanada's other obligations with respect to the Requested Service and the Other Requests, including TransCanada's obligations with respect to the In-Service Date for the Requested Service and the In-service date for the Other Requests. Upon making any determination, or changing any determination, of how it will proceed upon an Event of Cancellation, TransCanada shall provide Shipper with Notice describing the decision made.

PAYMENT OF CANCELLATION COSTS

14. If an Event of Cancellation is declared on or after the Effective Date, Shipper shall pay to TransCanada the sum of the following amounts, subject to TransCanada's obligations pursuant to Paragraph 13 to use commercially reasonable efforts to minimize all costs payable by Shipper to TransCanada pursuant to this Paragraph 14:

- (a) 100% of the Shipper Specific Cancellation Costs, if applicable; plus
- (b) the product of:
 - (i) the sum of the Allocated Cancellation Costs plus the Other Request Allocated Cancellation Costs for each of the Other Requests pursuant to which a precedent agreement (similar to this precedent agreement) has been entered into and pursuant to which precedent agreements an "Event of Cancellation" (as defined therein) has occurred; multiplied by
 - (ii) a fraction, the numerator of which equals Shipper's contract demand pursuant to the Requested Service (in GJ/Day) multiplied by the sum of the 100% LF Toll applicable to the Requested Service and the Daily Equivalent Delivery Pressure Toll for Shipper's Receipt Point (as the 100% LF Toll and the Daily Equivalent Delivery Pressure Toll are set forth in TransCanada's Canadian Mainline Transportation Tariff, as amended from time to time), and the denominator of which equals the sum of the numerator plus the sum of the results obtained by applying the calculation set forth in the numerator to each of the Other Requests pursuant to which a precedent agreement (similar to this precedent agreement) has been entered into and pursuant to which precedent agreements an "Event of Cancellation" (as defined therein) has occurred (i.e. by inserting the appropriate contract demand, 100% LF Toll and Daily Equivalent Delivery Pressure Toll for each such Other Request).

Payments will be paid in accordance with the procedures set forth in Paragraph 17 herein.

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ESTIMATED LIABILITY LIMIT AND PROJECT COSTS

15. (a) Shipper's total liability pursuant to Paragraph 14 upon an Event of Cancellation shall be the actual amount payable pursuant to Paragraph 14. The estimated liability limit is \$44,692,032, plus applicable taxes (the "Estimated Liability Limit"). The Estimated Liability Limit is calculated in accordance with the provisions set forth in Paragraph 16. TransCanada and Shipper acknowledge and agree that the Estimated Liability Limit is an estimate provided for information purposes only based upon the calculation described in Paragraph 16, and that to the extent Shipper's actual liability pursuant to Paragraph 14 is greater than or less than the Estimated Liability Limit Shipper's obligation to pay such amounts shall not be impacted by the provisions of this Paragraph 15. Shipper acknowledges that as of the Effective Date of this Precedent Agreement TransCanada's design of the facilities and the estimate, performed in accordance with Paragraph 16, are preliminary, and in particular, Shipper acknowledges that TransCanada's current design and estimate, performed in accordance with Paragraph 16, are based upon the assumption that all of the Other Requests will result in signed precedent agreements, similar to this Precedent Agreement.
- (b) Shipper acknowledges that it has been provided a quarterly estimated spend profile for the Project Costs. Where Shipper requests in writing from TransCanada a status update related to that spend profile, TransCanada shall provide an update of the key milestones and the aggregate of the Project Costs and future financial commitments if those costs exceed the estimated spend profile at that time. TransCanada shall provide such statement to Shipper within 30 days of the end of the calendar quarter in which Shipper made such request.
- (c) In the event that TransCanada determines at any time that the currently applicable Estimated Liability Limit is less than 90% of TransCanada's current estimate performed in accordance with Paragraph 16, then TransCanada shall forthwith give Shipper Notice (the "Estimated Liability Limit Notice") of such and, in such Estimated Liability Limit Notice, shall provide Shipper with a new estimate performed in accordance with Paragraph 16. The Estimated Liability Limit Notice shall also include an explanation of TransCanada's reasons for the changes to the Estimated Liability Limit.
- (d) The Estimated Liability Limit Notice shall and is hereby deemed to constitute a request by TransCanada to amend Paragraph 15(a) of this Precedent Agreement by increasing the Estimated Liability Limit to the amount set forth in the new estimate contained in the Estimated Liability Limit Notice.

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- (c) If Shipper agrees to the amendments set forth in the Estimated Liability Limit Notice, or fails to respond to the Estimated Liability Limit Notice within fifteen (15) days of receiving the Estimated Liability Limit Notice, Paragraph 15(a) shall be deemed amended to increase the Estimated Liability Limit to the amount set forth in the Estimated Liability Limit Notice.
- (f) If Shipper does not agree to the amendments set forth in the Estimated Liability Limit Notice, TransCanada shall thereupon have the right, in its sole discretion, to declare an Event of Cancellation by providing Notice of its intention to do so to Shipper, which Event of Cancellation shall become effective immediately upon receipt of such Notice by Shipper.

ESTIMATED LIABILITY LIMIT CALCULATION

16. The Estimated Liability Limit is equal to the sum of the following:

- (a) With respect to any contemplated facilities on the TransCanada System which, pursuant to TransCanada's current design, arise from or are attributable only to Shipper's request for the Requested Service, TransCanada's estimate of all internal and third party costs, expenses and charges TransCanada will incur to bring into service such facilities; and
- (b) With respect to any contemplated facilities on the TransCanada System which, pursuant to TransCanada's current design, arise from or are attributable to both Shipper's request for the Requested Service and the Other Requests, TransCanada's estimate of all internal and third party costs, expenses and charges TransCanada will incur to bring into service such facilities multiplied by a fraction, the numerator of which equals Shipper's contract demand pursuant to the Requested Service (in GJ/Day) multiplied by the sum of the 100% LF Toll applicable to the Requested Service and the Daily Equivalent Delivery Pressure Toll for Shipper's Receipt Point (as the 100% LF Toll and the Daily Equivalent Delivery Pressure Toll are set forth in TransCanada's Canadian Mainline Transportation Tariff, as amended from time to time), and the denominator of which equals the sum of the numerator plus the sum of the results obtained by applying the calculation set forth in the numerator to each of the Other Requests (i.e. by inserting the appropriate contract demand, 100% LF Toll and Daily Equivalent Delivery Pressure Toll for each applicable Other Request), provided that in calculating such fraction, if calculated after execution and delivery of this Precedent Agreement, the calculation of the denominator shall only be based upon the Other Requests which have resulted in a signed precedent agreement (similar to this Precedent Agreement).

INVOICING AND PAYMENT

17. TransCanada shall invoice and Shipper shall pay all obligations under this Precedent Agreement to TransCanada as they may arise from time to time. Within fifteen (15) days following receipt of any invoices on account of such obligations, Shipper

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shall remit payment to TransCanada. If Shipper fails to pay any invoice in full within the time herein required, interest on the unpaid portion shall accrue from the date such payment is first overdue until payment is made at a rate of interest equal to the prime rate of interest per annum of the Canadian Imperial Bank of Commerce applicable to Canadian dollar commercial loans on the date such payment is first overdue, plus one (1) percent in addition thereto, and such interest shall be immediately due and payable.

AUDIT RIGHTS

18. Provided Shipper has paid to TransCanada all amounts invoiced hereunder, no earlier than fifteen (15) days after TransCanada has received a written request from Shipper, Shipper shall have the right, at its cost, to audit TransCanada's supporting documentation related to the particular invoice(s) to verify the accuracy of the invoice in question. Shipper's audit rights shall be granted during normal business hours. Shipper's audit rights shall not include any right to break down the standard labour rates charged by TransCanada. The total number of audits commenced in any calendar year shall not exceed one. Any audit request by Shipper must be received by TransCanada within a period of two years after the invoice in question was received pursuant to Paragraph 17.

RETAINED EQUIPMENT AND MATERIALS

19. Upon an Event of Cancellation, TransCanada shall:

- (a) provide to Shipper details of the current costs to be recovered from Shipper at the time of invoicing; and
- (b) within thirty (30) days following the receipt of TransCanada's invoice(s), and not as precondition to payment:
 - (i) allow Shipper, upon Shipper's written request, to inspect any Retained Equipment and Materials on which Shipper has been invoiced a Monthly Carrying Cost; and
 - (ii) supply Shipper, upon Shipper's written request, copies of invoices relating to all Cancellation Charges, Retained Equipment and Materials and details of any Financial Loss, Project Costs and Other Financial Obligations and Outlays incurred by TransCanada.

If TransCanada shall not have disposed of or utilized any Retained Equipment and Materials within six (6) months from the date TransCanada makes a determination to cancel construction of the facilities to which such Retained Equipment and Materials related, then Shipper shall have the right to purchase from TransCanada such property, equipment, materials, services or other components which in whole or in part fall within the definition of Retained Equipment and Materials at the manufacturers' invoiced cost plus any costs of TransCanada related to the original purchase of such property, equipment, materials, services or other components and plus any costs of TransCanada related to the sale of such property, equipment, materials, services or other components to Shipper.

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FINANCIAL ASSURANCES

20. TransCanada may as a condition of entering into this Precedent Agreement and at any time and from time to time prior to or during the term of this Precedent Agreement request, by Notice to Shipper, that Shipper provide financial assurances in an amount, type and form acceptable to TransCanada for the performance of its obligations pursuant to this Precedent Agreement or (if applicable) request that Shipper replace, increase or otherwise amend any financial assurances for the performance of its obligations pursuant to this Precedent Agreement previously provided by Shipper to TransCanada ("Financial Assurances"), such Financial Assurances are to be in an amount that does not exceed TransCanada's estimate of the maximum payment obligations Shipper could be subject to upon an Event of Cancellation (the "Financial Assurances Request"). From time to time, and at any time, prior to or during the term of this Precedent Agreement TransCanada may assess the Shipper's creditworthiness related to the performance of its obligations pursuant to this Precedent Agreement. When performing any such assessment, TransCanada shall apply the same criteria in assessing Shipper's creditworthiness as it applies when determining whether to request Financial Assurances pursuant to TransCanada's Canadian Mainline Transportation Tariff (as amended from time to time) from a shipper on the TransCanada System. TransCanada shall not require Financial Assurances pursuant to this Paragraph 20 unless, pursuant to any assessment performed as described above, TransCanada makes a determination that Shipper is not creditworthy. No later than five (5) Banking Days from receipt of a Financial Assurances Request Shipper shall provide TransCanada with the Financial Assurances in the form and amount specified in such Financial Assurances Request. In addition to any other remedies TransCanada may have if Shipper fails to provide such Financial Assurances within five (5) Banking Days from receipt of such Financial Assurances Request, provided that no Event of Cancellation has occurred, TransCanada shall have the right, in its sole discretion, to declare an Event of Cancellation by providing Notice of its intention to do so to Shipper, which Event of Cancellation shall become effective immediately upon receipt of such Notice by Shipper.

TERM

21. This Precedent Agreement shall remain in effect until the earlier of:
- (a) The date where Shipper and TransCanada have entered into the Firm Transportation Service Contract; or
 - (b) The date where TransCanada has utilized or disposed of all the Retained Equipment and Materials, has invoiced the Shipper, and has been paid by Shipper for all obligations payable by Shipper pursuant to this Precedent Agreement.

WAIVER OF DEFAULT

22. No waiver by TransCanada of any default by Shipper in the performance of any provision of or obligation under this Precedent Agreement shall operate or be construed as a waiver of any continuing or future default or defaults, whether of a like or different character.

Precedent Agreement

NOTICE

23. Any notice, request or demand ("Notice") to or upon the respective Parties hereto shall be in writing and shall be validly communicated by the delivery thereof to its addressee, either personally or by courier, first class mail, or facsimile to the address hereinafter mentioned:

IN THE CASE OF TRANSCANADA TRANSCANADA PIPELINES LIMITED

- (i) Mailing Address: 450 – 1st Street SW
 Calgary, AB T2P 5H1
- (ii) Delivery Address: 450 – 1st Street SW
 Calgary, AB T2P 5H1
- Attention: Director, Customer Service
 Facsimile: (403) 920-2446

IN THE CASE OF SHIPPER: UNION GAS LIMITED

- (i) Mailing Address: 50 Keil Drive
 Chatham, Ontario
 N7L 3V9
- (ii) Delivery Address: Same as above
- Attention: Chris Shorts
 Facsimile: (519) 436-4643

Such Notice sent as aforesaid shall be deemed to have been received by the Party to whom it is sent: (a) at the time of its delivery if personally delivered or if sent by facsimile, or (b) on the day following transmittal thereof if sent by courier, or (c) on the third day following the transmittal thereof if sent by first class mail; provided however, that in the event normal mail service, courier service, or facsimile service shall be interrupted by a cause beyond the control of the Parties hereto, then the Party sending the Notice shall utilize any service that has not been so interrupted or shall personally deliver such Notice. Each Party shall provide Notice to the other of any change of address for the purposes hereof.

ASSIGNMENT

24. Any company which shall succeed by purchase, merger or consolidation to the assets substantially or in entirety, of Shipper or TransCanada, as the case may be, shall be entitled to the rights and shall be subject to the obligations of its predecessor under this Precedent Agreement. Either Party may, without relieving itself of its obligations under this Precedent Agreement, assign any of its rights and obligations hereunder to an affiliate (as such term is defined in the *Canada Business Corporations Act*) of such Party without the consent of the other Party hereto, but otherwise no assignment of this Precedent Agreement or any of the rights or obligations hereunder shall be made unless

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there first shall have been obtained the written consent thereto of the other Party, such consent not to be unreasonably withheld. It is agreed, however, that the restrictions on assignment contained in this paragraph shall not in any way prevent either Party to this Precedent Agreement from pledging or mortgaging its rights hereunder as security for its indebtedness. This Precedent Agreement shall be binding upon and inure to the benefit of the respective successors and permitted assigns of the Parties hereto.

APPLICABLE LAW

25. This Precedent Agreement shall be construed and applied in accordance with, and be subject to, the laws of the Province of Alberta, and, where applicable, the laws of Canada, and shall be subject to the rules, regulations, decisions and orders of any regulatory or legislative authority having jurisdiction over the matters contained herein.

SEVERANCE

26. If any provision of this Precedent Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability shall apply only to such provision and all other provisions hereof shall continue in full force and effect.

REPRESENTATION

27. Shipper represents that neither Shipper nor any third party acting on behalf of Shipper have executed arrangements with other parties with respect to the acquisition of natural gas which would have the effect of eliminating Shipper's need for the Requested Service, and Shipper agrees that it shall not enter into any such arrangements without the prior written consent of TransCanada while this Precedent Agreement is in effect.

SOLE BENEFIT

28. TransCanada and Shipper hereby stipulate and agree that this Precedent Agreement is executed for the sole benefit of TransCanada and Shipper, including all successors and assignees permitted under the terms of this Precedent Agreement. TransCanada and Shipper expressly intend that no rights under this Precedent Agreement inure to any other parties.

CONDITIONS PRECEDENT

29. The following are conditions precedent to this Precedent Agreement coming into force or effect that:

- (a) TransCanada shall have obtained the approval of its Board of Directors for the transaction contemplated herein on or before October 10, 2012; and
- (b) Shipper shall have provided to TransCanada the supporting documentation referred to in sub-section 5.1(a)(ii) of the "Access to New System Capacity" provisions of the Transportation Access Procedures as set out in TransCanada's Canadian Mainline Transportation Tariff within the time period set out therein and that such supporting documentation shall be complete, conform to the requirements therein and be in a form satisfactory to TransCanada.

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These Conditions Precedent are for the sole exclusive benefit of TransCanada and may be waived by TransCanada, in its sole discretion, at any time on or before October 10, 2012.

EFFICIENT PROVISION OF REQUESTED SERVICE

30. Shipper acknowledges and agrees that TransCanada shall have the option to determine how the Requested Service, Other Requests and Required Increase will be provided in the most efficient manner, including, without limitation, consideration of options which may or may not require the installation of additional pipeline facilities.

IN WITNESS WHEREOF, the duly authorized Parties hereto have executed this Precedent Agreement as of the date first above written.

UNION GAS LIMITED

By: 

Name: *M. Stewart*
Title: *VP BOST.*

TRANSCANADA PIPELINES LIMITED

By: _____

Name: _____
Title: _____

By: _____

Name: _____
Title: _____

By: _____

Name: _____
Title: _____

Contract Approval	
Customer Service Leader	
Customer Representative	
Legal Review	

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PRECEDENT AGREEMENT

THIS PRECEDENT AGREEMENT made as of the 15th day of June, 2012.

BETWEEN:

TRANSCANADA PIPELINES LIMITED
a Canadian corporation
("TransCanada")

OF THE FIRST PART

AND:

UNION GAS LIMITED
a Corporation incorporated under the laws of
the Province of Ontario
("Shipper")

OF THE SECOND PART

WITNESSES THAT:

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

WHEREAS TransCanada utilizes capacity available from the TransCanada System and from its firm transportation service entitlements on the natural gas transmission systems of the Great Lakes Gas Transmission Limited Partnership, Union Gas Limited, and Trans Quebec & Maritimes Pipeline Inc. (the "TBO Pipelines") to enable it to provide transportation service to its customers (such capacity on the TransCanada System and the TBO Pipelines is collectively defined as the "Combined Capacity"); and

WHEREAS pursuant to a new capacity open season which closed on May 4, 2012 (the "New Capacity Open Season"), Shipper requested TransCanada to transport up to 10,000 GJ/d of natural gas from the Union Parkway Belt receipt point ("Receipt Point") to the Union NDA delivery point (the "Delivery Point") for delivery for the account of Shipper commencing the 1st day of November, 2014 (the "In-Service Date") or as soon as possible thereafter and terminating the 31st day of October, 2024 (the "Requested Service"); and

WHEREAS others have requested gas transportation services pursuant to the New Capacity Open Season (the "Other Requests"); and

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WHEREAS TransCanada and Shipper recognize that, taking into account Shipper's request for the Requested Service and the Other Requests, an increase to the Combined Capacity may be necessary to accommodate the Requested Service and, subject to the terms and conditions of this Precedent Agreement, TransCanada is willing to use reasonable efforts to increase the Combined Capacity to the extent necessary, taking into account Shipper's request for the Requested Service and the Other Requests, in order to provide Shipper with the Requested Service, it being recognized that the extent to which it is necessary to increase the Combined Capacity may change from time to time, (the "Required Increase"); and

WHEREAS TransCanada will use reasonable efforts to provide the Requested Service, Other Requests and Required Increase in the most efficient manner which may or may not require an increase to the Combined Capacity; and

WHEREAS Shipper will support TransCanada's efforts to provide the Requested Service, Other Requests and Required Increase using the most efficient manner, including without limitation, consideration of options which may or may not require the installation of additional pipeline facilities; and

WHEREAS TransCanada and Shipper recognize that the Required Increase may rely on the installation of facilities which are required solely on account of Shipper's request for the Requested Service and/or facilities which are required on account of both Shipper's request for the Requested Service and one or more of the Other Requests; and

WHEREAS Shipper and TransCanada agree that, upon an Event of Cancellation, Shipper shall bear the risk of all reasonably incurred financial obligations and outlays in connection with TransCanada's efforts to increase the Combined Capacity to the extent necessary, taking into account the Requested Service and TransCanada's obligations pursuant to the Other Requests, in order to provide Shipper with the Requested Service, subject to the cost allocations and limitations set forth herein; and

WHEREAS Shipper has provided TransCanada with evidence of natural gas supply, market and upstream and downstream transportation arrangements corresponding to the Requested Service, as applicable; and

WHEREAS TransCanada and Shipper have executed a financial assurances agreement dated effective as of the Effective Date of this Precedent Agreement (such financial assurances agreement, as amended from time to time, being hereinafter called the "Financial Assurances Agreement"), pertaining to the financial security that TransCanada may require from Shipper in connection with the payment of transportation charges for the provision of the Requested Service; and

WHEREAS, subject to the terms and conditions of this Precedent Agreement, TransCanada and Shipper desire to enter into a firm transportation service contract substantially in the form attached hereto as Exhibit "A" (the "Firm Transportation Service Contract").

Precedent Agreement

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

1. Except where the context expressly states otherwise, the following capitalized terms, when used in this Precedent Agreement, shall have the following meanings:

DEFINITIONS:

- (a) **"Additional Information"** shall have the meaning given to it in Paragraph 2(b).
- (b) **"Allocated Cancellation Costs"** means all Cancellation Costs which are not included in the definition of Shipper Specific Cancellation Costs.
- (c) **"Availability Provisions"** shall have the meaning given to it in Paragraph 2(a).
- (d) **"Banking Day"** shall have the meaning ascribed thereto in the General Terms and Conditions of TransCanada's Canadian Mainline Transportation Tariff, as amended from time to time.
- (e) **"Cancellation Charges"** means, to the extent such costs and charges arise from, are attributable to or are incurred in respect of an Event of Cancellation, all reasonably incurred costs and charges whatsoever which TransCanada incurs or becomes obligated to pay as a result of:
 - (i) not fulfilling all or any of its obligations under; or
 - (ii) cancelling or terminating all or any portion of,

any third party contract or agreement entered into in respect of, in whole or in part, the design, engineering, procurement, manufacture, construction or supply of any property, equipment, services or other components whatsoever related to, arising from or attributable to Shipper's request for the Requested Service, regardless of whether such costs or charges are incurred prior to or after an Event of Cancellation.
- (f) **"Cancellation Costs"** means the sum of all the following amounts, whether such amounts were incurred prior to or after the Effective Date of this Precedent Agreement and provided that to the extent any amount falls within more than one of the categories described in this definition such amount shall only be accounted for once:
 - (i) all Cancellation Charges; plus
 - (ii) all Financial Loss; plus

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- (iii) all Monthly Carrying Costs incurred in respect of Retained Equipment and Materials until such time as such Retained Equipment and Materials are utilized, or otherwise disposed of, by TransCanada; plus
 - (iv) all Project Costs not otherwise accounted for pursuant to subparagraphs (i), (ii) or (iii) of this definition; plus
 - (v) any other financial obligations and outlays reasonably incurred by TransCanada not otherwise accounted for pursuant to subparagraphs (i), (ii), (iii) or (iv) of this definition to the extent they arise from, are attributable to or are incurred in respect of Shipper's request for the Requested Service, regardless of whether such obligations and outlays are incurred prior to or after an Event of Cancellation ("Other Financial Obligations and Outlays").
- (g) "Combined Capacity" shall have the meaning given to it in the 2nd recital.
 - (h) "Conditions Precedent" shall have the meaning given to it in Paragraph 29.
 - (i) "Delivery Point" shall have the meaning given to it in the 3rd recital.
 - (j) "Effective Date" shall mean July 16, 2012.
 - (k) "Estimated Liability Limit" shall have the meaning given to it in Paragraph 15(a).
 - (l) "Estimated Liability Limit Notice" shall have the meaning given to it in Paragraph 15(c).
 - (m) "Event of Cancellation" shall mean any one of the following events:
 - (i) any declaration of an Event of Cancellation made in accordance with the terms and conditions of this Precedent Agreement becoming effective; or
 - (ii) in accordance with Paragraph 10 hereof, Shipper withdrawing its request for the Requested Service at any time prior to the execution of the Firm Transportation Service Contract.
 - (n) "Financial Assurances" shall have the meaning given to it in Paragraph 20.
 - (o) "Financial Assurances Agreement" shall have the meaning given to it in the 11th recital.

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- (p) **"Financial Assurances Request"** shall have the meaning given to it in Paragraph 20.
- (q) **"Financial Loss"** means, to the extent arising from, attributable to or incurred in respect of an Event of Cancellation, any negative variance between cash proceeds received by TransCanada from the sale, disposal or return of property, equipment, materials, services or other components whatsoever related to, arising from or attributable to Shipper's request for the Requested Service (less any reasonably incurred costs of TransCanada related to such sale, disposal or return), and TransCanada's reasonably incurred costs (including, without limitation, costs for design, engineering, procurement, manufacture, construction, supply and any related costs) incurred in originally acquiring same, regardless of whether such amounts are incurred prior to or after an Event of Cancellation.
- (r) **"Firm Transportation Service Contract"** shall have the meaning given to it in the 12th recital.
- (s) **"GJ"** shall mean gigajoule, being 1,000,000 joules and include the plural as the context requires.
- (t) **"In Service Date"** shall have the meaning given to it in the 3rd recital.
- (u) **"Monthly Carrying Costs"** means the monthly financial costs that TransCanada shall charge Shipper in respect of Retained Equipment and Materials, which costs shall be calculated, for any calendar month, by multiplying the aggregate amount of all out-of-pocket expenses incurred in the acquisition of Retained Equipment and Materials pursuant to this Precedent Agreement (calculated on the last day of such month) by that percentage amount equal to one twelfth (1/12) of the sum of the Canadian Imperial Bank of Commerce's prime lending rate per annum for Canadian dollar commercial loans in effect on the last day of such month plus one (1) percent.
- (v) **"NEB"** means the National Energy Board.
- (w) **"New Capacity Open Season"** shall have the meaning given to it in the 3rd recital.
- (x) **"Notice"** shall have the meaning given to it in Paragraph 23.
- (y) **"Other Requests"** shall have the meaning given to it in the 4th recital.

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- (z) **"Other Request Allocated Cancellation Costs"** means, with respect to each of the Other Requests pursuant to which a precedent agreement (similar to this precedent agreement) has been entered into, the "Allocated Cancellation Costs" (as defined therein).
- (aa) **"Parties"** means TransCanada and Shipper, "Party" means either one of them.
- (bb) **"Precedent Agreement"** means this precedent agreement between TransCanada and Shipper.
- (cc) **"Project Costs"** means the reasonably incurred internal and third party costs, expenses and charges of TransCanada arising from, attributable to or incurred in respect of:
 - (i) any regulatory proceedings to the extent related to, arising from or attributable to Shipper's request for the Requested Service, including the preparatory work effected in connection therewith; and
 - (ii) all engineering, design, procurement and construction related costs, expenses and charges to the extent related to, arising from or attributable to Shipper's request for the Requested Service, regardless of whether such amounts are incurred prior to or after an Event of Cancellation. Internal costs, expenses and charges shall only be included in the definition of Project Costs if such amounts are directly and exclusively charged and attributable to the project or projects which are wholly or partially attributable to Shipper's request for the Requested Service.
- (dd) **"Receipt Point"** shall have the meaning given to it in the 3rd recital.
- (ee) **"Requested Service"** shall have the meaning given to it in the 3rd recital.
- (ff) **"Required Increase"** shall have the meaning given to it in the 5th recital.
- (gg) **"Retained Equipment and Materials"** means property, equipment, materials, services or other components, to the extent that the purchase of such property, equipment, materials, services or other components relates to, arises from or is attributable to Shipper's request for the Requested Service and to the extent that the construction of the contemplated facilities into which such property, equipment, materials, services or other components were to be incorporated has been cancelled in accordance with Paragraph 13 herein, that TransCanada, acting in a commercially reasonable manner, elects to retain rather than return, sell, cancel or otherwise divest.
- (hh) **"Shipper Authorizations"** shall have the meaning given to it in Paragraph 2(c).

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- (ii) **"Shipper Specific Cancellation Costs"** means the Cancellation Costs which relate to, arise from or are attributable to contemplated facilities which are solely attributable to the Shipper's request for the Requested Service, if any.
- (jj) **"TBO Pipeline"** shall have the meaning given to it in the 2nd recital.
- (kk) **"TransCanada Authorizations"** shall have the meaning given to it in Paragraph 3.
- (ll) **"TransCanada System"** shall have the meaning given to it in the 1st recital.

SHIPPER AUTHORIZATIONS

2. Shipper shall use reasonable efforts to do, or cause to be done, all lawful acts that may be necessary to:

- (a) qualify Shipper for service under the Firm Transportation Service Contract by complying, inter alia, with Section 1.1 (b) of the "Availability" provisions of the FT Toll Schedule as set out in TransCanada's Canadian Mainline Transportation Tariff as amended from time to time (the "Availability Provisions");
- (b) present to TransCanada, when requested by TransCanada, any information pertaining to Shipper's natural gas supply, markets and upstream and downstream transportation arrangements that are related to Shipper's request for the Requested Service and that may be required by TransCanada, acting reasonably, to fulfill the requirements of Part III of the National Energy Board Act and the National Energy Board Filing Manual (both as amended from time to time) in seeking approval for TransCanada's facilities application(s) in relation to Shipper's request for the Requested Service (the "Additional Information"), and to the extent that such Additional Information is not available, Shipper shall provide TransCanada with the written reasons therefore; and
- (c) as applicable, obtain, or have others obtain, such certificates, permits, orders, licenses and authorizations from regulators or other governmental agencies in the United States and Canada, as the case may be, as are necessary to enable Shipper, or others designated by Shipper, to receive and make use of the Requested Service, including where applicable, the authority to purchase the gas to be transported and to export from the United States and to import and deliver into Canada to TransCanada at the Receipt Point(s) and to receive from TransCanada, to export from Canada, and to import and deliver into the United States at the Delivery Point(s) the quantities of natural gas to be transported by TransCanada under the Firm Transportation Service Contract (individually, a "Shipper Authorization" and collectively, the "Shipper Authorizations") provided that nothing herein shall obligate Shipper to appeal any decision of a regulatory or judicial authority which has the effect of denying any such

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certificate, permit, order, license or authorization or granting same on conditions unsatisfactory to the Parties hereto.

TRANSCANADA AUTHORIZATIONS

3. TransCanada shall, taking into account Shipper's request for the Requested Service, Other Requests and Required Increase, use reasonable efforts to do, or cause to be done, all lawful acts that may be necessary to obtain, or cause to be obtained, such certificates, permits, licenses, orders, approvals and other authorizations TransCanada determines are necessary to enable it to provide the Requested Service, Other Requests and Required Increase in the most efficient manner (individually, a "TransCanada Authorization" and collectively the "TransCanada Authorizations") provided that nothing herein shall obligate TransCanada to appeal, or seek a review of, any decision of a regulatory or judicial authority which has the effect of denying any such certificate, permit, order, license or authorization or granting same on conditions unsatisfactory to either of the Parties hereto. Shipper shall actively support TransCanada's efforts to obtain the TransCanada Authorizations, provided however that such obligation to actively support TransCanada's efforts shall not obligate Shipper to actively support any aspect of TransCanada's efforts to the extent that it would not be reasonable or prudent for Shipper to do so having regard to any material adverse impact TransCanada's efforts may have on Shipper. Notwithstanding the foregoing, if Shipper fails to provide such support as determined by TransCanada, TransCanada may declare an Event of Cancellation. Notwithstanding anything to the contrary herein, the National Energy Board's leave to open with respect to the Required Increase shall not be included within the definition of TransCanada Authorizations.

SHIPPER'S FAILURE TO PROVIDE ADDITIONAL INFORMATION

4. If Shipper does not provide TransCanada with the Additional Information requested pursuant to Paragraph 2(b) hereof and does not provide TransCanada with reasons satisfactory to TransCanada for not providing the said Additional Information, TransCanada may declare an Event of Cancellation by providing Notice of its intention to do so to Shipper. Any such declaration of an Event of Cancellation shall become effective on the expiration of fifteen (15) days following receipt of such Notice by Shipper, unless prior to the expiration of such period Shipper has provided TransCanada with the Additional Information or given satisfactory reasons (in TransCanada's reasonable opinion) for not providing such Additional Information within such period.

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ACCEPTANCE OR REJECTION OF SHIPPER'S AUTHORIZATIONS

5. Upon obtaining each of the Shipper Authorizations and Shipper having exercised any avenue of appeal or review with respect to such Shipper Authorizations, Shipper shall promptly provide to TransCanada a copy of such Shipper Authorizations (as varied, if applicable). TransCanada shall within thirty (30) days of receipt of such Notice from Shipper give Notice to Shipper of TransCanada's acceptance or rejection of such Shipper Authorization. If TransCanada does not respond to Shipper's Notice within such thirty (30) day period, TransCanada shall be deemed to have accepted such Shipper Authorization. Acceptance of any Shipper Authorization by TransCanada shall not be unreasonably withheld and any Notice of rejection of a Shipper Authorization shall be accompanied by written reasons for such rejection. TransCanada acknowledges that it shall not reject an otherwise acceptable Shipper Authorization in the nature of an import or export permit by reason only that such permit is for a term which is shorter than the term of the Firm Transportation Service Contract. Shipper acknowledges that TransCanada's acceptance of any Shipper Authorization shall in no way constitute a representation by TransCanada that such Shipper Authorization will satisfy any regulatory requirements for obtaining acceptable TransCanada Authorizations.

ACCEPTANCE OR REJECTION OF TRANSCANADA'S AUTHORIZATIONS

6. Upon obtaining each of the TransCanada Authorizations and TransCanada having exercised any avenue of appeal or review with respect to such TransCanada Authorization as TransCanada, in its sole discretion, decides to undertake, TransCanada shall promptly provide to Shipper a copy, where applicable, of such TransCanada Authorization (as varied, if applicable) and Notice of TransCanada's acceptance or rejection of such TransCanada Authorization. Acceptance of any TransCanada Authorization by TransCanada shall not be unreasonably withheld and any Notice of rejection of a TransCanada Authorization shall be accompanied by written reasons for such rejection. TransCanada acknowledges that it will not reject any TransCanada Authorization provided such TransCanada Authorization is issued to TransCanada in the form and substance TransCanada applied for and provided such TransCanada Authorization is not subject to any conditions which are unacceptable to TransCanada, acting reasonably.

FAILURE TO OBTAIN TRANSCANADA'S AUTHORIZATIONS

7. In the event of a rejection by TransCanada of a Shipper Authorization or a TransCanada Authorization, either Party shall thereafter have the right, but not the obligation, to declare an Event of Cancellation by providing Notice of its intention to do so to the other Party. Any such declaration of an Event of Cancellation shall become effective on the expiration of thirty (30) days following receipt of such Notice by the other Party, unless within such thirty (30) day period the Parties agree in writing that such declaration of an Event of Cancellation shall not become effective as aforesaid or, provided such Event of Cancellation is only with respect to a rejection of one or more Shipper Authorizations, Shipper waives the requirement for all such rejected Shipper Authorizations in accordance with the provisions of Paragraph 5.

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BANKRUPTCY OR INSOLVENCY

8. Upon any bankruptcy, winding-up, liquidation, dissolution, insolvency or other similar proceeding affecting Shipper or its assets or upon the commencement of any proceeding relating to the foregoing, TransCanada may declare an Event of Cancellation by providing Notice of its intention to do so to Shipper. Any such declaration of an Event of Cancellation shall become effective immediately upon receipt of such Notice by Shipper.

EXECUTION OF THE FIRM TRANSPORTATION SERVICE CONTRACT

9. The Parties shall execute the Firm Transportation Service Contract forthwith after:

- (a) Shipper has complied to TransCanada's satisfaction, acting reasonably, with the Availability Provisions referred to in Paragraph 2(a) hereof;
- (b) TransCanada has received and accepted all of the TransCanada Authorizations pursuant to Paragraph 6 hereof;
- (c) Shipper has received, and TransCanada has accepted, all of the Shipper Authorizations pursuant to Paragraph 5 hereof ; and
- (d) Shipper has supplied to TransCanada (where necessary) the financial assurances pursuant to Section 1 of the Financial Assurances Agreement.

Provided however, that if Shipper fails to execute and return to TransCanada the Firm Transportation Service Contract duly proffered by TransCanada within fifteen (15) days of receipt thereof by Shipper, TransCanada may, in its sole discretion, declare an Event of Cancellation by providing Notice of its intention to do so to Shipper. Any such declaration of an Event of Cancellation shall become effective on the expiration of five (5) days following receipt of such Notice by Shipper, unless within such five (5) day period Shipper has executed and returned the Firm Transportation Service Contract to TransCanada.

WITHDRAWAL OF REQUESTED SERVICE

10. Shipper may withdraw its request for the Requested Services at any time prior to the execution of the Firm Transportation Service Contract.

SUNSET PROVISION

- 11. (a) Notwithstanding any other provision in this Precedent Agreement, if by May 1, 2014, any of the requirements referred to in Paragraph 9 hereof have not been satisfied, then either Party may thereafter declare an Event of Cancellation by providing Notice of its intention to do so to the other Party. If any of the requirements referred to in Paragraph 9 hereof remain unsatisfied on the fifteenth (15th) day next following receipt of such Notice, any such declaration of an Event of Cancellation shall become effective.

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- (b) If at any time TransCanada is of the opinion, acting reasonably, that any of the requirements referred to in Paragraph 9 will not be satisfied by May 1, 2014, despite the use of reasonable efforts, TransCanada may, in its sole discretion, declare an Event of Cancellation by providing Notice of its intention to do so to Shipper. Any such declaration of an Event of Cancellation shall become effective on the expiration of thirty (30) days following receipt of such Notice by Shipper, unless within such thirty (30) day period the Parties agree in writing that such declaration of an Event of Cancellation shall not become effective as aforesaid.

AUTHORIZATION TO SPEND

12. Shipper hereby authorizes TransCanada, prior to the receipt of all regulatory approvals TransCanada, taking into account Shipper's request for the Requested Service and the Other Requests, determines necessary for the Required Increase, to forthwith acquire all materials, enter into all agreements with individuals and/or organizations and take such other actions which TransCanada, acting reasonably, considers necessary: (i) for the timely commencement of the Requested Service by the In-Service Date, or as soon as possible thereafter; and (ii) for the timely commencement of the service requested pursuant to the Other Requests by the in-service dates requested pursuant to the Other Requests, or as soon as possible thereafter. Shipper recognizes that the provision of the Requested Service may rely on the installation of facilities which are required for both the provision of the Requested Service and for the provision of service pursuant to one or more of the Other Requests and that TransCanada's actions, as described above, may be influenced by any obligations TransCanada has with respect to the Other Requests.

EVENT OF CANCELLATION

13. Upon the occurrence of an Event of Cancellation, TransCanada's and Shipper's obligations pursuant to Paragraphs 2, 3, 5, 6 and 9 shall terminate. TransCanada may, at its discretion, decide to cancel, in whole or in part, the construction of facilities which arise from or are attributable to Shipper's request for the Requested Service or to continue with, in whole or in part, the construction of facilities which arise from or are attributable to Shipper's request for the Requested Service. In making such decision, TransCanada shall act in a commercially reasonable manner, having regard to all materially relevant matters, including any obligations TransCanada has with respect to the Other Requests. Shipper recognizes that any decision made by TransCanada as described above may be influenced by any obligations TransCanada has with respect to the Other Requests and that such decisions may impact Shipper's obligations pursuant to this Precedent Agreement. Shipper further recognizes that any decision made by TransCanada as described above may be subject to change upon any change in any obligations TransCanada has with respect to the Other Requests, and that such change may impact Shipper's obligations pursuant to this Precedent Agreement. Subject to the foregoing, TransCanada shall use commercially reasonable efforts to minimize all costs payable by Shipper to TransCanada pursuant to Paragraph 14 below, (which shall include efforts to minimize costs committed to prior to TransCanada receiving and accepting all of the TransCanada Authorizations and efforts to utilize in a prospective expansion within a reasonable time period, equipment, materials or internal or third party work product arising out of facilities contemplated on account of the Requested Service and the Other Requests (the construction of which has been cancelled), provided that

Precedent Agreement

such efforts shall be subject to TransCanada's other obligations with respect to the Requested Service and the Other Requests, including TransCanada's obligations with respect to the in-Service Date for the Requested Service and the in-service date for the Other Requests. Upon making any determination, or changing any determination, of how it will proceed upon an Event of Cancellation, TransCanada shall provide Shipper with Notice describing the decision made.

PAYMENT OF CANCELLATION COSTS

14. If an Event of Cancellation is declared on or after the Effective Date, Shipper shall pay to TransCanada the sum of the following amounts, subject to TransCanada's obligations pursuant to Paragraph 13 to use commercially reasonable efforts to minimize all costs payable by Shipper to TransCanada pursuant to this Paragraph 14:

- (a) 100% of the Shipper Specific Cancellation Costs, if applicable; plus
- (b) the product of:
 - (i) the sum of the Allocated Cancellation Costs plus the Other Request Allocated Cancellation Costs for each of the Other Requests pursuant to which a precedent agreement (similar to this precedent agreement) has been entered into and pursuant to which precedent agreements an "Event of Cancellation" (as defined therein) has occurred; multiplied by
 - (ii) a fraction, the numerator of which equals Shipper's contract demand pursuant to the Requested Service (in GJ/Day) multiplied by the sum of the 100% LF Toll applicable to the Requested Service and the Daily Equivalent Delivery Pressure Toll for Shipper's Receipt Point (as the 100% LF Toll and the Daily Equivalent Delivery Pressure Toll are set forth in TransCanada's Canadian Mainline Transportation Tariff, as amended from time to time), and the denominator of which equals the sum of the numerator plus the sum of the results obtained by applying the calculation set forth in the numerator to each of the Other Requests pursuant to which a precedent agreement (similar to this precedent agreement) has been entered into and pursuant to which precedent agreements an "Event of Cancellation" (as defined therein) has occurred (i.e. by inserting the appropriate contract demand, 100% LF Toll and Daily Equivalent Delivery Pressure Toll for each such Other Request).

Payments will be paid in accordance with the procedures set forth in Paragraph 17 herein.

Precedent Agreement

ESTIMATED LIABILITY LIMIT AND PROJECT COSTS

15. (a) Shipper's total liability pursuant to Paragraph 14 upon an Event of Cancellation shall be the actual amount payable pursuant to Paragraph 14. The estimated liability limit is \$6,777,871, plus applicable taxes (the "Estimated Liability Limit"). The Estimated Liability Limit is calculated in accordance with the provisions set forth in Paragraph 16. TransCanada and Shipper acknowledge and agree that the Estimated Liability Limit is an estimate provided for information purposes only based upon the calculation described in Paragraph 16, and that to the extent Shipper's actual liability pursuant to Paragraph 14 is greater than or less than the Estimated Liability Limit Shipper's obligation to pay such amounts shall not be impacted by the provisions of this Paragraph 15. Shipper acknowledges that as of the Effective Date of this Precedent Agreement TransCanada's design of the facilities and the estimate, performed in accordance with Paragraph 16, are preliminary, and in particular, Shipper acknowledges that TransCanada's current design and estimate, performed in accordance with Paragraph 16, are based upon the assumption that all of the Other Requests will result in signed precedent agreements, similar to this Precedent Agreement.
- (b) Shipper acknowledges that it has been provided a quarterly estimated spend profile for the Project Costs. Where Shipper requests in writing from TransCanada a status update related to that spend profile, TransCanada shall provide an update of the key milestones and the aggregate of the Project Costs and future financial commitments if those costs exceed the estimated spend profile at that time. TransCanada shall provide such statement to Shipper within 30 days of the end of the calendar quarter in which Shipper made such request.
- (c) In the event that TransCanada determines at any time that the currently applicable Estimated Liability Limit is less than 90% of TransCanada's current estimate performed in accordance with Paragraph 16, then TransCanada shall forthwith give Shipper Notice (the "Estimated Liability Limit Notice") of such and, in such Estimated Liability Limit Notice, shall provide Shipper with a new estimate performed in accordance with Paragraph 16. The Estimated Liability Limit Notice shall also include an explanation of TransCanada's reasons for the changes to the Estimated Liability Limit.
- (d) The Estimated Liability Limit Notice shall and is hereby deemed to constitute a request by TransCanada to amend Paragraph 15(a) of this Precedent Agreement by increasing the Estimated Liability Limit to the amount set forth in the new estimate contained in the Estimated Liability Limit Notice.

Precedent Agreement

- (e) If Shipper agrees to the amendments set forth in the Estimated Liability Limit Notice, or fails to respond to the Estimated Liability Limit Notice within fifteen (15) days of receiving the Estimated Liability Limit Notice, Paragraph 15(a) shall be deemed amended to increase the Estimated Liability Limit to the amount set forth in the Estimated Liability Limit Notice.
- (f) If Shipper does not agree to the amendments set forth in the Estimated Liability Limit Notice, TransCanada shall thereupon have the right, in its sole discretion, to declare an Event of Cancellation by providing Notice of its intention to do so to Shipper, which Event of Cancellation shall become effective immediately upon receipt of such Notice by Shipper.

ESTIMATED LIABILITY LIMIT CALCULATION

16. The Estimated Liability Limit is equal to the sum of the following:

- (a) With respect to any contemplated facilities on the TransCanada System which, pursuant to TransCanada's current design, arise from or are attributable only to Shipper's request for the Requested Service, TransCanada's estimate of all internal and third party costs, expenses and charges TransCanada will incur to bring into service such facilities; and
- (b) With respect to any contemplated facilities on the TransCanada System which, pursuant to TransCanada's current design, arise from or are attributable to both Shipper's request for the Requested Service and the Other Requests, TransCanada's estimate of all internal and third party costs, expenses and charges TransCanada will incur to bring into service such facilities multiplied by a fraction, the numerator of which equals Shipper's contract demand pursuant to the Requested Service (in GJ/Day) multiplied by the sum of the 100% LF Toll applicable to the Requested Service and the Daily Equivalent Delivery Pressure Toll for Shipper's Receipt Point (as the 100% LF Toll and the Daily Equivalent Delivery Pressure Toll are set forth in TransCanada's Canadian Mainline Transportation Tariff, as amended from time to time), and the denominator of which equals the sum of the numerator plus the sum of the results obtained by applying the calculation set forth in the numerator to each of the Other Requests (i.e. by inserting the appropriate contract demand, 100% LF Toll and Daily Equivalent Delivery Pressure Toll for each applicable Other Request), provided that in calculating such fraction, if calculated after execution and delivery of this Precedent Agreement, the calculation of the denominator shall only be based upon the Other Requests which have resulted in a signed precedent agreement (similar to this Precedent Agreement).

INVOICING AND PAYMENT

17. TransCanada shall invoice and Shipper shall pay all obligations under this Precedent Agreement to TransCanada as they may arise from time to time. Within fifteen (15) days following receipt of any invoices on account of such obligations, Shipper

Precedent Agreement

shall remit payment to TransCanada. If Shipper fails to pay any invoice in full within the time herein required, interest on the unpaid portion shall accrue from the date such payment is first overdue until payment is made at a rate of interest equal to the prime rate of interest per annum of the Canadian Imperial Bank of Commerce applicable to Canadian dollar commercial loans on the date such payment is first overdue, plus one (1) percent in addition thereto, and such interest shall be immediately due and payable.

AUDIT RIGHTS

18. Provided Shipper has paid to TransCanada all amounts invoiced hereunder, no earlier than fifteen (15) days after TransCanada has received a written request from Shipper, Shipper shall have the right, at its cost, to audit TransCanada's supporting documentation related to the particular invoice(s) to verify the accuracy of the invoice in question. Shipper's audit rights shall be granted during normal business hours. Shipper's audit rights shall not include any right to break down the standard labour rates charged by TransCanada. The total number of audits commenced in any calendar year shall not exceed one. Any audit request by Shipper must be received by TransCanada within a period of two years after the invoice in question was received pursuant to Paragraph 17.

RETAINED EQUIPMENT AND MATERIALS

19. Upon an Event of Cancellation, TransCanada shall:

- (a) provide to Shipper details of the current costs to be recovered from Shipper at the time of invoicing; and
- (b) within thirty (30) days following the receipt of TransCanada's invoice(s), and not as precondition to payment:
 - (i) allow Shipper, upon Shipper's written request, to inspect any Retained Equipment and Materials on which Shipper has been invoiced a Monthly Carrying Cost; and
 - (ii) supply Shipper, upon Shipper's written request, copies of invoices relating to all Cancellation Charges, Retained Equipment and Materials and details of any Financial Loss, Project Costs and Other Financial Obligations and Outlays incurred by TransCanada.

If TransCanada shall not have disposed of or utilized any Retained Equipment and Materials within six (6) months from the date TransCanada makes a determination to cancel construction of the facilities to which such Retained Equipment and Materials related, then Shipper shall have the right to purchase from TransCanada such property, equipment, materials, services or other components which in whole or in part fall within the definition of Retained Equipment and Materials at the manufacturers' invoiced cost plus any costs of TransCanada related to the original purchase of such property, equipment, materials, services or other components and plus any costs of TransCanada related to the sale of such property, equipment, materials, services or other components to Shipper.

Precedent Agreement

FINANCIAL ASSURANCES

20. TransCanada may as a condition of entering into this Precedent Agreement and at any time and from time to time prior to or during the term of this Precedent Agreement request, by Notice to Shipper, that Shipper provide financial assurances in an amount, type and form acceptable to TransCanada for the performance of its obligations pursuant to this Precedent Agreement or (if applicable) request that Shipper replace, increase or otherwise amend any financial assurances for the performance of its obligations pursuant to this Precedent Agreement previously provided by Shipper to TransCanada ("Financial Assurances"), such Financial Assurances are to be in an amount that does not exceed TransCanada's estimate of the maximum payment obligations Shipper could be subject to upon an Event of Cancellation (the "Financial Assurances Request"). From time to time, and at any time, prior to or during the term of this Precedent Agreement TransCanada may assess the Shipper's creditworthiness related to the performance of its obligations pursuant to this Precedent Agreement. When performing any such assessment, TransCanada shall apply the same criteria in assessing Shipper's creditworthiness as it applies when determining whether to request Financial Assurances pursuant to TransCanada's Canadian Mainline Transportation Tariff (as amended from time to time) from a shipper on the TransCanada System. TransCanada shall not require Financial Assurances pursuant to this Paragraph 20 unless, pursuant to any assessment performed as described above, TransCanada makes a determination that Shipper is not creditworthy. No later than five (5) Banking Days from receipt of a Financial Assurances Request Shipper shall provide TransCanada with the Financial Assurances in the form and amount specified in such Financial Assurances Request. In addition to any other remedies TransCanada may have if Shipper fails to provide such Financial Assurances within five (5) Banking Days from receipt of such Financial Assurances Request, provided that no Event of Cancellation has occurred, TransCanada shall have the right, in its sole discretion, to declare an Event of Cancellation by providing Notice of its intention to do so to Shipper, which Event of Cancellation shall become effective immediately upon receipt of such Notice by Shipper.

TERM

21. This Precedent Agreement shall remain in effect until the earlier of:
- (a) The date where Shipper and TransCanada have entered into the Firm Transportation Service Contract; or
 - (b) The date where TransCanada has utilized or disposed of all the Retained Equipment and Materials, has invoiced the Shipper, and has been paid by Shipper for all obligations payable by Shipper pursuant to this Precedent Agreement.

WAIVER OF DEFAULT

22. No waiver by TransCanada of any default by Shipper in the performance of any provision of or obligation under this Precedent Agreement shall operate or be construed as a waiver of any continuing or future default or defaults, whether of a like or different character.

Precedent Agreement

NOTICE

23. Any notice, request or demand ("Notice") to or upon the respective Parties hereto shall be in writing and shall be validly communicated by the delivery thereof to its addressee, either personally or by courier, first class mail, or facsimile to the address hereinafter mentioned:

IN THE CASE OF TRANSCANADA TRANSCANADA PIPELINES LIMITED

- (i) Mailing Address: 450 – 1st Street SW
 Calgary, AB T2P 5H1
- (ii) Delivery Address: 450 – 1st Street SW
 Calgary, AB T2P 5H1
- Attention: Director, Customer Service
 Facsimile: (403) 920-2446

IN THE CASE OF SHIPPER: UNION GAS LIMITED

- (i) Mailing Address: 50 Keil Drive
 Chatham, Ontario
 N7L 3V9
- (ii) Delivery Address: Same as above
- Attention: Chris Shorts
 Facsimile: (519) 436-4643

Such Notice sent as aforesaid shall be deemed to have been received by the Party to whom it is sent: (a) at the time of its delivery if personally delivered or if sent by facsimile, or (b) on the day following transmittal thereof if sent by courier, or (c) on the third day following the transmittal thereof if sent by first class mail; provided however, that in the event normal mail service, courier service, or facsimile service shall be interrupted by a cause beyond the control of the Parties hereto, then the Party sending the Notice shall utilize any service that has not been so interrupted or shall personally deliver such Notice. Each Party shall provide Notice to the other of any change of address for the purposes hereof.

ASSIGNMENT

24. Any company which shall succeed by purchase, merger or consolidation to the assets substantially or in entirety, of Shipper or TransCanada, as the case may be, shall be entitled to the rights and shall be subject to the obligations of its predecessor under this Precedent Agreement. Either Party may, without relieving itself of its obligations under this Precedent Agreement, assign any of its rights and obligations hereunder to an affiliate (as such term is defined in the *Canada Business Corporations Act*) of such Party without the consent of the other Party hereto, but otherwise no assignment of this Precedent Agreement or any of the rights or obligations hereunder shall be made unless

Precedent Agreement

there first shall have been obtained the written consent thereto of the other Party, such consent not to be unreasonably withheld. It is agreed, however, that the restrictions on assignment contained in this paragraph shall not in any way prevent either Party to this Precedent Agreement from pledging or mortgaging its rights hereunder as security for its indebtedness. This Precedent Agreement shall be binding upon and inure to the benefit of the respective successors and permitted assigns of the Parties hereto.

APPLICABLE LAW

25. This Precedent Agreement shall be construed and applied in accordance with, and be subject to, the laws of the Province of Alberta, and, where applicable, the laws of Canada, and shall be subject to the rules, regulations, decisions and orders of any regulatory or legislative authority having jurisdiction over the matters contained herein.

SEVERANCE

26. If any provision of this Precedent Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability shall apply only to such provision and all other provisions hereof shall continue in full force and effect.

REPRESENTATION

27. Shipper represents that neither Shipper nor any third party acting on behalf of Shipper have executed arrangements with other parties with respect to the acquisition of natural gas which would have the effect of eliminating Shipper's need for the Requested Service, and Shipper agrees that it shall not enter into any such arrangements without the prior written consent of TransCanada while this Precedent Agreement is in effect.

SOLE BENEFIT

28. TransCanada and Shipper hereby stipulate and agree that this Precedent Agreement is executed for the sole benefit of TransCanada and Shipper, including all successors and assignees permitted under the terms of this Precedent Agreement. TransCanada and Shipper expressly intend that no rights under this Precedent Agreement inure to any other parties.

CONDITIONS PRECEDENT

29. The following are conditions precedent to this Precedent Agreement coming into force or effect that:

- (a) TransCanada shall have obtained the approval of its Board of Directors for the transaction contemplated herein on or before October 10, 2012; and
- (b) Shipper shall have provided to TransCanada the supporting documentation referred to in sub-section 5.1(a)(ii) of the "Access to New System Capacity" provisions of the Transportation Access Procedures as set out in TransCanada's Canadian Mainline Transportation Tariff within the time period set out therein and that such supporting documentation shall be complete, conform to the requirements therein and be in a form satisfactory to TransCanada.

Precedent Agreement

These Conditions Precedent are for the sole exclusive benefit of TransCanada and may be waived by TransCanada, in its sole discretion, at any time on or before October 10, 2012.

EFFICIENT PROVISION OF REQUESTED SERVICE

30. Shipper acknowledges and agrees that TransCanada shall have the option to determine how the Requested Service, Other Requests and Required Increase will be provided in the most efficient manner, including, without limitation, consideration of options which may or may not require the installation of additional pipeline facilities.

IN WITNESS WHEREOF, the duly authorized Parties hereto have executed this Precedent Agreement as of the date first above written.

UNION GAS LIMITED

By: 

Name: *M Istewee*
Title: *VP BOST*

TRANSCANADA PIPELINES LIMITED

By: _____

Name: _____
Title: _____

By: _____

Name: _____
Title: _____

By: _____

Name: _____
Title: _____

Contract Approval	
Customer Service Leader	
Customer Representative	
Legal Review	

Shorts, Chris

From: Lisa DeAbreu [lisa_deabreu@transcanada.com]
Sent: June-29-12 7:14 AM
To: Hodgson, Tina; Shorts, Chris
Cc: Don Bell
Subject: Spend Profile for Bids in NCOS that closed May 4, 2012
Attachments: Union Spend_Profile_June_28_2012.pdf

Attached please find the estimated spend profile for Union Gas's two bids from TransCanada's new capacity open season that closed May 4, 2012.

Please note that the estimate is provided for information purposes only and without prejudice. The estimated spend profile may change as the facilities project progresses. Cancellation costs under the PA would be calculated based on the terms of the PA at the time, if an Event of Cancellation were to occur.

If you have any questions please feel free to contact either myself or Don Bell.

Have a great Canada Day long weekend,

Regards,

Lisa

*Lisa DeAbreu
Customer Account Manager
Commercial East, Canadian Pipelines
Phone: 416-869-2171
Cell: 416-571-5078*

This electronic message and any attached documents are intended only for the named addressee(s). This communication from TransCanada may contain information that is privileged, confidential or otherwise protected from disclosure and it must not be disclosed, copied, forwarded or distributed without authorization. If you have received this message in error, please notify the sender immediately and delete the original message. Thank you.

Estimate of Shared Facilities Costs (\$)
for 2012 Eastern System Expansion
(Confidential)
Updated June 28, 2012

The following is an estimate provided for information purposes only and without prejudice.
 Brampton MPS 42 Loop (\$245 MM) and Parkway Metering Upgrades (\$10 MM) = \$255 MM

Company	Pathway to Union EDA (\$ MM)	CD+100% LE To (\$2,329,900)	Pathway to Union NDA (\$ MM)	CD+100% LE To (\$2,329,900)	Contract Ratio	2012 (\$K)	2012 (\$K)
Union Gas Limited	100,000	24,300.00	10,000	24,300.00	0.175	2.2	1.8
Union Gas Limited	100,000	24,300.00	10,000	24,300.00	0.008	0.2	0.2
Total					0.251	2.4	2.0

Note: 1. Based on Jan 1, 2012 Snapshot Table

Q4	2014 (R)				2015 (R)			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
1.5	1.2	1.5	1.9	0.0	40.1	42.1	43.5	44.7
0.0	1.3	2.7	0.0	6.1	6.4	6.6	6.8	6.9
3.4	8.1	14.3	23.5	0.0	48.0	48.2	48.4	51.1

Shorts, Chris

From: Don Bell [don_bell@transcanada.com]
Sent: July-06-12 3:31 PM
To: Shorts, Chris
Subject: Re: Confirmation

Chris,

I confirm that TransCanada has agreed to a one week extension for executing the Precedent and Financial Assurances Agreements.

TransCanada requires the executed agreements on July 23, 2012

Don

From: Shorts, Chris [mailto:CShorts@uniongas.com]
Sent: Friday, July 06, 2012 12:59 PM
To: Don Bell
Subject: Confirmation

Don, thanks for getting back to me in regards to the 1 week extension to get the PA's signed and returned to TCPL, that will really help. Can you just send me a quick note confirming TCPL's acceptance of July 23rd so I have something on file?
Chris

Chris Shorts
Director, Gas Supply
cshorts@uniongas.com
Office (519) 436-4668 Cell (519) 365-0536
fax (519) 436-5461

One of Canada's Top 100 Employers



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This electronic message and any attached documents are intended only for the named addressee(s). This communication from TransCanada may contain information that is privileged, confidential or otherwise protected from disclosure and it must not be disclosed, copied, forwarded or distributed without authorization. If



September 14, 2012

Union Gas Limited
50 Keil Drive North
Chatham, ON
N7M 5M1

TransCanada Pipelines Limited
200 Bay Street
24th Floor, South Tower
Toronto, ON
M5J 2J1

tel 416 869 2191
fax 416 869 2119
email don_bell@transcanada.com
web www.transcanada.com

Attention: Chris Shorts
Director, Gas Supply

Dear Chris:

Re: In Service Date for Capacity Contracted in Precedent Agreements dated June 15, 2012

I am writing to confirm our conversation on Friday September 7, 2012 regarding the in-service date for capacity bid in the TransCanada Mainline New Capacity Open Season that closed May 4, 2012. In this open season, Union Gas Limited bid for 100,000 GJ/d of Firm Transportation Service from Union Parkway Belt to the Union EDA commencing November 1, 2014 and for 10,000 GJ/d from Union Parkway Belt to the Union NDA for November 1, 2014.

Based on its recent experience constructing facilities in the Greater Toronto Area, TransCanada has reviewed the construction schedule and has determined that the required facilities cannot be installed prior to November 1, 2015. Accordingly, TransCanada will need to revise the Precedent Agreement and is unable to execute the current Precedent Agreement for service commencing November 1, 2014.

Please let me know if you have any questions or would like to discuss this further.

Yours truly,

A handwritten signature in black ink, appearing to read "Don Bell", is written over a circular stamp or seal.

Don Bell
Director, Commercial – East Canadian Pipelines

Shorts, Chris

From: Lisa DeAbreu [lisa_deabreu@transcanada.com]
Sent: October-02-12 5:05 PM
To: Hodgson, Tina
Cc: Shorts, Chris
Subject: [WARNING: MESSAGE ENCRYPTED] Revised PA and FAA for capacity allocated in TransCanada's NCOS that closed May 4, 2012
Attachments: PA UNION Parkway to Union NDA REVISED 2Oct12.pdf; FAA Union Gas 10000 GJ Union Parkway to Union NDA 2Oct12.pdf; FAA Union Gas 100000 GJ Union Parkway to Union EDA 2Oct12.pdf; PA UNION Parkway to Union EDA REVISED 2Oct12.pdf

Good afternoon,

As per our discussion last Thursday, attached please find the revised PA and FAA for the 100,000 GJ/d bid from Parkway to Union EDA, and the 10,000 GJ/d bid from Parkway to Union NDA to amend the in-service date to November 1, 2015. In addition to the In-Service date, we have also aligned the Effective Date, the Sunset Date, the Board of Directors Date, and the Termination Date.

Please return two executed copies of these agreements to my attention, if possible, by November 2, 2012. If you run into difficulties meeting this date due to your Board of Director approval please let me know and we can extend this for you.

If you have any questions please feel free to give me a call,

Regards,

Lisa

*Lisa DeAbreu
Customer Account Manager
Commercial East, Canadian Pipelines
Phone: 416-869-2171
Cell: 416-571-5078*

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Financial Assurances Agreement

FINANCIAL ASSURANCES AGREEMENT

This Financial Assurances Agreement made the 2nd day of October, 2012.

BETWEEN:

TransCanada PipeLines Limited
a Canadian corporation
(hereinafter called "TransCanada")

AND:

Union Gas Limited
a Corporation incorporated under the laws of
the Province of Ontario
(hereinafter called "Shipper")

WITNESSES THAT:

WHEREAS, upon Shipper and TransCanada executing this Financial Assurances Agreement (hereinafter called the "Financial Assurances Agreement"), Shipper and TransCanada shall enter into a Precedent Agreement (hereinafter called the "Precedent Agreement") wherein both parties shall agree, subject to satisfaction of the conditions contained in the Precedent Agreement, to enter into a Firm Service Transportation Contract substantially in the form attached as Exhibit "A" to the Precedent Agreement (hereinafter called the "Contract"); and

WHEREAS, the Contract, upon execution, will be for gas transportation and related services where TransCanada determined it must construct facilities in order to provide such service ("Expansion Capacity Service"); and

WHEREAS, the Contract, upon execution, would provide for TransCanada to transport for the account of Shipper up to 100,000 GJ per day of natural gas from Union Parkway Belt to Union EDA commencing the 1st day of November, 2015 or as soon as possible thereafter; and

WHEREAS the General Terms and Conditions of TransCanada's Canadian Mainline Transportation Tariff that are applicable to the Contract, as such may be amended, replaced or varied from time to time (hereinafter called the "Tariff"), sets out that TransCanada may request and Shipper shall provide if TransCanada so requests, financial assurances for the payment of the charges to be paid by Shipper pursuant to the Contract; and

WHEREAS, the parties wish to enter into this Financial Assurances Agreement for the purpose of describing the manner in which such security is to be provided by Shipper.

Financial Assurances Agreement

NOW THEREFORE THIS FINANCIAL ASSURANCES AGREEMENT WITNESSES THAT, in consideration of the mutual covenants and agreements contained herein, Shipper and TransCanada agree as follows:

1. Prior to the execution of the Contract, TransCanada may request financial assurances from Shipper, in form and substance acceptable to TransCanada and in an amount determined in accordance with the Tariff for Expansion Capacity Service. Shipper shall provide such financial assurances within four (4) Banking Days of TransCanada's request or such other time as may be set forth by TransCanada in the request. Upon receipt by TransCanada of the requested financial assurances, section 9(d) of the Precedent Agreement shall be satisfied, and until receipt by TransCanada of the requested financial assurances, section 9(d) of the Precedent Agreement shall not be satisfied.
2. TransCanada may request that Shipper at any time and from time to time prior to and during service, provide TransCanada with financial assurances acceptable to TransCanada, in form and substance satisfactory to TransCanada and in an amount determined in accordance with the Tariff for Expansion Capacity Service (the "Financial Assurances Request").
3. Shipper shall provide TransCanada with the financial assurances requested in the Financial Assurances Request within the time period set out in the Tariff.
4. If Shipper fails to provide TransCanada with the financial assurances requested, then TransCanada may, in addition to any other remedy available to it, exercise any remedies available to it in the Precedent Agreement or the Tariff.
5. This Financial Assurances Agreement shall become effective on the date of execution hereof and shall remain in effect until:
 - (a) the Precedent Agreement is terminated by either party in accordance with the terms thereof and all of the Shipper's obligations pursuant to the Precedent Agreement have been satisfied, and
 - (b) if the Contract is executed,
 - (i) the Contract is terminated by either party in accordance with the terms thereof and all of the Shipper's obligations pursuant to the Contract have been satisfied; or
 - (ii) all of the Shipper's obligations pursuant to the Contract for the Existing Term have been satisfied.

Financial Assurances Agreement

6. For greater certainty, this Financial Assurances Agreement is deemed to be a financial assurances agreement under the Tariff.
7. This Financial Assurances Agreement and the rights and obligations of the parties hereunder shall be subject to all present and future laws, rules, regulations, decisions and orders of any legislative body or duly constituted authority now or hereafter having jurisdiction over any of the matters contained herein, including without limitation the General Terms and Conditions of the Tariff.
8. Any notice, request or demand (hereinafter called a "Notice") to or upon the respective parties hereto, shall be in writing and shall be validly communicated by the delivery thereof to its addressee, either personally or by courier, first class mail, or telecopier to the address hereinafter mentioned:

In the case of TransCanada: **TransCanada PipeLines Limited**

Delivery Address: TransCanada PipeLines Tower
450 – 1st Street S.W.
Calgary, Alberta
T2P 5H1

Mailing Address: Same As Above

Attention: Director, Counterparty Risk
Telecopier: (403) 920-2359

In the case of Shipper: **Union Gas Limited**

Delivery Address: 50 Keil Drive
Chatham, Ontario
N7M 5M1

Mailing Address: Same As Above

Attention: Chris Shorts
Telecopier: 519-436-4643

Any Notice shall be sent in order to ensure prompt receipt by the other party. Such Notice sent as aforesaid shall be deemed to have been received by the party to whom it is sent: (a) at the time of its delivery if personally delivered or if sent by telecopier, or (b) on the business day

Financial Assurances Agreement

- following transmittal thereof if sent by courier, or (c) on the third (3rd) Banking Day following the transmittal thereof if sent by first class mail; provided, however, that in the event normal mail service, courier service, or telecopier service shall be interrupted by a cause beyond the control of the parties hereto, then the party sending the Notice shall utilize any of the said services which has not been so interrupted or shall personally deliver such Notice. Each party shall provide Notice to the other of any change of address for the purposes hereof.
9. Any company which shall succeed by purchase, merger or consolidation to the assets substantially or in entirety, of Shipper or TransCanada, as the case may be, shall be entitled to the rights and shall be subject to the obligations of its predecessor under this Financial Assurances Agreement. Either party may, without relieving itself of its obligations under this Financial Assurances Agreement, assign any of its rights and obligations hereunder to an affiliate (as such term is defined in the Canada Business Corporations Act) of such party without the consent of the other party hereto, but otherwise no assignment of this Financial Assurances Agreement or any of the rights or obligations hereunder shall be made unless there first shall have been obtained the written consent thereto of the other party, such consent not to be unreasonably withheld. Notwithstanding the foregoing, Shipper may not assign its rights or obligations hereunder unless Shipper concurrently assigns its rights and/or obligations under the Precedent Agreement or the Contract to the same assignee. It is agreed, however, that the restrictions on assignment contained in this paragraph shall not in any way prevent either party to this Financial Assurances Agreement from pledging or mortgaging its rights hereunder as security for its indebtedness. This Financial Assurances Agreement shall be binding upon and inure to the benefit of the respective successors and permitted assigns of the parties hereto.
10. This Financial Assurances Agreement shall be construed and applied in accordance with, and be subject to, the laws of the Province of Alberta, and, where applicable, the laws of Canada.
11. If any provision of this Financial Assurances Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or enforceability shall apply only to such provision and all other provisions hereof shall continue in full force and effect.
12. TransCanada and Shipper hereby stipulate and agree that this Financial Assurances Agreement is executed for the sole benefit of TransCanada and Shipper, including all successors and assignees permitted under the terms of this Financial Assurances Agreement. TransCanada and Shipper expressly intend that no rights under this Financial Assurances Agreement inure to any other parties.

Financial Assurances Agreement

13. Shipper acknowledges and agrees that it has reviewed and is familiar with the terms, conditions and provisions of the Tariff.
14. TransCanada and Shipper agree that any upper case terms not defined herein shall have the meaning ascribed thereto in the Tariff.
15. This Financial Assurances Agreement may be so executed in counterpart and a complete set of counterpart pages shall be provided to each party.

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

Union Gas Limited

Per: _____

Name: _____

Title: _____

Per: _____

Name: _____

Title: _____

TransCanada PipeLines Limited

Per: _____

Name: _____

Title: _____

Per: _____

Name: _____

Title: _____

Contract Approval	
Customer Service Leader	
Customer Representative	
Legal Review	Proforma

Precedent Agreement

PRECEDENT AGREEMENT

THIS PRECEDENT AGREEMENT made as of the 2nd day of October, 2012.

BETWEEN:

TRANSCANADA PIPELINES LIMITED
a Canadian corporation
("TransCanada")

OF THE FIRST PART

AND:

UNION GAS LIMITED
a Corporation incorporated under the laws of
the Province of Ontario
("Shipper")

OF THE SECOND PART

WITNESSES THAT:

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

WHEREAS TransCanada utilizes capacity available from the TransCanada System and from its firm transportation service entitlements on the natural gas transmission systems of the Great Lakes Gas Transmission Limited Partnership, Union Gas Limited, and Trans Quebec & Maritimes Pipeline Inc. (the "**TBO Pipelines**") to enable it to provide transportation service to its customers (such capacity on the TransCanada System and the TBO Pipelines is collectively defined as the "**Combined Capacity**"); and

WHEREAS pursuant to a new capacity open season which closed on May 4, 2012 (the "**New Capacity Open Season**"), Shipper requested TransCanada to transport up to 100,000 GJ/d of natural gas from the Union Parkway Belt receipt point ("**Receipt Point**") to the Union EDA delivery point (the "**Delivery Point**") for delivery for the account of Shipper commencing the 1st day of November, 2015 (the "**In-Service Date**") or as soon as possible thereafter and terminating the 31st day of October, 2025 (the "**Requested Service**"); and

WHEREAS others have requested gas transportation services pursuant to the New Capacity Open Season (the "**Other Requests**"); and

Precedent Agreement

WHEREAS TransCanada and Shipper recognize that, taking into account Shipper's request for the Requested Service and the Other Requests, an increase to the Combined Capacity may be necessary to accommodate the Requested Service and, subject to the terms and conditions of this Precedent Agreement, TransCanada is willing to use reasonable efforts to increase the Combined Capacity to the extent necessary, taking into account Shipper's request for the Requested Service and the Other Requests, in order to provide Shipper with the Requested Service, it being recognized that the extent to which it is necessary to increase the Combined Capacity may change from time to time, (the "**Required Increase**"); and

WHEREAS TransCanada will use reasonable efforts to provide the Requested Service, Other Requests and Required Increase in the most efficient manner which may or may not require an increase to the Combined Capacity; and

WHEREAS Shipper will support TransCanada's efforts to provide the Requested Service, Other Requests and Required Increase using the most efficient manner, including without limitation, consideration of options which may or may not require the installation of additional pipeline facilities; and

WHEREAS TransCanada and Shipper recognize that the Required Increase may rely on the installation of facilities which are required solely on account of Shipper's request for the Requested Service and/or facilities which are required on account of both Shipper's request for the Requested Service and one or more of the Other Requests; and

WHEREAS Shipper and TransCanada agree that, upon an Event of Cancellation, Shipper shall bear the risk of all reasonably incurred financial obligations and outlays in connection with TransCanada's efforts to increase the Combined Capacity to the extent necessary, taking into account the Requested Service and TransCanada's obligations pursuant to the Other Requests, in order to provide Shipper with the Requested Service, subject to the cost allocations and limitations set forth herein; and

WHEREAS Shipper has provided TransCanada with evidence of natural gas supply, market and upstream and downstream transportation arrangements corresponding to the Requested Service, as applicable; and

WHEREAS TransCanada and Shipper have executed a financial assurances agreement dated effective as of the Effective Date of this Precedent Agreement (such financial assurances agreement, as amended from time to time, being hereinafter called the "**Financial Assurances Agreement**"), pertaining to the financial security that TransCanada may require from Shipper in connection with the payment of transportation charges for the provision of the Requested Service; and

WHEREAS, subject to the terms and conditions of this Precedent Agreement, TransCanada and Shipper desire to enter into a firm transportation service contract substantially in the form attached hereto as Exhibit "A" (the "**Firm Transportation Service Contract**").

Precedent Agreement

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

1. Except where the context expressly states otherwise, the following capitalized terms, when used in this Precedent Agreement, shall have the following meanings:

DEFINITIONS:

- (a) **"Additional Information"** shall have the meaning given to it in Paragraph 2(b).
- (b) **"Allocated Cancellation Costs"** means all Cancellation Costs which are not included in the definition of Shipper Specific Cancellation Costs.
- (c) **"Availability Provisions"** shall have the meaning given to it in Paragraph 2(a).
- (d) **"Banking Day"** shall have the meaning ascribed thereto in the General Terms and Conditions of TransCanada's Canadian Mainline Transportation Tariff, as amended from time to time.
- (e) **"Cancellation Charges"** means, to the extent such costs and charges arise from, are attributable to or are incurred in respect of an Event of Cancellation, all reasonably incurred costs and charges whatsoever which TransCanada incurs or becomes obligated to pay as a result of:
 - (i) not fulfilling all or any of its obligations under; or
 - (ii) cancelling or terminating all or any portion of,

any third party contract or agreement entered into in respect of, in whole or in part, the design, engineering, procurement, manufacture, construction or supply of any property, equipment, services or other components whatsoever related to, arising from or attributable to Shipper's request for the Requested Service, regardless of whether such costs or charges are incurred prior to or after an Event of Cancellation.
- (f) **"Cancellation Costs"** means the sum of all the following amounts, whether such amounts were incurred prior to or after the Effective Date of this Precedent Agreement and provided that to the extent any amount falls within more than one of the categories described in this definition such amount shall only be accounted for once:
 - (i) all Cancellation Charges; plus
 - (ii) all Financial Loss; plus

Precedent Agreement

- (iii) all Monthly Carrying Costs incurred in respect of Retained Equipment and Materials until such time as such Retained Equipment and Materials are utilized, or otherwise disposed of, by TransCanada; plus
 - (iv) all Project Costs not otherwise accounted for pursuant to subparagraphs (i), (ii) or (iii) of this definition; plus
 - (v) any other financial obligations and outlays reasonably incurred by TransCanada not otherwise accounted for pursuant to subparagraphs (i), (ii), (iii) or (iv) of this definition to the extent they arise from, are attributable to or are incurred in respect of Shipper's request for the Requested Service, regardless of whether such obligations and outlays are incurred prior to or after an Event of Cancellation ("**Other Financial Obligations and Outlays**").
- (g) "**Combined Capacity**" shall have the meaning given to it in the 2nd recital.
- (h) "**Conditions Precedent**" shall have the meaning given to it in Paragraph 29.
- (i) "**Delivery Point**" shall have the meaning given to it in the 3rd recital.
- (j) "**Effective Date**" shall mean November 2, 2012.
- (k) "**Estimated Liability Limit**" shall have the meaning given to it in Paragraph 15(a).
- (l) "**Estimated Liability Limit Notice**" shall have the meaning given to it in Paragraph 15(c).
- (m) "**Event of Cancellation**" shall mean any one of the following events:
- (i) any declaration of an Event of Cancellation made in accordance with the terms and conditions of this Precedent Agreement becoming effective; or
 - (ii) in accordance with Paragraph 10 hereof, Shipper withdrawing its request for the Requested Service at any time prior to the execution of the Firm Transportation Service Contract.
- (n) "**Financial Assurances**" shall have the meaning given to it in Paragraph 20.
- (o) "**Financial Assurances Agreement**" shall have the meaning given to it in the 11th recital.

Precedent Agreement

- (p) **"Financial Assurances Request"** shall have the meaning given to it in Paragraph 20.
- (q) **"Financial Loss"** means, to the extent arising from, attributable to or incurred in respect of an Event of Cancellation, any negative variance between cash proceeds received by TransCanada from the sale, disposal or return of property, equipment, materials, services or other components whatsoever related to, arising from or attributable to Shipper's request for the Requested Service (less any reasonably incurred costs of TransCanada related to such sale, disposal or return), and TransCanada's reasonably incurred costs (including, without limitation, costs for design, engineering, procurement, manufacture, construction, supply and any related costs) incurred in originally acquiring same, regardless of whether such amounts are incurred prior to or after an Event of Cancellation.
- (r) **"Firm Transportation Service Contract"** shall have the meaning given to it in the 12th recital.
- (s) **"GJ"** shall mean gigajoule, being 1,000,000 joules and include the plural as the context requires.
- (t) **"In Service Date"** shall have the meaning given to it in the 3rd recital.
- (u) **"Monthly Carrying Costs"** means the monthly financial costs that TransCanada shall charge Shipper in respect of Retained Equipment and Materials, which costs shall be calculated, for any calendar month, by multiplying the aggregate amount of all out-of-pocket expenses incurred in the acquisition of Retained Equipment and Materials pursuant to this Precedent Agreement (calculated on the last day of such month) by that percentage amount equal to one twelfth (1/12) of the sum of the Canadian Imperial Bank of Commerce's prime lending rate per annum for Canadian dollar commercial loans in effect on the last day of such month plus one (1) percent.
- (v) **"NEB"** means the National Energy Board.
- (w) **"New Capacity Open Season"** shall have the meaning given to it in the 3rd recital.
- (x) **"Notice"** shall have the meaning given to it in Paragraph 23.
- (y) **"Other Requests"** shall have the meaning given to it in the 4th recital.

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- (z) **"Other Request Allocated Cancellation Costs"** means, with respect to each of the Other Requests pursuant to which a precedent agreement (similar to this precedent agreement) has been entered into, the "Allocated Cancellation Costs" (as defined therein).
- (aa) **"Parties"** means TransCanada and Shipper, **"Party"** means either one of them.
- (bb) **"Precedent Agreement"** means this precedent agreement between TransCanada and Shipper.
- (cc) **"Project Costs"** means the reasonably incurred internal and third party costs, expenses and charges of TransCanada arising from, attributable to or incurred in respect of:
 - (i) any regulatory proceedings to the extent related to, arising from or attributable to Shipper's request for the Requested Service, including the preparatory work effected in connection therewith; and
 - (ii) all engineering, design, procurement and construction related costs, expenses and charges to the extent related to, arising from or attributable to Shipper's request for the Requested Service, regardless of whether such amounts are incurred prior to or after an Event of Cancellation. Internal costs, expenses and charges shall only be included in the definition of Project Costs if such amounts are directly and exclusively charged and attributable to the project or projects which are wholly or partially attributable to Shipper's request for the Requested Service.
- (dd) **"Receipt Point"** shall have the meaning given to it in the 3rd recital.
- (ee) **"Requested Service"** shall have the meaning given to it in the 3rd recital.
- (ff) **"Required Increase"** shall have the meaning given to it in the 5th recital.
- (gg) **"Retained Equipment and Materials"** means property, equipment, materials, services or other components, to the extent that the purchase of such property, equipment, materials, services or other components relates to, arises from or is attributable to Shipper's request for the Requested Service and to the extent that the construction of the contemplated facilities into which such property, equipment, materials, services or other components were to be incorporated has been cancelled in accordance with Paragraph 13 herein, that TransCanada, acting in a commercially reasonable manner, elects to retain rather than return, sell, cancel or otherwise divest.
- (hh) **"Shipper Authorizations"** shall have the meaning given to it in Paragraph 2(c).

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- (ii) **"Shipper Specific Cancellation Costs"** means the Cancellation Costs which relate to, arise from or are attributable to contemplated facilities which are solely attributable to the Shipper's request for the Requested Service, if any.
- (jj) **"TBO Pipeline"** shall have the meaning given to it in the 2nd recital.
- (kk) **"TransCanada Authorizations"** shall have the meaning given to it in Paragraph 3.
- (ll) **"TransCanada System"** shall have the meaning given to it in the 1st recital.

SHIPPER AUTHORIZATIONS

2. Shipper shall use reasonable efforts to do, or cause to be done, all lawful acts that may be necessary to:

- (a) qualify Shipper for service under the Firm Transportation Service Contract by complying, inter alia, with Section 1.1 (b) of the "Availability" provisions of the FT Toll Schedule as set out in TransCanada's Canadian Mainline Transportation Tariff as amended from time to time (the **"Availability Provisions"**);
- (b) present to TransCanada, when requested by TransCanada, any information pertaining to Shipper's natural gas supply, markets and upstream and downstream transportation arrangements that are related to Shipper's request for the Requested Service and that may be required by TransCanada, acting reasonably, to fulfill the requirements of Part III of the National Energy Board Act and the National Energy Board Filing Manual (both as amended from time to time) in seeking approval for TransCanada's facilities application(s) in relation to Shipper's request for the Requested Service (the **"Additional Information"**), and to the extent that such Additional Information is not available, Shipper shall provide TransCanada with the written reasons therefore; and
- (c) as applicable, obtain, or have others obtain, such certificates, permits, orders, licenses and authorizations from regulators or other governmental agencies in the United States and Canada, as the case may be, as are necessary to enable Shipper, or others designated by Shipper, to receive and make use of the Requested Service, including where applicable, the authority to purchase the gas to be transported and to export from the United States and to import and deliver into Canada to TransCanada at the Receipt Point(s) and to receive from TransCanada, to export from Canada, and to import and deliver into the United States at the Delivery Point(s) the quantities of natural gas to be transported by TransCanada under the Firm Transportation Service Contract (individually, a **"Shipper Authorization"** and collectively, the **"Shipper Authorizations"**) provided that nothing herein shall obligate Shipper to appeal any decision of a regulatory or judicial authority which has the effect of denying any such

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certificate, permit, order, license or authorization or granting same on conditions unsatisfactory to the Parties hereto.

TRANSCANADA AUTHORIZATIONS

3. TransCanada shall, taking into account Shipper's request for the Requested Service, Other Requests and Required Increase, use reasonable efforts to do, or cause to be done, all lawful acts that may be necessary to obtain, or cause to be obtained, such certificates, permits, licenses, orders, approvals and other authorizations TransCanada determines are necessary to enable it to provide the Requested Service, Other Requests and Required Increase in the most efficient manner (individually, a "TransCanada Authorization" and collectively the "TransCanada Authorizations") provided that nothing herein shall obligate TransCanada to appeal, or seek a review of, any decision of a regulatory or judicial authority which has the effect of denying any such certificate, permit, order, license or authorization or granting same on conditions unsatisfactory to either of the Parties hereto. Shipper shall actively support TransCanada's efforts to obtain the TransCanada Authorizations, provided however that such obligation to actively support TransCanada's efforts shall not obligate Shipper to actively support any aspect of TransCanada's efforts to the extent that it would not be reasonable or prudent for Shipper to do so having regard to any material adverse impact TransCanada's efforts may have on Shipper. Notwithstanding the foregoing, if Shipper fails to provide such support as determined by TransCanada, TransCanada may declare an Event of Cancellation. Notwithstanding anything to the contrary herein, the National Energy Board's leave to open with respect to the Required Increase shall not be included within the definition of TransCanada Authorizations.

SHIPPER'S FAILURE TO PROVIDE ADDITIONAL INFORMATION

4. If Shipper does not provide TransCanada with the Additional Information requested pursuant to Paragraph 2(b) hereof and does not provide TransCanada with reasons satisfactory to TransCanada for not providing the said Additional Information, TransCanada may declare an Event of Cancellation by providing Notice of its intention to do so to Shipper. Any such declaration of an Event of Cancellation shall become effective on the expiration of fifteen (15) days following receipt of such Notice by Shipper, unless prior to the expiration of such period Shipper has provided TransCanada with the Additional Information or given satisfactory reasons (in TransCanada's reasonable opinion) for not providing such Additional Information within such period.

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ACCEPTANCE OR REJECTION OF SHIPPER'S AUTHORIZATIONS

5. Upon obtaining each of the Shipper Authorizations and Shipper having exercised any avenue of appeal or review with respect to such Shipper Authorizations, Shipper shall promptly provide to TransCanada a copy of such Shipper Authorizations (as varied, if applicable). TransCanada shall within thirty (30) days of receipt of such Notice from Shipper give Notice to Shipper of TransCanada's acceptance or rejection of such Shipper Authorization. If TransCanada does not respond to Shipper's Notice within such thirty (30) day period, TransCanada shall be deemed to have accepted such Shipper Authorization. Acceptance of any Shipper Authorization by TransCanada shall not be unreasonably withheld and any Notice of rejection of a Shipper Authorization shall be accompanied by written reasons for such rejection. TransCanada acknowledges that it shall not reject an otherwise acceptable Shipper Authorization in the nature of an import or export permit by reason only that such permit is for a term which is shorter than the term of the Firm Transportation Service Contract. Shipper acknowledges that TransCanada's acceptance of any Shipper Authorization shall in no way constitute a representation by TransCanada that such Shipper Authorization will satisfy any regulatory requirements for obtaining acceptable TransCanada Authorizations.

ACCEPTANCE OR REJECTION OF TRANSCANADA'S AUTHORIZATIONS

6. Upon obtaining each of the TransCanada Authorizations and TransCanada having exercised any avenue of appeal or review with respect to such TransCanada Authorization as TransCanada, in its sole discretion, decides to undertake, TransCanada shall promptly provide to Shipper a copy, where applicable, of such TransCanada Authorization (as varied, if applicable) and Notice of TransCanada's acceptance or rejection of such TransCanada Authorization. Acceptance of any TransCanada Authorization by TransCanada shall not be unreasonably withheld and any Notice of rejection of a TransCanada Authorization shall be accompanied by written reasons for such rejection. TransCanada acknowledges that it will not reject any TransCanada Authorization provided such TransCanada Authorization is issued to TransCanada in the form and substance TransCanada applied for and provided such TransCanada Authorization is not subject to any conditions which are unacceptable to TransCanada, acting reasonably.

FAILURE TO OBTAIN TRANSCANADA'S AUTHORIZATIONS

7. In the event of a rejection by TransCanada of a Shipper Authorization or a TransCanada Authorization, either Party shall thereafter have the right, but not the obligation, to declare an Event of Cancellation by providing Notice of its intention to do so to the other Party. Any such declaration of an Event of Cancellation shall become effective on the expiration of thirty (30) days following receipt of such Notice by the other Party, unless within such thirty (30) day period the Parties agree in writing that such declaration of an Event of Cancellation shall not become effective as aforesaid or, provided such Event of Cancellation is only with respect to a rejection of one or more Shipper Authorizations, Shipper waives the requirement for all such rejected Shipper Authorizations in accordance with the provisions of Paragraph 5.

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BANKRUPTCY OR INSOLVENCY

8. Upon any bankruptcy, winding-up, liquidation, dissolution, insolvency or other similar proceeding affecting Shipper or its assets or upon the commencement of any proceeding relating to the foregoing, TransCanada may declare an Event of Cancellation by providing Notice of its intention to do so to Shipper. Any such declaration of an Event of Cancellation shall become effective immediately upon receipt of such Notice by Shipper.

EXECUTION OF THE FIRM TRANSPORTATION SERVICE CONTRACT

9. The Parties shall execute the Firm Transportation Service Contract forthwith after:

- (a) Shipper has complied to TransCanada's satisfaction, acting reasonably, with the Availability Provisions referred to in Paragraph 2(a) hereof;
- (b) TransCanada has received and accepted all of the TransCanada Authorizations pursuant to Paragraph 6 hereof;
- (c) Shipper has received, and TransCanada has accepted, all of the Shipper Authorizations pursuant to Paragraph 5 hereof ; and
- (d) Shipper has supplied to TransCanada (where necessary) the financial assurances pursuant to Section 1 of the Financial Assurances Agreement.

Provided however, that if Shipper fails to execute and return to TransCanada the Firm Transportation Service Contract duly proffered by TransCanada within fifteen (15) days of receipt thereof by Shipper, TransCanada may, in its sole discretion, declare an Event of Cancellation by providing Notice of its intention to do so to Shipper. Any such declaration of an Event of Cancellation shall become effective on the expiration of five (5) days following receipt of such Notice by Shipper, unless within such five (5) day period Shipper has executed and returned the Firm Transportation Service Contract to TransCanada.

WITHDRAWAL OF REQUESTED SERVICE

10. Shipper may withdraw its request for the Requested Services at any time prior to the execution of the Firm Transportation Service Contract.

SUNSET PROVISION

- 11. (a) Notwithstanding any other provision in this Precedent Agreement, if by May 1, 2015, any of the requirements referred to in Paragraph 9 hereof have not been satisfied, then either Party may thereafter declare an Event of Cancellation by providing Notice of its intention to do so to the other Party. If any of the requirements referred to in Paragraph 9 hereof remain unsatisfied on the fifteenth (15th) day next following receipt of such Notice, any such declaration of an Event of Cancellation shall become effective.

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- (b) If at any time TransCanada is of the opinion, acting reasonably, that any of the requirements referred to in Paragraph 9 will not be satisfied by May 1, 2015, despite the use of reasonable efforts, TransCanada may, in its sole discretion, declare an Event of Cancellation by providing Notice of its intention to do so to Shipper. Any such declaration of an Event of Cancellation shall become effective on the expiration of thirty (30) days following receipt of such Notice by Shipper, unless within such thirty (30) day period the Parties agree in writing that such declaration of an Event of Cancellation shall not become effective as aforesaid.

AUTHORIZATION TO SPEND

12. Shipper hereby authorizes TransCanada, prior to the receipt of all regulatory approvals TransCanada, taking into account Shipper's request for the Requested Service and the Other Requests, determines necessary for the Required Increase, to forthwith acquire all materials, enter into all agreements with individuals and/or organizations and take such other actions which TransCanada, acting reasonably, considers necessary: (i) for the timely commencement of the Requested Service by the In-Service Date, or as soon as possible thereafter; and (ii) for the timely commencement of the service requested pursuant to the Other Requests by the in-service dates requested pursuant to the Other Requests, or as soon as possible thereafter. Shipper recognizes that the provision of the Requested Service may rely on the installation of facilities which are required for both the provision of the Requested Service and for the provision of service pursuant to one or more of the Other Requests and that TransCanada's actions, as described above, may be influenced by any obligations TransCanada has with respect to the Other Requests.

EVENT OF CANCELLATION

13. Upon the occurrence of an Event of Cancellation, TransCanada's and Shipper's obligations pursuant to Paragraphs 2, 3, 5, 6 and 9 shall terminate. TransCanada may, at its discretion, decide to cancel, in whole or in part, the construction of facilities which arise from or are attributable to Shipper's request for the Requested Service or to continue with, in whole or in part, the construction of facilities which arise from or are attributable to Shipper's request for the Requested Service. In making such decision, TransCanada shall act in a commercially reasonable manner, having regard to all materially relevant matters, including any obligations TransCanada has with respect to the Other Requests. Shipper recognizes that any decision made by TransCanada as described above may be influenced by any obligations TransCanada has with respect to the Other Requests and that such decisions may impact Shipper's obligations pursuant to this Precedent Agreement. Shipper further recognizes that any decision made by TransCanada as described above may be subject to change upon any change in any obligations TransCanada has with respect to the Other Requests, and that such change may impact Shipper's obligations pursuant to this Precedent Agreement. Subject to the foregoing, TransCanada shall use commercially reasonable efforts to minimize all costs payable by Shipper to TransCanada pursuant to Paragraph 14 below, (which shall include efforts to minimize costs committed to prior to TransCanada receiving and accepting all of the TransCanada Authorizations and efforts to utilize in a prospective expansion within a reasonable time period, equipment, materials or internal or third party work product arising out of facilities contemplated on account of the Requested Service and the Other Requests (the construction of which has been cancelled), provided that

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such efforts shall be subject to TransCanada's other obligations with respect to the Requested Service and the Other Requests, including TransCanada's obligations with respect to the In-Service Date for the Requested Service and the in-service date for the Other Requests. Upon making any determination, or changing any determination, of how it will proceed upon an Event of Cancellation, TransCanada shall provide Shipper with Notice describing the decision made.

PAYMENT OF CANCELLATION COSTS

14. If an Event of Cancellation is declared on or after the Effective Date, Shipper shall pay to TransCanada the sum of the following amounts, subject to TransCanada's obligations pursuant to Paragraph 13 to use commercially reasonable efforts to minimize all costs payable by Shipper to TransCanada pursuant to this Paragraph 14:

- (a) 100% of the Shipper Specific Cancellation Costs, if applicable; plus
- (b) the product of:
 - (i) the sum of the Allocated Cancellation Costs plus the Other Request Allocated Cancellation Costs for each of the Other Requests pursuant to which a precedent agreement (similar to this precedent agreement) has been entered into and pursuant to which precedent agreements an "Event of Cancellation" (as defined therein) has occurred; multiplied by
 - (ii) a fraction, the numerator of which equals Shipper's contract demand pursuant to the Requested Service (in GJ/Day) multiplied by the sum of the 100% LF Toll applicable to the Requested Service and the Daily Equivalent Delivery Pressure Toll for Shipper's Receipt Point (as the 100% LF Toll and the Daily Equivalent Delivery Pressure Toll are set forth in TransCanada's Canadian Mainline Transportation Tariff, as amended from time to time), and the denominator of which equals the sum of the numerator plus the sum of the results obtained by applying the calculation set forth in the numerator to each of the Other Requests pursuant to which a precedent agreement (similar to this precedent agreement) has been entered into and pursuant to which precedent agreements an "Event of Cancellation" (as defined therein) has occurred (i.e. by inserting the appropriate contract demand, 100% LF Toll and Daily Equivalent Delivery Pressure Toll for each such Other Request).

Payments will be paid in accordance with the procedures set forth in Paragraph 17 herein.

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ESTIMATED LIABILITY LIMIT AND PROJECT COSTS

15. (a) Shipper's total liability pursuant to Paragraph 14 upon an Event of Cancellation shall be the actual amount payable pursuant to Paragraph 14. The estimated liability limit is \$44,692,032, plus applicable taxes (the "**Estimated Liability Limit**"). The Estimated Liability Limit is calculated in accordance with the provisions set forth in Paragraph 16. TransCanada and Shipper acknowledge and agree that the Estimated Liability Limit is an estimate provided for information purposes only based upon the calculation described in Paragraph 16, and that to the extent Shipper's actual liability pursuant to Paragraph 14 is greater than or less than the Estimated Liability Limit Shipper's obligation to pay such amounts shall not be impacted by the provisions of this Paragraph 15. Shipper acknowledges that as of the Effective Date of this Precedent Agreement TransCanada's design of the facilities and the estimate, performed in accordance with Paragraph 16, are preliminary, and in particular, Shipper acknowledges that TransCanada's current design and estimate, performed in accordance with Paragraph 16, are based upon the assumption that all of the Other Requests will result in signed precedent agreements, similar to this Precedent Agreement.
- (b) Shipper acknowledges that it has been provided a quarterly estimated spend profile for the Project Costs. Where Shipper requests in writing from TransCanada a status update related to that spend profile, TransCanada shall provide an update of the key milestones and the aggregate of the Project Costs and future financial commitments if those costs exceed the estimated spend profile at that time. TransCanada shall provide such statement to Shipper within 30 days of the end of the calendar quarter in which Shipper made such request.
- (c) In the event that TransCanada determines at any time that the currently applicable Estimated Liability Limit is less than 90% of TransCanada's current estimate performed in accordance with Paragraph 16, then TransCanada shall forthwith give Shipper Notice (the "**Estimated Liability Limit Notice**") of such and, in such Estimated Liability Limit Notice, shall provide Shipper with a new estimate performed in accordance with Paragraph 16. The Estimated Liability Limit Notice shall also include an explanation of TransCanada's reasons for the changes to the Estimated Liability Limit.
- (d) The Estimated Liability Limit Notice shall and is hereby deemed to constitute a request by TransCanada to amend Paragraph 15(a) of this Precedent Agreement by increasing the Estimated Liability Limit to the amount set forth in the new estimate contained in the Estimated Liability Limit Notice.

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- (e) If Shipper agrees to the amendments set forth in the Estimated Liability Limit Notice, or fails to respond to the Estimated Liability Limit Notice within fifteen (15) days of receiving the Estimated Liability Limit Notice, Paragraph 15(a) shall be deemed amended to increase the Estimated Liability Limit to the amount set forth in the Estimated Liability Limit Notice.
- (f) If Shipper does not agree to the amendments set forth in the Estimated Liability Limit Notice, TransCanada shall thereupon have the right, in its sole discretion, to declare an Event of Cancellation by providing Notice of its intention to do so to Shipper, which Event of Cancellation shall become effective immediately upon receipt of such Notice by Shipper.

ESTIMATED LIABILITY LIMIT CALCULATION

16. The Estimated Liability Limit is equal to the sum of the following:
- (a) With respect to any contemplated facilities on the TransCanada System which, pursuant to TransCanada's current design, arise from or are attributable only to Shipper's request for the Requested Service, TransCanada's estimate of all internal and third party costs, expenses and charges TransCanada will incur to bring into service such facilities; and
 - (b) With respect to any contemplated facilities on the TransCanada System which, pursuant to TransCanada's current design, arise from or are attributable to both Shipper's request for the Requested Service and the Other Requests, TransCanada's estimate of all internal and third party costs, expenses and charges TransCanada will incur to bring into service such facilities multiplied by a fraction, the numerator of which equals Shipper's contract demand pursuant to the Requested Service (in GJ/Day) multiplied by the sum of the 100% LF Toll applicable to the Requested Service and the Daily Equivalent Delivery Pressure Toll for Shipper's Receipt Point (as the 100% LF Toll and the Daily Equivalent Delivery Pressure Toll are set forth in TransCanada's Canadian Mainline Transportation Tariff, as amended from time to time), and the denominator of which equals the sum of the numerator plus the sum of the results obtained by applying the calculation set forth in the numerator to each of the Other Requests (i.e. by inserting the appropriate contract demand, 100% LF Toll and Daily Equivalent Delivery Pressure Toll for each applicable Other Request), provided that in calculating such fraction, if calculated after execution and delivery of this Precedent Agreement, the calculation of the denominator shall only be based upon the Other Requests which have resulted in a signed precedent agreement (similar to this Precedent Agreement).

INVOICING AND PAYMENT

17. TransCanada shall invoice and Shipper shall pay all obligations under this Precedent Agreement to TransCanada as they may arise from time to time. Within fifteen (15) days following receipt of any invoices on account of such obligations, Shipper

Precedent Agreement

shall remit payment to TransCanada. If Shipper fails to pay any invoice in full within the time herein required, interest on the unpaid portion shall accrue from the date such payment is first overdue until payment is made at a rate of interest equal to the prime rate of interest per annum of the Canadian Imperial Bank of Commerce applicable to Canadian dollar commercial loans on the date such payment is first overdue, plus one (1) percent in addition thereto, and such interest shall be immediately due and payable.

AUDIT RIGHTS

18. Provided Shipper has paid to TransCanada all amounts invoiced hereunder, no earlier than fifteen (15) days after TransCanada has received a written request from Shipper, Shipper shall have the right, at its cost, to audit TransCanada's supporting documentation related to the particular invoice(s) to verify the accuracy of the invoice in question. Shipper's audit rights shall be granted during normal business hours. Shipper's audit rights shall not include any right to break down the standard labour rates charged by TransCanada. The total number of audits commenced in any calendar year shall not exceed one. Any audit request by Shipper must be received by TransCanada within a period of two years after the invoice in question was received pursuant to Paragraph 17.

RETAINED EQUIPMENT AND MATERIALS

19. Upon an Event of Cancellation, TransCanada shall:

- (a) provide to Shipper details of the current costs to be recovered from Shipper at the time of invoicing; and
- (b) within thirty (30) days following the receipt of TransCanada's invoice(s), and not as precondition to payment:
 - (i) allow Shipper, upon Shipper's written request, to inspect any Retained Equipment and Materials on which Shipper has been invoiced a Monthly Carrying Cost; and
 - (ii) supply Shipper, upon Shipper's written request, copies of invoices relating to all Cancellation Charges, Retained Equipment and Materials and details of any Financial Loss, Project Costs and Other Financial Obligations and Outlays incurred by TransCanada.

If TransCanada shall not have disposed of or utilized any Retained Equipment and Materials within six (6) months from the date TransCanada makes a determination to cancel construction of the facilities to which such Retained Equipment and Materials related, then Shipper shall have the right to purchase from TransCanada such property, equipment, materials, services or other components which in whole or in part fall within the definition of Retained Equipment and Materials at the manufacturers' invoiced cost plus any costs of TransCanada related to the original purchase of such property, equipment, materials, services or other components and plus any costs of TransCanada related to the sale of such property, equipment, materials, services or other components to Shipper.

Precedent Agreement

FINANCIAL ASSURANCES

20. TransCanada may as a condition of entering into this Precedent Agreement and at any time and from time to time prior to or during the term of this Precedent Agreement request, by Notice to Shipper, that Shipper provide financial assurances in an amount, type and form acceptable to TransCanada for the performance of its obligations pursuant to this Precedent Agreement or (if applicable) request that Shipper replace, increase or otherwise amend any financial assurances for the performance of its obligations pursuant to this Precedent Agreement previously provided by Shipper to TransCanada ("**Financial Assurances**"), such Financial Assurances are to be in an amount that does not exceed TransCanada's estimate of the maximum payment obligations Shipper could be subject to upon an Event of Cancellation (the "**Financial Assurances Request**"). From time to time, and at any time, prior to or during the term of this Precedent Agreement TransCanada may assess the Shipper's creditworthiness related to the performance of its obligations pursuant to this Precedent Agreement. When performing any such assessment, TransCanada shall apply the same criteria in assessing Shipper's creditworthiness as it applies when determining whether to request Financial Assurances pursuant to TransCanada's Canadian Mainline Transportation Tariff (as amended from time to time) from a shipper on the TransCanada System. TransCanada shall not require Financial Assurances pursuant to this Paragraph 20 unless, pursuant to any assessment performed as described above, TransCanada makes a determination that Shipper is not creditworthy. No later than five (5) Banking Days from receipt of a Financial Assurances Request Shipper shall provide TransCanada with the Financial Assurances in the form and amount specified in such Financial Assurances Request. In addition to any other remedies TransCanada may have if Shipper fails to provide such Financial Assurances within five (5) Banking Days from receipt of such Financial Assurances Request, provided that no Event of Cancellation has occurred, TransCanada shall have the right, in its sole discretion, to declare an Event of Cancellation by providing Notice of its intention to do so to Shipper, which Event of Cancellation shall become effective immediately upon receipt of such Notice by Shipper.

TERM

21. This Precedent Agreement shall remain in effect until the earlier of:
- (a) The date where Shipper and TransCanada have entered into the Firm Transportation Service Contract; or
 - (b) The date where TransCanada has utilized or disposed of all the Retained Equipment and Materials, has invoiced the Shipper, and has been paid by Shipper for all obligations payable by Shipper pursuant to this Precedent Agreement.

WAIVER OF DEFAULT

22. No waiver by TransCanada of any default by Shipper in the performance of any provision of or obligation under this Precedent Agreement shall operate or be construed as a waiver of any continuing or future default or defaults, whether of a like or different character.

NOTICE

23. Any notice, request or demand ("**Notice**") to or upon the respective Parties hereto shall be in writing and shall be validly communicated by the delivery thereof to its addressee, either personally or by courier, first class mail, or facsimile to the address hereinafter mentioned:

IN THE CASE OF TRANSCANADA TRANSCANADA PIPELINES LIMITED

- Attention:** Director, Customer Service
Facsimile: (403) 920-2446

Attention: Chris Shorts
Facsimile: (519) 436-4643

ASSIGNMENT

Sheet No. 17

Precedent Agreement

there first shall have been obtained the written consent thereto of the other Party, such consent not to be unreasonably withheld. It is agreed, however, that the restrictions on assignment contained in this paragraph shall not in any way prevent either Party to this Precedent Agreement from pledging or mortgaging its rights hereunder as security for its indebtedness. This Precedent Agreement shall be binding upon and inure to the benefit of the respective successors and permitted assigns of the Parties hereto.

APPLICABLE LAW

25. This Precedent Agreement shall be construed and applied in accordance with, and be subject to, the laws of the Province of Alberta, and, where applicable, the laws of Canada, and shall be subject to the rules, regulations, decisions and orders of any regulatory or legislative authority having jurisdiction over the matters contained herein.

SEVERANCE

26. If any provision of this Precedent Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability shall apply only to such provision and all other provisions hereof shall continue in full force and effect.

REPRESENTATION

27. Shipper represents that neither Shipper nor any third party acting on behalf of Shipper have executed arrangements with other parties with respect to the acquisition of natural gas which would have the effect of eliminating Shipper's need for the Requested Service, and Shipper agrees that it shall not enter into any such arrangements without the prior written consent of TransCanada while this Precedent Agreement is in effect.

SOLE BENEFIT

28. TransCanada and Shipper hereby stipulate and agree that this Precedent Agreement is executed for the sole benefit of TransCanada and Shipper, including all successors and assignees permitted under the terms of this Precedent Agreement. TransCanada and Shipper expressly intend that no rights under this Precedent Agreement inure to any other parties.

CONDITIONS PRECEDENT

29. The following are conditions precedent to this Precedent Agreement coming into force or effect that:

- (a) TransCanada shall have obtained the approval of its Board of Directors for the transaction contemplated herein on or before April 30, 2013; and
- (b) Shipper shall have provided to TransCanada the supporting documentation referred to in sub-section 5.1(a)(ii) of the "Access to New System Capacity" provisions of the Transportation Access Procedures as set out in TransCanada's Canadian Mainline Transportation Tariff within the time period set out therein and that such supporting documentation shall be complete, conform to the requirements therein and be in a form satisfactory to TransCanada.

Precedent Agreement

These Conditions Precedent are for the sole exclusive benefit of TransCanada and may be waived by TransCanada, in its sole discretion, at any time on or before April 30, 2013.

EFFICIENT PROVISION OF REQUESTED SERVICE

30. Shipper acknowledges and agrees that TransCanada shall have the option to determine how the Requested Service, Other Requests and Required Increase will be provided in the most efficient manner, including, without limitation, consideration of options which may or may not require the installation of additional pipeline facilities.

IN WITNESS WHEREOF, the duly authorized Parties hereto have executed this Precedent Agreement as of the date first above written.

UNION GAS LIMITED

By: _____
Name:
Title:

By: _____
Name:
Title:

TRANSCANADA PIPELINES LIMITED

By: _____
Name:
Title:

By: _____
Name:
Title:

Contract Approval	
Customer Service Leader	
Customer Representative	
Legal Review	

Exhibit "A"

Transportation Tariff

TransCanada PipeLines Limited

FT CONTRACT

FIRM TRANSPORTATION SERVICE CONTRACT

THIS FIRM TRANSPORTATION SERVICE CONTRACT, made as of the [•] day of [•].

BETWEEN:

TRANSCANADA PIPELINES LIMITED
a Canadian corporation
("TransCanada")

OF THE FIRST PART

AND:

[•]
a «Entity» «formed» under the laws of
[•]
("Shipper")

OF THE SECOND PART

WITNESSES THAT:

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

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

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

WHEREAS the Parties hereto have heretofore entered into an agreement dated effective as of the [•] day of [•], 200[•], (the "Precedent Agreement") which bound them, subject to fulfillment or waiver of the conditions precedent therein set forth, to enter into a Contract substantially upon the terms and conditions hereinafter described; and

Exhibit "A"

Transportation Tariff

TransCanada PipeLines Limited

FT CONTRACT

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

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

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

ARTICLE I – COMMENCEMENT OF SERVICE

1.1 TransCanada shall use reasonable efforts to have the additional facilities (and/or obtain such transportation arrangements on other gas transmission systems) as may be required to effect the transportation of the gas hereunder (the "Necessary Capacity") in place by the [•] day of [•], 200[•], or as soon as possible thereafter. TransCanada's ability to provide service by the [•] day of [•], 200[•], will be subject to, inter alia,

- a) the timing of the receipt by Shipper and TransCanada of the authorizations referred to in paragraphs 2 and 3 of the Precedent Agreement which are required prior to the commencement of construction of TransCanada's facilities and the timing of the commencement of the services required by TransCanada (if any) on the systems of Great Lakes Gas Transmission Limited Partnership, Trans Québec and Maritimes Inc. and Union Gas Limited; and
- b) the lead time required for the acquisition, construction and installation of those facilities required by TransCanada.

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

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

Exhibit "A"

Transportation Tariff

TransCanada PipeLines Limited

FT CONTRACT

- a) the date for which Shipper first nominates and TransCanada authorizes service hereunder; or
- b) the tenth (10th) day following the day on which Shipper received TransCanada's Notice; PROVIDED that Shipper shall not be obligated to a Date of Commencement which is earlier than the [•] day of [•], 200[•], unless mutually agreed upon by both Parties.

ARTICLE II – GAS TO BE TRANSPORTED

2.1 Subject to the provisions of this Contract, the FT Toll Schedule, the List of Tolls, and the General Terms and Conditions referred to in Section 7.1 hereof, TransCanada shall provide transportation service hereunder for Shipper in respect of a quantity of gas which, in any one day from the Date of Commencement until the [•] day of [•], 200[•], shall not exceed [•] GJ/d (the "Contract Demand").

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

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

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

ARTICLE IV -TOLLS

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

Exhibit "A"

Transportation Tariff

TransCanada PipeLines Limited

FT CONTRACT

ARTICLE V – TERM OF CONTRACT

5.1 This Contract shall be effective from the date hereof and shall continue until the [•] day of [•], 200[•].

ARTICLE VI – NOTICES

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

IN THE CASE OF TRANSCANADA:

TRANSCANADA PIPELINES LIMITED

- | | | |
|-------|-------------------|---|
| (i) | mailing address: | P.O. Box 1000
Station M
Calgary, Alberta
T2P 4K5 |
| (ii) | delivery address: | TransCanada Tower
450 - 1st Street S.W.
Calgary, Alberta
T2P 5H1 |
| | | Attention: Director, Customer Service
Telecopy: (403) 920 - 2446 |
| (iii) | nominations: | Attention: Manager, Nominations and Allocations
Telecopy: (403) 920 - 2446 |
| (iv) | invoices: | Attention: Manager, Contracts and Billing
Telecopy: (403) 920 - 2446 |
| (v) | other matters: | Attention: Director, Customer Service
Telecopy: (403) 920 - 2446 |

Exhibit "A"

Transportation Tariff

TransCanada PipeLines Limited

FT CONTRACT

- IN THE CASE OF SHIPPER:** [•]
- (i) mailing address: [•]
- (ii) delivery address: same as above
- (iii) nominations: Attention: [•]
Telecopy: [•]
- (iv) invoices: Attention: [•]
Telecopy: [•]
- (v) other matters: Attention: [•]
Telecopy: [•]

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

ARTICLE VII – MISCELLANEOUS PROVISIONS

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

Exhibit "A"

Transportation Tariff

TransCanada PipeLines Limited

FT CONTRACT

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

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

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

[•]

TRANSCANADA PIPELINES LIMITED

Per: _____	Per: _____
Name: _____	Name: _____
Title: _____	Title: _____
Per: _____	Per: _____
Name: _____	Name: _____
Title: _____	Title: _____

Contract Approval	
Customer Service Leader	
Customer Representative	
Legal Review	Proforma Approved

Exhibit "A"

Transportation Tariff

TransCanada PipeLines Limited

FT CONTRACT

EXHIBIT "1"

This is EXHIBIT "1" to the FIRM TRANSPORTATION SERVICE CONTRACT made as of the [•] day of [•] between TRANSCANADA PIPELINES LIMITED ("TransCanada") and [•] ("Shipper").

The Delivery Point(s) hereunder is the point(s) of interconnection between the pipeline facilities of TransCanada and [•] which is located at:

[•]

The Receipt Point(s) hereunder is the point(s) of interconnection between the pipeline facilities of TransCanada and [•] which is located at:

[•]

**Estimate of Shared Facilities Costs (\$)
for 2012 Eastern System Expansion
(Confidential)
Updated June 28, 2012**

All following is an estimate provided for information purposes only and without prejudice.

Drainage JPS 42 Loop (\$245 MM) and Parkway Metering Upgrades (\$10 MM) = \$255 MM

[illegible]

Received on Jan. 1, 2012; Internet To-
B.

2014 (K)				2015 (K)			
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
13.0	17.2	43.0	44.7	13.0	17.2	43.0	44.7
0.0	2.7	6.1	6.6	0.0	2.7	6.1	6.6
6.1	14.5	20.0	48.0	6.1	14.5	20.0	48.0

Financial Assurances Agreement

FINANCIAL ASSURANCES AGREEMENT

This Financial Assurances Agreement made the 2nd day of October, 2012.

BETWEEN:

TransCanada PipeLines Limited
a Canadian corporation
(hereinafter called "TransCanada")

AND:

Union Gas Limited
a Corporation incorporated under the laws of
the Province of Ontario
(hereinafter called "Shipper")

WITNESSES THAT:

WHEREAS, upon Shipper and TransCanada executing this Financial Assurances Agreement (hereinafter called the "Financial Assurances Agreement"), Shipper and TransCanada shall enter into a Precedent Agreement (hereinafter called the "Precedent Agreement") wherein both parties shall agree, subject to satisfaction of the conditions contained in the Precedent Agreement, to enter into a Firm Service Transportation Contract substantially in the form attached as Exhibit "A" to the Precedent Agreement (hereinafter called the "Contract"); and

WHEREAS, the Contract, upon execution, will be for gas transportation and related services where TransCanada determined it must construct facilities in order to provide such service ("Expansion Capacity Service"); and

WHEREAS, the Contract, upon execution, would provide for TransCanada to transport for the account of Shipper up to 10,000 GJ per day of natural gas from Union Parkway Belt to Union NDA commencing the 1st day of November, 2015 or as soon as possible thereafter; and

WHEREAS the General Terms and Conditions of TransCanada's Canadian Mainline Transportation Tariff that are applicable to the Contract, as such may be amended, replaced or varied from time to time (hereinafter called the "Tariff"), sets out that TransCanada may request and Shipper shall provide if TransCanada so requests, financial assurances for the payment of the charges to be paid by Shipper pursuant to the Contract; and

WHEREAS, the parties wish to enter into this Financial Assurances Agreement for the purpose of describing the manner in which such security is to be provided by Shipper.

Financial Assurances Agreement

NOW THEREFORE THIS FINANCIAL ASSURANCES AGREEMENT WITNESSES THAT, in consideration of the mutual covenants and agreements contained herein, Shipper and TransCanada agree as follows:

1. Prior to the execution of the Contract, TransCanada may request financial assurances from Shipper, in form and substance acceptable to TransCanada and in an amount determined in accordance with the Tariff for Expansion Capacity Service. Shipper shall provide such financial assurances within four (4) Banking Days of TransCanada's request or such other time as may be set forth by TransCanada in the request. Upon receipt by TransCanada of the requested financial assurances, section 9(d) of the Precedent Agreement shall be satisfied, and until receipt by TransCanada of the requested financial assurances, section 9(d) of the Precedent Agreement shall not be satisfied.
2. TransCanada may request that Shipper at any time and from time to time prior to and during service, provide TransCanada with financial assurances acceptable to TransCanada, in form and substance satisfactory to TransCanada and in an amount determined in accordance with the Tariff for Expansion Capacity Service (the "Financial Assurances Request").
3. Shipper shall provide TransCanada with the financial assurances requested in the Financial Assurances Request within the time period set out in the Tariff.
4. If Shipper fails to provide TransCanada with the financial assurances requested, then TransCanada may, in addition to any other remedy available to it, exercise any remedies available to it in the Precedent Agreement or the Tariff.
5. This Financial Assurances Agreement shall become effective on the date of execution hereof and shall remain in effect until:
 - (a) the Precedent Agreement is terminated by either party in accordance with the terms thereof and all of the Shipper's obligations pursuant to the Precedent Agreement have been satisfied, and
 - (b) if the Contract is executed,
 - (i) the Contract is terminated by either party in accordance with the terms thereof and all of the Shipper's obligations pursuant to the Contract have been satisfied; or
 - (ii) all of the Shipper's obligations pursuant to the Contract for the Existing Term have been satisfied.

Financial Assurances Agreement

6. For greater certainty, this Financial Assurances Agreement is deemed to be a financial assurances agreement under the Tariff.
7. This Financial Assurances Agreement and the rights and obligations of the parties hereunder shall be subject to all present and future laws, rules, regulations, decisions and orders of any legislative body or duly constituted authority now or hereafter having jurisdiction over any of the matters contained herein, including without limitation the General Terms and Conditions of the Tariff.
8. Any notice, request or demand (hereinafter called a "Notice") to or upon the respective parties hereto, shall be in writing and shall be validly communicated by the delivery thereof to its addressee, either personally or by courier, first class mail, or telecopier to the address hereinafter mentioned:

In the case of TransCanada: **TransCanada PipeLines Limited**

Delivery Address: TransCanada PipeLines Tower
 450 – 1st Street S.W.
 Calgary, Alberta
 T2P 5H1

Mailing Address: Same As Above

Attention: Director, Counterparty Risk
Telecopier: (403) 920-2359

In the case of Shipper: **Union Gas Limited**

Delivery Address: 50 Keil Drive
 Chatham, Ontario
 N7M 5M1

Mailing Address: Same As Above

Attention: Chris Shorts
Telecopier: 519-436-4643

Any Notice shall be sent in order to ensure prompt receipt by the other party. Such Notice sent as aforesaid shall be deemed to have been received by the party to whom it is sent: (a) at the time of its delivery if personally delivered or if sent by telecopier, or (b) on the business day

Financial Assurances Agreement

- following transmittal thereof if sent by courier, or (c) on the third (3rd) Banking Day following the transmittal thereof if sent by first class mail; provided, however, that in the event normal mail service, courier service, or telecopier service shall be interrupted by a cause beyond the control of the parties hereto, then the party sending the Notice shall utilize any of the said services which has not been so interrupted or shall personally deliver such Notice. Each party shall provide Notice to the other of any change of address for the purposes hereof.
9. Any company which shall succeed by purchase, merger or consolidation to the assets substantially or in entirety, of Shipper or TransCanada, as the case may be, shall be entitled to the rights and shall be subject to the obligations of its predecessor under this Financial Assurances Agreement. Either party may, without relieving itself of its obligations under this Financial Assurances Agreement, assign any of its rights and obligations hereunder to an affiliate (as such term is defined in the Canada Business Corporations Act) of such party without the consent of the other party hereto, but otherwise no assignment of this Financial Assurances Agreement or any of the rights or obligations hereunder shall be made unless there first shall have been obtained the written consent thereto of the other party, such consent not to be unreasonably withheld. Notwithstanding the foregoing, Shipper may not assign its rights or obligations hereunder unless Shipper concurrently assigns its rights and/or obligations under the Precedent Agreement or the Contract to the same assignee. It is agreed, however, that the restrictions on assignment contained in this paragraph shall not in any way prevent either party to this Financial Assurances Agreement from pledging or mortgaging its rights hereunder as security for its indebtedness. This Financial Assurances Agreement shall be binding upon and inure to the benefit of the respective successors and permitted assigns of the parties hereto.
10. This Financial Assurances Agreement shall be construed and applied in accordance with, and be subject to, the laws of the Province of Alberta, and, where applicable, the laws of Canada.
11. If any provision of this Financial Assurances Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or enforceability shall apply only to such provision and all other provisions hereof shall continue in full force and effect.
12. TransCanada and Shipper hereby stipulate and agree that this Financial Assurances Agreement is executed for the sole benefit of TransCanada and Shipper, including all successors and assignees permitted under the terms of this Financial Assurances Agreement. TransCanada and Shipper expressly intend that no rights under this Financial Assurances Agreement inure to any other parties.

Financial Assurances Agreement

13. Shipper acknowledges and agrees that it has reviewed and is familiar with the terms, conditions and provisions of the Tariff.
14. TransCanada and Shipper agree that any upper case terms not defined herein shall have the meaning ascribed thereto in the Tariff.
15. This Financial Assurances Agreement may be so executed in counterpart and a complete set of counterpart pages shall be provided to each party.

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

Union Gas Limited

Per: _____

Name: _____

Title: _____

Per: _____

Name: _____

Title: _____

TransCanada PipeLines Limited

Per: _____

Name: _____

Title: _____

Per: _____

Name: _____

Title: _____

Contract Approval	
Customer Service Leader	
Customer Representative	
Legal Review	Proforma

Precedent Agreement

PRECEDENT AGREEMENT

THIS PRECEDENT AGREEMENT made as of the 2nd day of October, 2012.

BETWEEN:

TRANSCANADA PIPELINES LIMITED

a Canadian corporation
("TransCanada")

OF THE FIRST PART

AND:

UNION GAS LIMITED

a Corporation incorporated under the laws of
the Province of Ontario
("Shipper")

OF THE SECOND PART

WITNESSES THAT:

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

WHEREAS TransCanada utilizes capacity available from the TransCanada System and from its firm transportation service entitlements on the natural gas transmission systems of the Great Lakes Gas Transmission Limited Partnership, Union Gas Limited, and Trans Quebec & Maritimes Pipeline Inc. (the "**TBO Pipelines**") to enable it to provide transportation service to its customers (such capacity on the TransCanada System and the TBO Pipelines is collectively defined as the "**Combined Capacity**"); and

WHEREAS pursuant to a new capacity open season which closed on May 4, 2012 (the "**New Capacity Open Season**"), Shipper requested TransCanada to transport up to 10,000 GJ/d of natural gas from the Union Parkway Belt receipt point ("**Receipt Point**") to the Union NDA delivery point (the "**Delivery Point**") for delivery for the account of Shipper commencing the 1st day of November, 2015 (the "**In-Service Date**") or as soon as possible thereafter and terminating the 31st day of October, 2025 (the "**Requested Service**"); and

WHEREAS others have requested gas transportation services pursuant to the New Capacity Open Season (the "**Other Requests**"); and

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WHEREAS TransCanada and Shipper recognize that, taking into account Shipper's request for the Requested Service and the Other Requests, an increase to the Combined Capacity may be necessary to accommodate the Requested Service and, subject to the terms and conditions of this Precedent Agreement, TransCanada is willing to use reasonable efforts to increase the Combined Capacity to the extent necessary, taking into account Shipper's request for the Requested Service and the Other Requests, in order to provide Shipper with the Requested Service, it being recognized that the extent to which it is necessary to increase the Combined Capacity may change from time to time, (the "**Required Increase**"); and

WHEREAS TransCanada will use reasonable efforts to provide the Requested Service, Other Requests and Required Increase in the most efficient manner which may or may not require an increase to the Combined Capacity; and

WHEREAS Shipper will support TransCanada's efforts to provide the Requested Service, Other Requests and Required Increase using the most efficient manner, including without limitation, consideration of options which may or may not require the installation of additional pipeline facilities; and

WHEREAS TransCanada and Shipper recognize that the Required Increase may rely on the installation of facilities which are required solely on account of Shipper's request for the Requested Service and/or facilities which are required on account of both Shipper's request for the Requested Service and one or more of the Other Requests; and

WHEREAS Shipper and TransCanada agree that, upon an Event of Cancellation, Shipper shall bear the risk of all reasonably incurred financial obligations and outlays in connection with TransCanada's efforts to increase the Combined Capacity to the extent necessary, taking into account the Requested Service and TransCanada's obligations pursuant to the Other Requests, in order to provide Shipper with the Requested Service, subject to the cost allocations and limitations set forth herein; and

WHEREAS Shipper has provided TransCanada with evidence of natural gas supply, market and upstream and downstream transportation arrangements corresponding to the Requested Service, as applicable; and

WHEREAS TransCanada and Shipper have executed a financial assurances agreement dated effective as of the Effective Date of this Precedent Agreement (such financial assurances agreement, as amended from time to time, being hereinafter called the "**Financial Assurances Agreement**"), pertaining to the financial security that TransCanada may require from Shipper in connection with the payment of transportation charges for the provision of the Requested Service; and

WHEREAS, subject to the terms and conditions of this Precedent Agreement, TransCanada and Shipper desire to enter into a firm transportation service contract substantially in the form attached hereto as Exhibit "A" (the "**Firm Transportation Service Contract**").

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

1. Except where the context expressly states otherwise, the following capitalized terms, when used in this Precedent Agreement, shall have the following meanings:

DEFINITIONS:

- (a) **"Additional Information"** shall have the meaning given to it in Paragraph 2(b).
- (b) **"Allocated Cancellation Costs"** means all Cancellation Costs which are not included in the definition of Shipper Specific Cancellation Costs.
- (c) **"Availability Provisions"** shall have the meaning given to it in Paragraph 2(a).
- (d) **"Banking Day"** shall have the meaning ascribed thereto in the General Terms and Conditions of TransCanada's Canadian Mainline Transportation Tariff, as amended from time to time.
- (e) **"Cancellation Charges"** means, to the extent such costs and charges arise from, are attributable to or are incurred in respect of an Event of Cancellation, all reasonably incurred costs and charges whatsoever which TransCanada incurs or becomes obligated to pay as a result of:
 - (i) not fulfilling all or any of its obligations under; or
 - (ii) cancelling or terminating all or any portion of,any third party contract or agreement entered into in respect of, in whole or in part, the design, engineering, procurement, manufacture, construction or supply of any property, equipment, services or other components whatsoever related to, arising from or attributable to Shipper's request for the Requested Service, regardless of whether such costs or charges are incurred prior to or after an Event of Cancellation.
- (f) **"Cancellation Costs"** means the sum of all the following amounts, whether such amounts were incurred prior to or after the Effective Date of this Precedent Agreement and provided that to the extent any amount falls within more than one of the categories described in this definition such amount shall only be accounted for once:
 - (i) all Cancellation Charges; plus
 - (ii) all Financial Loss; plus

- (iii) all Monthly Carrying Costs incurred in respect of Retained Equipment and Materials until such time as such Retained Equipment and Materials are utilized, or otherwise disposed of, by TransCanada; plus
- (iv) all Project Costs not otherwise accounted for pursuant to subparagraphs (i), (ii) or (iii) of this definition; plus
- (v) any other financial obligations and outlays reasonably incurred by TransCanada not otherwise accounted for pursuant to subparagraphs (i), (ii), (iii) or (iv) of this definition to the extent they arise from, are attributable to or are incurred in respect of Shipper's request for the Requested Service, regardless of whether such obligations and outlays are incurred prior to or after an Event of Cancellation ("**Other Financial Obligations and Outlays**").
- (g) "**Combined Capacity**" shall have the meaning given to it in the 2nd recital.
- (h) "**Conditions Precedent**" shall have the meaning given to it in Paragraph 29.
- (i) "**Delivery Point**" shall have the meaning given to it in the 3rd recital.
- (j) "**Effective Date**" shall mean November 2, 2012.
- (k) "**Estimated Liability Limit**" shall have the meaning given to it in Paragraph 15(a).
- (l) "**Estimated Liability Limit Notice**" shall have the meaning given to it in Paragraph 15(c).
- (m) "**Event of Cancellation**" shall mean any one of the following events:
 - (i) any declaration of an Event of Cancellation made in accordance with the terms and conditions of this Precedent Agreement becoming effective; or
 - (ii) in accordance with Paragraph 10 hereof, Shipper withdrawing its request for the Requested Service at any time prior to the execution of the Firm Transportation Service Contract.
- (n) "**Financial Assurances**" shall have the meaning given to it in Paragraph 20.
- (o) "**Financial Assurances Agreement**" shall have the meaning given to it in the 11th recital.

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- (p) **"Financial Assurances Request"** shall have the meaning given to it in Paragraph 20.
- (q) **"Financial Loss"** means, to the extent arising from, attributable to or incurred in respect of an Event of Cancellation, any negative variance between cash proceeds received by TransCanada from the sale, disposal or return of property, equipment, materials, services or other components whatsoever related to, arising from or attributable to Shipper's request for the Requested Service (less any reasonably incurred costs of TransCanada related to such sale, disposal or return), and TransCanada's reasonably incurred costs (including, without limitation, costs for design, engineering, procurement, manufacture, construction, supply and any related costs) incurred in originally acquiring same, regardless of whether such amounts are incurred prior to or after an Event of Cancellation.
- (r) **"Firm Transportation Service Contract"** shall have the meaning given to it in the 12th recital.
- (s) **"GJ"** shall mean gigajoule, being 1,000,000 joules and include the plural as the context requires.
- (t) **"In Service Date"** shall have the meaning given to it in the 3rd recital.
- (u) **"Monthly Carrying Costs"** means the monthly financial costs that TransCanada shall charge Shipper in respect of Retained Equipment and Materials, which costs shall be calculated, for any calendar month, by multiplying the aggregate amount of all out-of-pocket expenses incurred in the acquisition of Retained Equipment and Materials pursuant to this Precedent Agreement (calculated on the last day of such month) by that percentage amount equal to one twelfth (1/12) of the sum of the Canadian Imperial Bank of Commerce's prime lending rate per annum for Canadian dollar commercial loans in effect on the last day of such month plus one (1) percent.
- (v) **"NEB"** means the National Energy Board.
- (w) **"New Capacity Open Season"** shall have the meaning given to it in the 3rd recital.
- (x) **"Notice"** shall have the meaning given to it in Paragraph 23.
- (y) **"Other Requests"** shall have the meaning given to it in the 4th recital.

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- (z) **"Other Request Allocated Cancellation Costs"** means, with respect to each of the Other Requests pursuant to which a precedent agreement (similar to this precedent agreement) has been entered into, the "Allocated Cancellation Costs" (as defined therein).
- (aa) **"Parties"** means TransCanada and Shipper, **"Party"** means either one of them.
- (bb) **"Precedent Agreement"** means this precedent agreement between TransCanada and Shipper.
- (cc) **"Project Costs"** means the reasonably incurred internal and third party costs, expenses and charges of TransCanada arising from, attributable to or incurred in respect of:
 - (i) any regulatory proceedings to the extent related to, arising from or attributable to Shipper's request for the Requested Service, including the preparatory work effected in connection therewith; and
 - (ii) all engineering, design, procurement and construction related costs, expenses and charges to the extent related to, arising from or attributable to Shipper's request for the Requested Service, regardless of whether such amounts are incurred prior to or after an Event of Cancellation. Internal costs, expenses and charges shall only be included in the definition of Project Costs if such amounts are directly and exclusively charged and attributable to the project or projects which are wholly or partially attributable to Shipper's request for the Requested Service.
- (dd) **"Receipt Point"** shall have the meaning given to it in the 3rd recital.
- (ee) **"Requested Service"** shall have the meaning given to it in the 3rd recital.
- (ff) **"Required Increase"** shall have the meaning given to it in the 5th recital.
- (gg) **"Retained Equipment and Materials"** means property, equipment, materials, services or other components, to the extent that the purchase of such property, equipment, materials, services or other components relates to, arises from or is attributable to Shipper's request for the Requested Service and to the extent that the construction of the contemplated facilities into which such property, equipment, materials, services or other components were to be incorporated has been cancelled in accordance with Paragraph 13 herein, that TransCanada, acting in a commercially reasonable manner, elects to retain rather than return, sell, cancel or otherwise divest.
- (hh) **"Shipper Authorizations"** shall have the meaning given to it in Paragraph 2(c).

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- (ii) **"Shipper Specific Cancellation Costs"** means the Cancellation Costs which relate to, arise from or are attributable to contemplated facilities which are solely attributable to the Shipper's request for the Requested Service, if any.
- (jj) **"TBO Pipeline"** shall have the meaning given to it in the 2nd recital.
- (kk) **"TransCanada Authorizations"** shall have the meaning given to it in Paragraph 3.
- (ll) **"TransCanada System"** shall have the meaning given to it in the 1st recital.

SHIPPER AUTHORIZATIONS

2. Shipper shall use reasonable efforts to do, or cause to be done, all lawful acts that may be necessary to:

- (a) qualify Shipper for service under the Firm Transportation Service Contract by complying, inter alia, with Section 1.1 (b) of the "Availability" provisions of the FT Toll Schedule as set out in TransCanada's Canadian Mainline Transportation Tariff as amended from time to time (the **"Availability Provisions"**);
- (b) present to TransCanada, when requested by TransCanada, any information pertaining to Shipper's natural gas supply, markets and upstream and downstream transportation arrangements that are related to Shipper's request for the Requested Service and that may be required by TransCanada, acting reasonably, to fulfill the requirements of Part III of the National Energy Board Act and the National Energy Board Filing Manual (both as amended from time to time) in seeking approval for TransCanada's facilities application(s) in relation to Shipper's request for the Requested Service (the **"Additional Information"**), and to the extent that such Additional Information is not available, Shipper shall provide TransCanada with the written reasons therefore; and
- (c) as applicable, obtain, or have others obtain, such certificates, permits, orders, licenses and authorizations from regulators or other governmental agencies in the United States and Canada, as the case may be, as are necessary to enable Shipper, or others designated by Shipper, to receive and make use of the Requested Service, including where applicable, the authority to purchase the gas to be transported and to export from the United States and to import and deliver into Canada to TransCanada at the Receipt Point(s) and to receive from TransCanada, to export from Canada, and to import and deliver into the United States at the Delivery Point(s) the quantities of natural gas to be transported by TransCanada under the Firm Transportation Service Contract (individually, a **"Shipper Authorization"** and collectively, the **"Shipper Authorizations"**) provided that nothing herein shall obligate Shipper to appeal any decision of a regulatory or judicial authority which has the effect of denying any such

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certificate, permit, order, license or authorization or granting same on conditions unsatisfactory to the Parties hereto.

TRANSCANADA AUTHORIZATIONS

3. TransCanada shall, taking into account Shipper's request for the Requested Service, Other Requests and Required Increase, use reasonable efforts to do, or cause to be done, all lawful acts that may be necessary to obtain, or cause to be obtained, such certificates, permits, licenses, orders, approvals and other authorizations TransCanada determines are necessary to enable it to provide the Requested Service, Other Requests and Required Increase in the most efficient manner (individually, a "TransCanada Authorization" and collectively the "TransCanada Authorizations") provided that nothing herein shall obligate TransCanada to appeal, or seek a review of, any decision of a regulatory or judicial authority which has the effect of denying any such certificate, permit, order, license or authorization or granting same on conditions unsatisfactory to either of the Parties hereto. Shipper shall actively support TransCanada's efforts to obtain the TransCanada Authorizations, provided however that such obligation to actively support TransCanada's efforts shall not obligate Shipper to actively support any aspect of TransCanada's efforts to the extent that it would not be reasonable or prudent for Shipper to do so having regard to any material adverse impact TransCanada's efforts may have on Shipper. Notwithstanding the foregoing, if Shipper fails to provide such support as determined by TransCanada, TransCanada may declare an Event of Cancellation. Notwithstanding anything to the contrary herein, the National Energy Board's leave to open with respect to the Required Increase shall not be included within the definition of TransCanada Authorizations.

SHIPPER'S FAILURE TO PROVIDE ADDITIONAL INFORMATION

4. If Shipper does not provide TransCanada with the Additional Information requested pursuant to Paragraph 2(b) hereof and does not provide TransCanada with reasons satisfactory to TransCanada for not providing the said Additional Information, TransCanada may declare an Event of Cancellation by providing Notice of its intention to do so to Shipper. Any such declaration of an Event of Cancellation shall become effective on the expiration of fifteen (15) days following receipt of such Notice by Shipper, unless prior to the expiration of such period Shipper has provided TransCanada with the Additional Information or given satisfactory reasons (in TransCanada's reasonable opinion) for not providing such Additional Information within such period.

ACCEPTANCE OR REJECTION OF SHIPPER'S AUTHORIZATIONS

5. Upon obtaining each of the Shipper Authorizations and Shipper having exercised any avenue of appeal or review with respect to such Shipper Authorizations, Shipper shall promptly provide to TransCanada a copy of such Shipper Authorizations (as varied, if applicable). TransCanada shall within thirty (30) days of receipt of such Notice from Shipper give Notice to Shipper of TransCanada's acceptance or rejection of such Shipper Authorization. If TransCanada does not respond to Shipper's Notice within such thirty (30) day period, TransCanada shall be deemed to have accepted such Shipper Authorization. Acceptance of any Shipper Authorization by TransCanada shall not be unreasonably withheld and any Notice of rejection of a Shipper Authorization shall be accompanied by written reasons for such rejection. TransCanada acknowledges that it shall not reject an otherwise acceptable Shipper Authorization in the nature of an import or export permit by reason only that such permit is for a term which is shorter than the term of the Firm Transportation Service Contract. Shipper acknowledges that TransCanada's acceptance of any Shipper Authorization shall in no way constitute a representation by TransCanada that such Shipper Authorization will satisfy any regulatory requirements for obtaining acceptable TransCanada Authorizations.

ACCEPTANCE OR REJECTION OF TRANSCANADA'S AUTHORIZATIONS

6. Upon obtaining each of the TransCanada Authorizations and TransCanada having exercised any avenue of appeal or review with respect to such TransCanada Authorization as TransCanada, in its sole discretion, decides to undertake, TransCanada shall promptly provide to Shipper a copy, where applicable, of such TransCanada Authorization (as varied, if applicable) and Notice of TransCanada's acceptance or rejection of such TransCanada Authorization. Acceptance of any TransCanada Authorization by TransCanada shall not be unreasonably withheld and any Notice of rejection of a TransCanada Authorization shall be accompanied by written reasons for such rejection. TransCanada acknowledges that it will not reject any TransCanada Authorization provided such TransCanada Authorization is issued to TransCanada in the form and substance TransCanada applied for and provided such TransCanada Authorization is not subject to any conditions which are unacceptable to TransCanada, acting reasonably.

FAILURE TO OBTAIN TRANSCANADA'S AUTHORIZATIONS

7. In the event of a rejection by TransCanada of a Shipper Authorization or a TransCanada Authorization, either Party shall thereafter have the right, but not the obligation, to declare an Event of Cancellation by providing Notice of its intention to do so to the other Party. Any such declaration of an Event of Cancellation shall become effective on the expiration of thirty (30) days following receipt of such Notice by the other Party, unless within such thirty (30) day period the Parties agree in writing that such declaration of an Event of Cancellation shall not become effective as aforesaid or, provided such Event of Cancellation is only with respect to a rejection of one or more Shipper Authorizations, Shipper waives the requirement for all such rejected Shipper Authorizations in accordance with the provisions of Paragraph 5.

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BANKRUPTCY OR INSOLVENCY

8. Upon any bankruptcy, winding-up, liquidation, dissolution, insolvency or other similar proceeding affecting Shipper or its assets or upon the commencement of any proceeding relating to the foregoing, TransCanada may declare an Event of Cancellation by providing Notice of its intention to do so to Shipper. Any such declaration of an Event of Cancellation shall become effective immediately upon receipt of such Notice by Shipper.

EXECUTION OF THE FIRM TRANSPORTATION SERVICE CONTRACT

9. The Parties shall execute the Firm Transportation Service Contract forthwith after:

- (a) Shipper has complied to TransCanada's satisfaction, acting reasonably, with the Availability Provisions referred to in Paragraph 2(a) hereof;
- (b) TransCanada has received and accepted all of the TransCanada Authorizations pursuant to Paragraph 6 hereof;
- (c) Shipper has received, and TransCanada has accepted, all of the Shipper Authorizations pursuant to Paragraph 5 hereof ; and
- (d) Shipper has supplied to TransCanada (where necessary) the financial assurances pursuant to Section 1 of the Financial Assurances Agreement.

Provided however, that if Shipper fails to execute and return to TransCanada the Firm Transportation Service Contract duly proffered by TransCanada within fifteen (15) days of receipt thereof by Shipper, TransCanada may, in its sole discretion, declare an Event of Cancellation by providing Notice of its intention to do so to Shipper. Any such declaration of an Event of Cancellation shall become effective on the expiration of five (5) days following receipt of such Notice by Shipper, unless within such five (5) day period Shipper has executed and returned the Firm Transportation Service Contract to TransCanada.

WITHDRAWAL OF REQUESTED SERVICE

10. Shipper may withdraw its request for the Requested Services at any time prior to the execution of the Firm Transportation Service Contract.

SUNSET PROVISION

- 11. (a) Notwithstanding any other provision in this Precedent Agreement, if by May 1, 2015, any of the requirements referred to in Paragraph 9 hereof have not been satisfied, then either Party may thereafter declare an Event of Cancellation by providing Notice of its intention to do so to the other Party. If any of the requirements referred to in Paragraph 9 hereof remain unsatisfied on the fifteenth (15th) day next following receipt of such Notice, any such declaration of an Event of Cancellation shall become effective.

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- (b) If at any time TransCanada is of the opinion, acting reasonably, that any of the requirements referred to in Paragraph 9 will not be satisfied by May 1, 2015, despite the use of reasonable efforts, TransCanada may, in its sole discretion, declare an Event of Cancellation by providing Notice of its intention to do so to Shipper. Any such declaration of an Event of Cancellation shall become effective on the expiration of thirty (30) days following receipt of such Notice by Shipper, unless within such thirty (30) day period the Parties agree in writing that such declaration of an Event of Cancellation shall not become effective as aforesaid.

AUTHORIZATION TO SPEND

12. Shipper hereby authorizes TransCanada, prior to the receipt of all regulatory approvals TransCanada, taking into account Shipper's request for the Requested Service and the Other Requests, determines necessary for the Required Increase, to forthwith acquire all materials, enter into all agreements with individuals and/or organizations and take such other actions which TransCanada, acting reasonably, considers necessary: (i) for the timely commencement of the Requested Service by the In-Service Date, or as soon as possible thereafter; and (ii) for the timely commencement of the service requested pursuant to the Other Requests by the in-service dates requested pursuant to the Other Requests, or as soon as possible thereafter. Shipper recognizes that the provision of the Requested Service may rely on the installation of facilities which are required for both the provision of the Requested Service and for the provision of service pursuant to one or more of the Other Requests and that TransCanada's actions, as described above, may be influenced by any obligations TransCanada has with respect to the Other Requests.

EVENT OF CANCELLATION

13. Upon the occurrence of an Event of Cancellation, TransCanada's and Shipper's obligations pursuant to Paragraphs 2, 3, 5, 6 and 9 shall terminate. TransCanada may, at its discretion, decide to cancel, in whole or in part, the construction of facilities which arise from or are attributable to Shipper's request for the Requested Service or to continue with, in whole or in part, the construction of facilities which arise from or are attributable to Shipper's request for the Requested Service. In making such decision, TransCanada shall act in a commercially reasonable manner, having regard to all materially relevant matters, including any obligations TransCanada has with respect to the Other Requests. Shipper recognizes that any decision made by TransCanada as described above may be influenced by any obligations TransCanada has with respect to the Other Requests and that such decisions may impact Shipper's obligations pursuant to this Precedent Agreement. Shipper further recognizes that any decision made by TransCanada as described above may be subject to change upon any change in any obligations TransCanada has with respect to the Other Requests, and that such change may impact Shipper's obligations pursuant to this Precedent Agreement. Subject to the foregoing, TransCanada shall use commercially reasonable efforts to minimize all costs payable by Shipper to TransCanada pursuant to Paragraph 14 below, (which shall include efforts to minimize costs committed to prior to TransCanada receiving and accepting all of the TransCanada Authorizations and efforts to utilize in a prospective expansion within a reasonable time period, equipment, materials or internal or third party work product arising out of facilities contemplated on account of the Requested Service and the Other Requests (the construction of which has been cancelled), provided that

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such efforts shall be subject to TransCanada's other obligations with respect to the Requested Service and the Other Requests, including TransCanada's obligations with respect to the In-Service Date for the Requested Service and the in-service date for the Other Requests. Upon making any determination, or changing any determination, of how it will proceed upon an Event of Cancellation, TransCanada shall provide Shipper with Notice describing the decision made.

PAYMENT OF CANCELLATION COSTS

14. If an Event of Cancellation is declared on or after the Effective Date, Shipper shall pay to TransCanada the sum of the following amounts, subject to TransCanada's obligations pursuant to Paragraph 13 to use commercially reasonable efforts to minimize all costs payable by Shipper to TransCanada pursuant to this Paragraph 14:

- (a) 100% of the Shipper Specific Cancellation Costs, if applicable; plus
- (b) the product of:
 - (i) the sum of the Allocated Cancellation Costs plus the Other Request Allocated Cancellation Costs for each of the Other Requests pursuant to which a precedent agreement (similar to this precedent agreement) has been entered into and pursuant to which precedent agreements an "Event of Cancellation" (as defined therein) has occurred; multiplied by
 - (ii) a fraction, the numerator of which equals Shipper's contract demand pursuant to the Requested Service (in GJ/Day) multiplied by the sum of the 100% LF Toll applicable to the Requested Service and the Daily Equivalent Delivery Pressure Toll for Shipper's Receipt Point (as the 100% LF Toll and the Daily Equivalent Delivery Pressure Toll are set forth in TransCanada's Canadian Mainline Transportation Tariff, as amended from time to time), and the denominator of which equals the sum of the numerator plus the sum of the results obtained by applying the calculation set forth in the numerator to each of the Other Requests pursuant to which a precedent agreement (similar to this precedent agreement) has been entered into and pursuant to which precedent agreements an "Event of Cancellation" (as defined therein) has occurred (i.e. by inserting the appropriate contract demand, 100% LF Toll and Daily Equivalent Delivery Pressure Toll for each such Other Request).

Payments will be paid in accordance with the procedures set forth in Paragraph 17 herein.

ESTIMATED LIABILITY LIMIT AND PROJECT COSTS

15. (a) Shipper's total liability pursuant to Paragraph 14 upon an Event of Cancellation shall be the actual amount payable pursuant to Paragraph 14. The estimated liability limit is \$6,777,871, plus applicable taxes (the "**Estimated Liability Limit**"). The Estimated Liability Limit is calculated in accordance with the provisions set forth in Paragraph 16. TransCanada and Shipper acknowledge and agree that the Estimated Liability Limit is an estimate provided for information purposes only based upon the calculation described in Paragraph 16, and that to the extent Shipper's actual liability pursuant to Paragraph 14 is greater than or less than the Estimated Liability Limit Shipper's obligation to pay such amounts shall not be impacted by the provisions of this Paragraph 15. Shipper acknowledges that as of the Effective Date of this Precedent Agreement TransCanada's design of the facilities and the estimate, performed in accordance with Paragraph 16, are preliminary, and in particular, Shipper acknowledges that TransCanada's current design and estimate, performed in accordance with Paragraph 16, are based upon the assumption that all of the Other Requests will result in signed precedent agreements, similar to this Precedent Agreement.
- (b) Shipper acknowledges that it has been provided a quarterly estimated spend profile for the Project Costs. Where Shipper requests in writing from TransCanada a status update related to that spend profile, TransCanada shall provide an update of the key milestones and the aggregate of the Project Costs and future financial commitments if those costs exceed the estimated spend profile at that time. TransCanada shall provide such statement to Shipper within 30 days of the end of the calendar quarter in which Shipper made such request.
- (c) In the event that TransCanada determines at any time that the currently applicable Estimated Liability Limit is less than 90% of TransCanada's current estimate performed in accordance with Paragraph 16, then TransCanada shall forthwith give Shipper Notice (the "**Estimated Liability Limit Notice**") of such and, in such Estimated Liability Limit Notice, shall provide Shipper with a new estimate performed in accordance with Paragraph 16. The Estimated Liability Limit Notice shall also include an explanation of TransCanada's reasons for the changes to the Estimated Liability Limit.
- (d) The Estimated Liability Limit Notice shall and is hereby deemed to constitute a request by TransCanada to amend Paragraph 15(a) of this Precedent Agreement by increasing the Estimated Liability Limit to the amount set forth in the new estimate contained in the Estimated Liability Limit Notice.

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- (e) If Shipper agrees to the amendments set forth in the Estimated Liability Limit Notice, or fails to respond to the Estimated Liability Limit Notice within fifteen (15) days of receiving the Estimated Liability Limit Notice, Paragraph 15(a) shall be deemed amended to increase the Estimated Liability Limit to the amount set forth in the Estimated Liability Limit Notice.
- (f) If Shipper does not agree to the amendments set forth in the Estimated Liability Limit Notice, TransCanada shall thereupon have the right, in its sole discretion, to declare an Event of Cancellation by providing Notice of its intention to do so to Shipper, which Event of Cancellation shall become effective immediately upon receipt of such Notice by Shipper.

ESTIMATED LIABILITY LIMIT CALCULATION

16. The Estimated Liability Limit is equal to the sum of the following:

- (a) With respect to any contemplated facilities on the TransCanada System which, pursuant to TransCanada's current design, arise from or are attributable only to Shipper's request for the Requested Service, TransCanada's estimate of all internal and third party costs, expenses and charges TransCanada will incur to bring into service such facilities; and
- (b) With respect to any contemplated facilities on the TransCanada System which, pursuant to TransCanada's current design, arise from or are attributable to both Shipper's request for the Requested Service and the Other Requests, TransCanada's estimate of all internal and third party costs, expenses and charges TransCanada will incur to bring into service such facilities multiplied by a fraction, the numerator of which equals Shipper's contract demand pursuant to the Requested Service (in GJ/Day) multiplied by the sum of the 100% LF Toll applicable to the Requested Service and the Daily Equivalent Delivery Pressure Toll for Shipper's Receipt Point (as the 100% LF Toll and the Daily Equivalent Delivery Pressure Toll are set forth in TransCanada's Canadian Mainline Transportation Tariff, as amended from time to time), and the denominator of which equals the sum of the numerator plus the sum of the results obtained by applying the calculation set forth in the numerator to each of the Other Requests (i.e. by inserting the appropriate contract demand, 100% LF Toll and Daily Equivalent Delivery Pressure Toll for each applicable Other Request), provided that in calculating such fraction, if calculated after execution and delivery of this Precedent Agreement, the calculation of the denominator shall only be based upon the Other Requests which have resulted in a signed precedent agreement (similar to this Precedent Agreement).

INVOICING AND PAYMENT

17. TransCanada shall invoice and Shipper shall pay all obligations under this Precedent Agreement to TransCanada as they may arise from time to time. Within fifteen (15) days following receipt of any invoices on account of such obligations, Shipper

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shall remit payment to TransCanada. If Shipper fails to pay any invoice in full within the time herein required, interest on the unpaid portion shall accrue from the date such payment is first overdue until payment is made at a rate of interest equal to the prime rate of interest per annum of the Canadian Imperial Bank of Commerce applicable to Canadian dollar commercial loans on the date such payment is first overdue, plus one (1) percent in addition thereto, and such interest shall be immediately due and payable.

AUDIT RIGHTS

18. Provided Shipper has paid to TransCanada all amounts invoiced hereunder, no earlier than fifteen (15) days after TransCanada has received a written request from Shipper, Shipper shall have the right, at its cost, to audit TransCanada's supporting documentation related to the particular invoice(s) to verify the accuracy of the invoice in question. Shipper's audit rights shall be granted during normal business hours. Shipper's audit rights shall not include any right to break down the standard labour rates charged by TransCanada. The total number of audits commenced in any calendar year shall not exceed one. Any audit request by Shipper must be received by TransCanada within a period of two years after the invoice in question was received pursuant to Paragraph 17.

RETAINED EQUIPMENT AND MATERIALS

19. Upon an Event of Cancellation, TransCanada shall:

- (a) provide to Shipper details of the current costs to be recovered from Shipper at the time of invoicing; and
- (b) within thirty (30) days following the receipt of TransCanada's invoice(s), and not as precondition to payment:
 - (i) allow Shipper, upon Shipper's written request, to inspect any Retained Equipment and Materials on which Shipper has been invoiced a Monthly Carrying Cost; and
 - (ii) supply Shipper, upon Shipper's written request, copies of invoices relating to all Cancellation Charges, Retained Equipment and Materials and details of any Financial Loss, Project Costs and Other Financial Obligations and Outlays incurred by TransCanada.

If TransCanada shall not have disposed of or utilized any Retained Equipment and Materials within six (6) months from the date TransCanada makes a determination to cancel construction of the facilities to which such Retained Equipment and Materials related, then Shipper shall have the right to purchase from TransCanada such property, equipment, materials, services or other components which in whole or in part fall within the definition of Retained Equipment and Materials at the manufacturers' invoiced cost plus any costs of TransCanada related to the original purchase of such property, equipment, materials, services or other components and plus any costs of TransCanada related to the sale of such property, equipment, materials, services or other components to Shipper.

Precedent Agreement

Attachment 1

FINANCIAL ASSURANCES

20. TransCanada may as a condition of entering into this Precedent Agreement and at any time and from time to time prior to or during the term of this Precedent Agreement request, by Notice to Shipper, that Shipper provide financial assurances in an amount, type and form acceptable to TransCanada for the performance of its obligations pursuant to this Precedent Agreement or (if applicable) request that Shipper replace, increase or otherwise amend any financial assurances for the performance of its obligations pursuant to this Precedent Agreement previously provided by Shipper to TransCanada ("**Financial Assurances**"), such Financial Assurances are to be in an amount that does not exceed TransCanada's estimate of the maximum payment obligations Shipper could be subject to upon an Event of Cancellation (the "**Financial Assurances Request**"). From time to time, and at any time, prior to or during the term of this Precedent Agreement TransCanada may assess the Shipper's creditworthiness related to the performance of its obligations pursuant to this Precedent Agreement. When performing any such assessment, TransCanada shall apply the same criteria in assessing Shipper's creditworthiness as it applies when determining whether to request Financial Assurances pursuant to TransCanada's Canadian Mainline Transportation Tariff (as amended from time to time) from a shipper on the TransCanada System. TransCanada shall not require Financial Assurances pursuant to this Paragraph 20 unless, pursuant to any assessment performed as described above, TransCanada makes a determination that Shipper is not creditworthy. No later than five (5) Banking Days from receipt of a Financial Assurances Request Shipper shall provide TransCanada with the Financial Assurances in the form and amount specified in such Financial Assurances Request. In addition to any other remedies TransCanada may have if Shipper fails to provide such Financial Assurances within five (5) Banking Days from receipt of such Financial Assurances Request, provided that no Event of Cancellation has occurred, TransCanada shall have the right, in its sole discretion, to declare an Event of Cancellation by providing Notice of its intention to do so to Shipper, which Event of Cancellation shall become effective immediately upon receipt of such Notice by Shipper.

TERM

21. This Precedent Agreement shall remain in effect until the earlier of:
- (a) The date where Shipper and TransCanada have entered into the Firm Transportation Service Contract; or
 - (b) The date where TransCanada has utilized or disposed of all the Retained Equipment and Materials, has invoiced the Shipper, and has been paid by Shipper for all obligations payable by Shipper pursuant to this Precedent Agreement.

WAIVER OF DEFAULT

22. No waiver by TransCanada of any default by Shipper in the performance of any provision of or obligation under this Precedent Agreement shall operate or be construed as a waiver of any continuing or future default or defaults, whether of a like or different character.

NOTICE

23. Any notice, request or demand ("**Notice**") to or upon the respective Parties hereto shall be in writing and shall be validly communicated by the delivery thereof to its addressee, either personally or by courier, first class mail, or facsimile to the address hereinafter mentioned:

IN THE CASE OF TRANSCANADA TRANSCANADA PIPELINES LIMITED

- (i) Mailing Address: 450 – 1st Street SW
 Calgary, AB T2P 5H1
- (ii) Delivery Address: 450 – 1st Street SW
 Calgary, AB T2P 5H1
- Attention: Director, Customer Service
 Facsimile: (403) 920-2446

IN THE CASE OF SHIPPER: UNION GAS LIMITED

- (i) Mailing Address: 50 Keil Drive
 Chatham, Ontario
 N7L 3V9
- (ii) Delivery Address: Same as above
- Attention: Chris Shorts
 Facsimile: (519) 436-4643

Such Notice sent as aforesaid shall be deemed to have been received by the Party to whom it is sent: (a) at the time of its delivery if personally delivered or if sent by facsimile, or (b) on the day following transmittal thereof if sent by courier, or (c) on the third day following the transmittal thereof if sent by first class mail; provided however, that in the event normal mail service, courier service, or facsimile service shall be interrupted by a cause beyond the control of the Parties hereto, then the Party sending the Notice shall utilize any service that has not been so interrupted or shall personally deliver such Notice. Each Party shall provide Notice to the other of any change of address for the purposes hereof.

ASSIGNMENT

24. Any company which shall succeed by purchase, merger or consolidation to the assets substantially or in entirety, of Shipper or TransCanada, as the case may be, shall be entitled to the rights and shall be subject to the obligations of its predecessor under this Precedent Agreement. Either Party may, without relieving itself of its obligations under this Precedent Agreement, assign any of its rights and obligations hereunder to an affiliate (as such term is defined in the *Canada Business Corporations Act*) of such Party without the consent of the other Party hereto, but otherwise no assignment of this Precedent Agreement or any of the rights or obligations hereunder shall be made unless

Precedent Agreement

Attachment I

there first shall have been obtained the written consent thereto of the other Party, such consent not to be unreasonably withheld. It is agreed, however, that the restrictions on assignment contained in this paragraph shall not in any way prevent either Party to this Precedent Agreement from pledging or mortgaging its rights hereunder as security for its indebtedness. This Precedent Agreement shall be binding upon and inure to the benefit of the respective successors and permitted assigns of the Parties hereto.

APPLICABLE LAW

25. This Precedent Agreement shall be construed and applied in accordance with, and be subject to, the laws of the Province of Alberta, and, where applicable, the laws of Canada, and shall be subject to the rules, regulations, decisions and orders of any regulatory or legislative authority having jurisdiction over the matters contained herein.

SEVERANCE

26. If any provision of this Precedent Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability shall apply only to such provision and all other provisions hereof shall continue in full force and effect.

REPRESENTATION

27. Shipper represents that neither Shipper nor any third party acting on behalf of Shipper have executed arrangements with other parties with respect to the acquisition of natural gas which would have the effect of eliminating Shipper's need for the Requested Service, and Shipper agrees that it shall not enter into any such arrangements without the prior written consent of TransCanada while this Precedent Agreement is in effect.

SOLE BENEFIT

28. TransCanada and Shipper hereby stipulate and agree that this Precedent Agreement is executed for the sole benefit of TransCanada and Shipper, including all successors and assignees permitted under the terms of this Precedent Agreement. TransCanada and Shipper expressly intend that no rights under this Precedent Agreement inure to any other parties.

CONDITIONS PRECEDENT

29. The following are conditions precedent to this Precedent Agreement coming into force or effect that:

- (a) TransCanada shall have obtained the approval of its Board of Directors for the transaction contemplated herein on or before April 30, 2013; and
- (b) Shipper shall have provided to TransCanada the supporting documentation referred to in sub-section 5.1(a)(ii) of the "Access to New System Capacity" provisions of the Transportation Access Procedures as set out in TransCanada's Canadian Mainline Transportation Tariff within the time period set out therein and that such supporting documentation shall be complete, conform to the requirements therein and be in a form satisfactory to TransCanada.

Precedent Agreement

Attachment 1

These Conditions Precedent are for the sole exclusive benefit of TransCanada and may be waived by TransCanada, in its sole discretion, at any time on or before April 30, 2013.

EFFICIENT PROVISION OF REQUESTED SERVICE

30. Shipper acknowledges and agrees that TransCanada shall have the option to determine how the Requested Service, Other Requests and Required Increase will be provided in the most efficient manner, including, without limitation, consideration of options which may or may not require the installation of additional pipeline facilities.

IN WITNESS WHEREOF, the duly authorized Parties hereto have executed this Precedent Agreement as of the date first above written.

UNION GAS LIMITED

TRANSCANADA PIPELINES LIMITED

By: _____
Name:
Title:

By: _____
Name:
Title:

By: _____
Name:
Title:

By: _____
Name:
Title:

Contract Approval	
Customer Service Leader	
Customer Representative	
Legal Review	

Exhibit "A"

Transportation Tariff

TransCanada PipeLines Limited

FT CONTRACT

FIRM TRANSPORTATION SERVICE CONTRACT

THIS FIRM TRANSPORTATION SERVICE CONTRACT, made as of the [•] day of [•].

BETWEEN:

TRANSCANADA PIPELINES LIMITED
a Canadian corporation
("TransCanada")

OF THE FIRST PART

AND:

[•]
a «Entity» «formed» under the laws of
[•]
("Shipper")

OF THE SECOND PART

WITNESSES THAT:

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

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

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

WHEREAS the Parties hereto have heretofore entered into an agreement dated effective as of the [•] day of [•], 200[•], (the "Precedent Agreement") which bound them, subject to fulfillment or waiver of the conditions precedent therein set forth, to enter into a Contract substantially upon the terms and conditions hereinafter described; and

Exhibit "A"

Transportation Tariff

TransCanada PipeLines Limited

FT CONTRACT

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

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

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

ARTICLE I – COMMENCEMENT OF SERVICE

1.1 TransCanada shall use reasonable efforts to have the additional facilities (and/or obtain such transportation arrangements on other gas transmission systems) as may be required to effect the transportation of the gas hereunder (the "Necessary Capacity") in place by the [•] day of [•], 200[•], or as soon as possible thereafter. TransCanada's ability to provide service by the [•] day of [•], 200[•], will be subject to, inter alia,

- a) the timing of the receipt by Shipper and TransCanada of the authorizations referred to in paragraphs 2 and 3 of the Precedent Agreement which are required prior to the commencement of construction of TransCanada's facilities and the timing of the commencement of the services required by TransCanada (if any) on the systems of Great Lakes Gas Transmission Limited Partnership, Trans Québec and Maritimes Inc. and Union Gas Limited; and
- b) the lead time required for the acquisition, construction and installation of those facilities required by TransCanada.

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

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

Exhibit "A"

Transportation Tariff

TransCanada PipeLines Limited

FT CONTRACT

- a) the date for which Shipper first nominates and TransCanada authorizes service hereunder; or
- b) the tenth (10th) day following the day on which Shipper received TransCanada's Notice; PROVIDED that Shipper shall not be obligated to a Date of Commencement which is earlier than the [•] day of [•], 200[•], unless mutually agreed upon by both Parties.

ARTICLE II – GAS TO BE TRANSPORTED

2.1 Subject to the provisions of this Contract, the FT Toll Schedule, the List of Tolls, and the General Terms and Conditions referred to in Section 7.1 hereof, TransCanada shall provide transportation service hereunder for Shipper in respect of a quantity of gas which, in any one day from the Date of Commencement until the [•] day of [•], 200[•], shall not exceed [•] GJ/d (the "Contract Demand").

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

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

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

ARTICLE IV -TOLLS

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

Exhibit "A"

Transportation Tariff

TransCanada PipeLines Limited

FT CONTRACT

ARTICLE V – TERM OF CONTRACT

5.1 This Contract shall be effective from the date hereof and shall continue until the [•] day of [•], 200[•].

ARTICLE VI – NOTICES

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

IN THE CASE OF TRANSCANADA:

TRANSCANADA PIPELINES LIMITED

(i) mailing address:

P.O. Box 1000
Station M
Calgary, Alberta
T2P 4K5

(ii) delivery address:

TransCanada Tower
450 - 1st Street S.W.
Calgary, Alberta
T2P 5H1

Attention: Director, Customer Service
Telecopy: (403) 920 - 2446

(iii) nominations:

Attention: Manager, Nominations and Allocations
Telecopy: (403) 920 - 2446

(iv) invoices:

Attention: Manager, Contracts and Billing
Telecopy: (403) 920 - 2446

(v) other matters:

Attention: Director, Customer Service
Telecopy: (403) 920 - 2446

Exhibit "A"

Transportation Tariff

TransCanada PipeLines Limited

FT CONTRACT

- IN THE CASE OF SHIPPER:** [•]
- (i) mailing address: [•]
- (ii) delivery address: same as above
- (iii) nominations: Attention: [•]
Telecopy: [•]
- (iv) invoices: Attention: [•]
Telecopy: [•]
- (v) other matters: Attention: [•]
Telecopy: [•]

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

ARTICLE VII – MISCELLANEOUS PROVISIONS

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

Exhibit "A"

Transportation Tariff

TransCanada PipeLines Limited

FT CONTRACT

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

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

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

[•]

TRANSCANADA PIPELINES LIMITED

Per: _____	Per: _____
Name: _____	Name: _____
Title: _____	Title: _____
Per: _____	Per: _____
Name: _____	Name: _____
Title: _____	Title: _____

Contract Approval	
Customer Service Leader	
Customer Representative	
Legal Review	Proforma Approved

Exhibit "A"

Transportation Tariff

TransCanada PipeLines Limited

FT CONTRACT

EXHIBIT "1"

This is EXHIBIT "1" to the FIRM TRANSPORTATION SERVICE CONTRACT made as of the [•] day of [•] between TRANSCANADA PIPELINES LIMITED ("TransCanada") and [•] ("Shipper").

The Delivery Point(s) hereunder is the point(s) of interconnection between the pipeline facilities of TransCanada and [•] which is located at:

[•]

The Receipt Point(s) hereunder is the point(s) of interconnection between the pipeline facilities of TransCanada and [•] which is located at:

[•]

Isherwood, Mark

Attachment 1

From: Shorts, Chris
Sent: October-24-12 8:07 AM
To: Isherwood, Mark
Subject: FW: Letter Seeking further detail
Attachments: HPScan_20121023114658.pdf.pdf

From: Shorts, Chris
Sent: October-23-12 11:58 AM
To: 'don_bell@transcanada.com'
Subject: Letter Seeking further detail

Don, as a follow up to my call, please find attached a request for further information regarding the delay in the 2014 service and the 2015 facilities required. I would be happy to discuss, once you have had a chance to review it.
Chris

Chris Shorts
Director, Gas Supply
cshorts@uniongas.com
Office (519) 436-4668 Cell (519) 365-0536
fax (519) 436-5461

One of Canada's Top 100 Employers





October 23, 2012

Mr. Don Bell
Director, Commercial – East Canadian Pipelines
TransCanada Pipelines Limited
200 Bay Street
24th Floor, South Tower
Toronto, ON M5J 2J1

Dear Don:

Re: TCPL Letter dated September 14, 2012 informing Union of delay in service from Nov 1, 2014 to no earlier than Nov 1, 2015

As a follow up to your letter noted above which outlines the fact that TCPL will not be able to meet the expected November 1, 2014 in service date for Union's Parkway belt to Union EDA and Parkway belt to Union NDA requests, I am concerned with the delay and the impact to Union and its customers. There was considerable effort on Union's part to get the necessary approvals to move forward with this request for 2014 which included approvals from the Spectra Board of Directors.

Your letter explains that the delay is due to the fact that "the required facilities cannot be installed prior to November 1, 2015". Please identify specifically, those facilities in question and the reasons why the original Nov, 2014 cannot be met. This will allow for us to understand the infrastructure that a 10 year commitment would be in support of. Also, please indicate what facilities will be required for the 2015 in-service (if different than above) together with a discussion of why TCPL believes they will be installed in a timely manner.

Given the importance of this service request Union requires as much information as possible to determine how best to serve its customers interests.

Also, please provide an updated spend schedule related to this delay.

I look forward to receiving this information so Union can continue to support the critical infrastructure TCPL needs to construct.

Sincerely,

A handwritten signature in black ink, appearing to read 'Chris', is written over a horizontal line.

Chris Shorts
Director, Gas Supply



October 31, 2012

Mr. Don Bell
Director, Commercial – East Canadian Pipelines
TransCanada Pipelines Limited
200 Bay Street
Suite 2400, South Tower
Toronto, ON M5J 2J1

Dear Don:

Re: Follow up to Union letter dated Oct 23, 2012.

I wanted to follow up with you on the above referenced letter. I know that you requested executed copies of the agreements to be returned by Union to TCPL by Nov 2, 2012.

Although Union certainly wants to continue with the requested service, it is very difficult for us to do so without knowing more detail in regards to the facilities expected to be built, the cost of these and the timing of the expenditures.

The spend schedule that is referenced in these agreements and was provided for the previous agreements is critically important as it outlines the exposure that we would have once we execute the contracts.

Once you are able to provide the necessary information I believe Union should be able to execute the agreements in 1-2 weeks. Please advise when you think you will be able to provide the requested information and that us signing shortly after is satisfactory.

As always, I am happy to discuss any concerns or issues you have with this request.

Sincerely,

A handwritten signature in black ink, appearing to read "Chris", is written over the word "Sincerely,".

Chris Shorts
Director, Gas Supply



November 2, 2012

TransCanada Pipelines Limited
200 Bay Street, 24th Floor
South Tower
Toronto, ON
M5J 2J1

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

tel 416-869-2171
fax 416 869 2119
email lisa_deabreu@transcanada.com
web www.transcanada.com

Attention: Chris Shorts
Director, Gas Supply

Re: Request for service from New Capacity Open Season dated May 4, 2012

Dear Chris,

Union Gas Limited ("Union Gas") has requested TransCanada PipeLines Limited ("TransCanada") to extend the Return Period (as defined in the TransCanada's Transportation Access Procedures) for the two Precedent Agreements ("PA's") and the Financial Assurances Agreements ("FAA's") that resulted from Union's bid in TransCanada's New Capacity Open Season that closed May 4, 2012. Please be advised that TransCanada agrees to extend the Return Date for the two PA's and FAA's to November 12, 2012.

TransCanada is in receipt of your letter requesting information on the facilities associated with TransCanada's expansion for the requested service, and TransCanada is currently working on this for you.

If you have any questions please contact Don Bell at 416-869-2191.

Sincerely,

Lisa DeAbreu
Customer Account Manager
Commercial East - Canadian Pipelines

c.c Tina Hodgson – Union Gas



November 9, 2012

TransCanada Pipelines Limited
200 Bay Street, 24th Floor
South Tower
Toronto, ON
M5J 2J1

tel 416-869-2191
fax 416 869 2119
email don_bell@transcanada.com
web www.transcanada.com

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

Attention: Chris Shorts
Director, Gas Supply

Re: Precedent Agreements between Union Gas Limited ("Union") and TransCanada PipeLines Limited ("TransCanada") from the New Capacity Open Season that closed May 4, 2012 ("May 4 NCOS")

Dear Chris,

TransCanada is in receipt of your letters dated October 23 and October 31 requesting details of the facilities expected to be built as a result of your requests in our May 4 NCOS from Parkway to Union EDA and from Parkway to Union NDA. You had also inquired as to the reason for the delay of in-service from November 2014 to November 2015.

As you are aware, TransCanada held a NCOS earlier this year which closed on May 4, 2012. Following the NCOS TransCanada issued Precedent Agreements (PAs) that were executed in July. At the same time as this open season was being conducted, TransCanada was working through the regulatory process for its 2012 Eastern Mainline Expansion that was looping two sections of its pipeline between Parkway and Maple. Through this process TransCanada learned that pipeline projects in the Greater Toronto Area are now taking significantly longer than anticipated in order to conduct adequate stakeholder engagement and to receive the approvals necessary to carry out the project. The lessons learned from the 2012 Eastern Mainline Expansion project resulted in TransCanada revising its estimate of in-service for the requests that were awarded capacity for November 1, 2014 from the May 4 NCOS.

Revised Precedent Agreements (Revised PAs) were therefore sent out on October 2, 2012 to shippers with requests for incremental service commencing November 1, 2014, to reflect the new expected November 1, 2015 in-service date.

The Revised PAs that we have asked you to execute include the preliminary costs associated with looping the pipeline facilities between Parkway and Maple. These Brampton loop facilities are reflected in the spend profile provided to you in June. The Estimated Liability Limit in your Revised PAs was developed based on our best estimate at that time for these facilities.

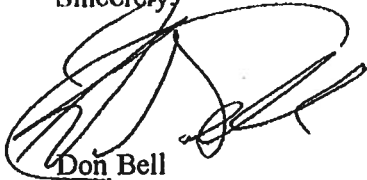
TransCanada, however, is continuing to evaluate the potential for alternative facility options in the Parkway to Maple corridor in an effort to determine the most appropriate physical facilities to meet the capacity requirements identified in the May 4 NCOS. Although we have completed a good portion of this work, we have not yet finalized our assessment. Concurrent with this effort, TransCanada's engineering group has been determining the scope and cost estimates for these alternatives. We anticipate the completion of this work by early December.

In the spirit of working together, TransCanada is prepared to extend the Return Date for the Revised PAs and the Revised Financial Assurances Agreements (Revised FAAs). Once we have finalized our assessment and confirmed the design for you, we will request that you sign back the Revised PAs and Revised FAAs within two weeks from that date. An updated spend profile will be sent to you to align with the new in-service date of November 1, 2015 once we have finalized the cost estimates.

We look forward to working with you on this project.

If you have any questions please feel free to contact me at 416-869-2191.

Sincerely,

A handwritten signature in black ink, appearing to read 'Don Bell', with a stylized, cursive flourish extending from the end.

Don Bell
Director, Commercial East
Canadian Pipelines

c.c Tina Hodgson – Union Gas

Shorts, Chris

From: Lisa DeAbreu [lisa_deabreu@transcanada.com]
Sent: November-30-12 3:11 PM
To: Shorts, Chris
Cc: Hodgson, Tina; Don Bell
Subject: RE: Return Period Extension Letter

Hi Chris,

TransCanada still expects to be able to provide you with the requested information in early December as per our letter dated November 12th however TransCanada will inform you if there are any changes to this expected timeline.

We will work with you over the holiday period to ensure you have enough time to execute the agreements.

Regards
Lisa

From: Shorts, Chris [mailto:CShorts@uniongas.com]
Sent: Tuesday, November 27, 2012 6:29 PM
To: Lisa DeAbreu; Don Bell
Cc: Hodgson, Tina
Subject: RE: Return Period Extension Letter

Don/Lisa, I just wanted to make sure that you felt that early December was still a good target for the revised costing and spend schedule. I want to ensure we have the right people to execute and that we don't hold up the process especially if it might coincide with Christmas holidays....

Let me know....

Chris

From: Lisa DeAbreu [mailto:lisa_deabreu@transcanada.com]
Sent: November-09-12 5:08 PM
To: Shorts, Chris
Cc: Hodgson, Tina; Don Bell
Subject: RE: Return Period Extension Letter

Hi Chris,

Sorry for the delay. Attached please find a letter from Don Bell regarding a further extension for signing back the Revised PAs and Revised FAAs due to some of the information that you were seeking not yet being available. Please review the attached letter and give either Don or myself a call if you would like to discuss.

Regards,

Lisa

From: Shorts, Chris [mailto:CShorts@uniongas.com]
Sent: Friday, November 09, 2012 4:38 PM
To: Lisa DeAbreu; Don Bell
Cc: Hodgson, Tina
Subject: RE: Return Period Extension Letter

Attachment 1

Don, Lisa, I appreciate the extension to Nov 12 you had provided for us to get the executed agreements back to you, but because we have not received the requested information as of yet, Union will not be in a position to execute by Monday Nov 12. As I stated in the original letter dated Oct 31 (attached) we need to have the requested information as well as some time to review and gain the necessary approvals internally before we can execute those agreements. This information is something not only we need to have to make our decision but also information the Ontario Energy Board feels needs to be know when making these types of commitments. I have copied a section from the long term contracting decision (EB 2010-0300 dated Jan 2011) for your reference.

"Finally, and as discussed in the following section, the Board is reluctant to consider pre-approval in the absence of more reliable and specific costs information...."

"As it relates to the costs for which pre-approval would be granted, without being able to definitively identify the nature, type and cost of the facilities that TCPL would need to construct to fulfill the terms of the Precedent Agreements and meaningfully quantify the potential effect of changes to TCPL's rate design and cost allocation, the Applicants were not able to identify with certainty the costs of the proposed contracts, as outlined in Part 2.1 of the LTC Filing Guidelines. As such, given this uncertainty, even if the Board had found that the applied-for contracts qualified for pre-approval, in this instance pre-approval may not extend to all costs associated with the respective contracts, and some portion might still be subject to a prudence review. Where an application for pre-approval has such fundamental uncertainty, pre-approval may be limited to only reasonably discernable categories of costs.

This lack of cost certainty also had the effect, as discussed by a number of parties, of exacerbating the difficulties that are inherent in the assessment of the landed costs of Marcellus gas delivered over the applied-for contract paths over the contract term versus the landed costs of the possible alternatives, as outlined in Part 2.2 of the LTC Filing Guidelines. As such, given this uncertainty, even if the Board had found that the applied-for contracts qualified for pre-approval, the reliance that the Board could have placed on this analysis to inform its decision process would likely have been limited."

Please let me know when we can anticipate receiving the requested information and how you would like to proceed...
If you have any questions please give me a call...

Thanks

Chris

From: Lisa DeAbreu [mailto:lisa_deabreu@transcanada.com]
Sent: November-02-12 11:41 AM
To: Shorts, Chris
Cc: Hodgson, Tina
Subject: Return Period Extension Letter

As per my conversation with Tina yesterday, attached please find an extension on returning the two PAA's and FAA's associated with TransCanada's new capacity open season that closed May 4, 2012, to November 12, 2012. We are in receipt of your letters and will be following up with a reply shortly.

Regards,

Lisa

*Lisa DeAbreu
Customer Account Manager
Commercial East, Canadian Pipelines
Phone: 416-869-2171
Cell: 416-571-5078*

This electronic message and any attached documents are intended only for the named addressee(s). This communication from TransCanada may contain information that is privileged, confidential or otherwise protected from disclosure and it must not be disclosed, copied, forwarded or distributed without authorization. If

December 21, 2012

TransCanada Pipelines Limited
Royal Bank Plaza
24th Floor, South Tower
200 Bay Street, Toronto, ON M5J 2J1
Attention: Mr. Don Bell

Dear Mr. Bell

Re: Precedent Agreements between Union Gas and TCPL from the New Capacity Open Season that closed May 4, 2012

I am writing further to your letter dated Nov 9, 2012, in which you gave Union an extension to execute the above reference Precedent Agreements (PAs) and Lisa D'Abreu's voicemail of earlier today. As indicated in your letter, you expected to provide Union with the requested information pertaining to the infrastructure build required by TCPL to meet Union's service requests by early December 2012. We have not, to date, received this information and the voicemail simply indicated that the information would not be provided until the New Year.

I cannot stress enough the importance of having specific information as to what is being built, the costs and the timing to allow us to perform the proper due diligence in the eyes of our own management and that of our regulator, the OEB.

In discussions with GMI, we understand that TCPL may be referencing the status of Union's PAs as a factor in delaying the process around this build in support of the noted Open Season. As I have mentioned previously, Union continues to be supportive of this critical infrastructure TCPL needs to construct and is committed to sign the required PAs once we have received and reviewed the requested information.

Could you please indicate when I should expect to have the requested information so we can keep this process moving forward in a timely fashion?

As always please feel free to call with any questions you may have.

Yours truly,


Chris Shorts
Union Gas



January 14, 2013

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

TransCanada Pipelines Limited
200 Bay Street, 24th Floor
South Tower
Toronto, ON
M5J 2J1

tel 416-869-2191
fax 416 869 2119
email don_bell@transcanada.com
web www.transcanada.com

Attention: Chris Shorts
Director, Gas Supply

Re: Union Gas letter dated December 21, 2012

Dear Chris,

I am writing in response to your letter that was received by TransCanada on December 31st, 2012 asking when information on chosen facility set and cost estimates would be available for the May 4, 2012 new capacity open season expansion.

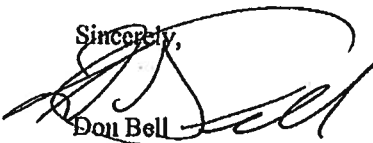
We want to assure you that we are continuing to progress our review of the cost estimates for both the Brampton loop and the alternative facility options referenced in our previous letter and in Enbridge Gas Distribution's GTA Leave to Construct Application. Although we have made progress on developing the alternatives and information you have requested, we do not expect to have the costs and determination on the preferred option until March 8, 2013.

Regarding TransCanada referencing the status of Union's PA's as a factor that has delayed the process around our 2015 expansion, this is not the case. TransCanada continues to progress the facility option evaluation based on executed PA's and the volumes that were bid into the new capacity open season by Union Gas.

As stated in my letter November 9, 2012, TransCanada recognizes the importance to Union Gas of having the cost and facility information when making its final decision to execute the PA's, and as such TransCanada will not expect Union Gas to sign the PA's and FAA's until two weeks after we provide the information on March 8, 2013.

If you have any questions please feel free to contact me at 416-869-2191.

Sincerely,



Don Bell
Director, Commercial East
Canadian Pipelines

c.c Tina Hodgson – Union Gas



March 7, 2013

TransCanada Pipelines Limited
200 Bay Street, 24th Floor
South Tower
Toronto, ON
M5J 2J1

Union Gas Limited
50 Keil Drive North
Chatham Ontario
N7M 5M1

Attention: Chris Shorts
Director, Gas Supply

Private and Confidential

Dear Chris,

Re: Facilities in support of the revised Precedent Agreements made as of June 15, 2012, revised October 2, 2012 and March 7, 2013 in support of Union Gas Limited's ("Union") Requested Service in TransCanada's May 2012 New Capacity Open Season ("NCOS") and Union's Estimated Liability and Spend Profile

Confirming our conversation on March 6th in Calgary, TransCanada has now completed its review of the optimum facility set to meet the requests for service as a result of the May 2012 NCOS. This review included extensive conversations and negotiations with Enbridge Gas Distribution Inc. ("Enbridge") and is covered under Confidentiality Agreement between the two parties.

Enbridge is currently in the process of further amending its Greater Toronto Area Project Application to reflect recent agreements between Enbridge and TransCanada and TransCanada is in the process of developing its community and landowners' announcements of the project. As a result, we request that the information contained in this letter and communicated at the March 6th meeting remain confidential until the parties publicly disclose the details of the routing and transactions.

The facilities include a minimum 15 year Transportation By Others (TBO) contractual arrangement with Enbridge for capacity on a new 20.9 kilometer NPS 42 pipeline

(Enbridge Pipeline) to be owned, constructed and operated by Enbridge. The TBO service will be from the interconnection point of the Enbridge Pipeline with TransCanada's Mainline system located south of Highway 407 between Winston Churchill Boulevard and Heritage Road in the City of Brampton to the termination of the Enbridge Pipeline and interconnection with a section of new TransCanada NPS 36 pipeline near the existing Enbridge Albion Road Station near Highway 427, Albion Road and Indian Line. The 13 kilometer NPS 36 pipeline will be extended by TransCanada from its interconnection with the Enbridge Pipeline to a point upstream of TransCanada's existing Maple compressor station. TransCanada will own and operate the TransCanada Pipeline. In addition to the TransCanada Pipeline and associated interconnects, TransCanada will construct, own and operate a custody transfer meter station in the vicinity of the connection between the TransCanada Pipeline and Enbridge Pipeline near Albion.

The total costs of the TransCanada expansion facilities are estimated to be \$126 Million.

The Estimated Liability Limit for the two Union Precedent Agreements is \$116 Million and includes Unions' prorata share of the total TransCanada facility costs and TBO commitments made to Enbridge over the term of that agreement. The details of the Estimated Liability Limit Calculations are attached and include a forecasted spend profile.

As communicated in the March 6th meeting, the Estimated Liability Limit has increased from \$51.5 MM to \$116 MM. This increase is associated with the full term obligations of the TBO which will become effective in the second quarter of 2013 when it is expected that the TBO will be executed and become binding on the parties.

Two original copies of the revised Precedent Agreements and Financial Assurances Agreements reflecting the change with Estimated Liability Limit are attached.

Please execute the revised Precedent Agreements and Financial Assurances Agreements and return them to my attention.

We are in the process of developing the schematic you requested and will send it to you as soon as it is available.

Chris, please give me a call if you have any questions or would like to discuss.

Yours truly,

Don Bell
Don Bell

Don Bell
Director, Commercial East – Canadian Pipelines

Isherwood, Mark

Attachment 1

From: Shorts, Chris
Sent: March-20-13 11:27 AM
To: Don Bell; Lisa DeAbreu
Cc: Hodgson, Tina
Subject: PA's and the Estimated Liability

Importance: High

Don, I wanted to respond to your letter dated March 7, 2013, in which you provided Union with the detailed costs of the facilities TCPL is proposing to build and the transportation service TCPL is planning on acquiring from Enbridge in support of Union's new service requests. I wanted to thank you for providing the requested information.

As we discussed, although Union is encouraged by the progress made to date, we have concerns with the level and timing of the estimated liability Limit for these 2 new short haul contracts (Parkway to EDA and NDA).

Union will be filing with the OEB to seek pre-approval of these two new contracts near the end of March, 2013. Our hope is that we would receive OEB approval by late Q3, 2013. As part of the filing we need to have executed the PA's and as such we need to have a liability number that is reasonable up until the point where we would expect the OEB decision (i.e. the end of Q3). In the first PA's that we executed related to the open season that originally had a 2014 in-service date, the total liability limit was \$51.5 million and the liability limit for Union 2 years prior to in-service (ie. equivalent to Oct 31, 2013) was just \$.9 million.

In the PA's dated March 7, 2013, the total liability limit has increased from the previous agreements level of \$51.5 million to \$116 million. Union's concern is that the total liability limit in these new agreements is based on 15 years of services, although Union only committed to 10 years, and escalates to almost \$90 million in the first three months. We understand this number is essentially your commitment to Enbridge (TBO). Given our OEB process, Union cannot agree to such a high liability limit in such a short period of time and prior to getting the OEB decision on these contracts.

Union understands that the TCPL TBO service to be contracted with Enbridge, is being supported by an Enbridge pipeline expansion project from Parkway to Albion. Union's own similar sized pipeline expansion project has a similar in service time line yet Union will not be spending any significant dollars or committing to the purchase of the pipe, until Q1, 2014. We would expect that the Enbridge project that is supporting your transportation service, would follow a similar timeline and spend schedule as our own.

Therefore, we would expect an Oct 31, 2013 liability exposure to be similar in magnitude to what was provided in the last PA's as noted above. In essence this should reflect your actual exposure to Enbridge and their expansion.

I would be happy to arrange a joint call amongst TCPL, Enbridge and ourselves to discuss a mutually agreeable liability number that would allow Union to sign PA's, to continue to support your project, your exposure to Enbridge and hence support Enbridge on their project.

Please give a call when you get a chance so we can discuss further.

Thanks

Chris....

Chris Shorts
Director, Gas Supply
cshorts@uniongas.com

Shorts, Chris

Attachment 1

From: Don Bell [don_bell@transcanada.com]
Sent: March-22-13 2:34 PM
To: Shorts, Chris
Cc: Hodgson, Tina; Lisa DeAbreu
Subject: RE: PA's and the Estimated Liability

Chris

The details of a TBO agreement with Enbridge are currently being negotiated. The revised estimated liability limit that was sent to you on the 7th of March reflects the 15 year term and toll estimated by Enbridge based on the high level principals contained in the executed Memorandum Of Understanding between TransCanada and Enbridge.

Although we are currently in the process of developing a detailed TBO agreement we do not expect that this will be fully developed until the middle of April. In this agreement we are contemplating terms which will not place a TBO cost obligation on TransCanada until both Enbridge and TransCanada receive their regulatory approvals. Prior to getting approvals, TransCanada would be responsible for the costs associated with constructing a NPS 42 versus NPS 36 line. If TransCanada is successful in negotiating these terms, the spend profile that we provided you on March 7th should decrease significantly until the period of time when Enbridge and TransCanada receive their approvals.

If we are successful negotiating the terms described above we will provide you with another revision of the spend profile. We expect we will be in a position to do so in the mid April time frame.

Regarding your question of whether or not we plan to add Enbridge to the description of the TransCanada system and definition of "Combined Capacity" this is not our intent. TransCanada currently does not have any firm service entitlements with Enbridge. The TBO arrangements need to receive regulatory approval and both TransCanada and Enbridge require regulatory approval to construct their pipelines and they need to be put into service before TransCanada will utilize firm service entitlements on the Enbridge Pipeline. If TransCanada is successfully obtains firm service entitlements on the Enbridge Pipeline, this will be added to the definition of "Combined Capacity" in Precedent Agreements for future New Capacity Open Seasons.

The Spend Schematic that was provided to you titled Canadian Mainline – 2015 Expansion Plan is not a public document. It is a rough drawing of the route and represents a high level schematic developed for illustrative purposes and is not intended to be released to the public. The spend profile that we provided on March 7th is also not a public document. As we had indicated in the meeting that was held on the 6th of March, we are in the early stages of our land owner, and public consultation process and therefore there is significant sensitivity in having this information released to the public. Enbridge is also in the process of filing an amended application to the Ontario Energy Board. We are therefore not in a position to make any of this information public until this work is complete.

If you have any questions or require anything further please give me a call.

Thanks

Don

From: Shorts, Chris [mailto:CShorts@uniongas.com]
Sent: Thursday, March 21, 2013 1:41 PM
To: Shorts, Chris; Don Bell; Lisa DeAbreu
Cc: Hodgson, Tina
Subject: RE: PA's and the Estimated Liability

Don/Lisa, I also had a couple of other questions I should have put in the note yesterday.

When I look in the PA's the definition of TBO highlights only Union/GLGT and TQM as providers, shouldn't Enbridge be added to that list?

Also, on the 2015 spend schematic you sent to me Lisa, would TCPL be OK if that got filed and made public? I wanted to check in case someone asked.

Thanks
Chris

EB-2012-0451/EB-2012-0433/EB-2013-0074
I.A1.UGL.CCC.11

Attachment 1

From: Shorts, Chris
Sent: March-20-13 11:27 AM
To: Don Bell; 'Lisa DeAbreu'
Cc: Hodgson, Tina
Subject: PA's and the Estimated Liability
Importance: High

Don, I wanted to respond to your letter dated March 7, 2013, in which you provided Union with the detailed costs of the facilities TCPL is proposing to build and the transportation service TCPL is planning on acquiring from Enbridge in support of Union's new service requests. I wanted to thank you for providing the requested information.

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I would be happy to arrange a joint call amongst TCPL, Enbridge and ourselves to discuss a mutually agreeable liability number that would allow Union to sign PA's, to continue to support your project, your exposure to Enbridge and hence support Enbridge on their project.

Please give a call when you get a chance so we can discuss further.
Thanks
Chris....

Chris Shorts
Director, Gas Supply
cshorts@uniongas.com

**Estimate of Shared Facilities Costs (\$)
for 2013 Eastern System Expansion
(Confidential)
Updated March 7, 2013**

The following is an estimate provided for information purposes only and without prejudice.

13 km of NPS 36 pipeline, two connections into TC Mainline near Brem West and a meter station at Abillon - \$ 126 MM

Company	Pathway to Union EDA (GJ/M)	CD=100% LF Tot (\$0.33\$/GJ)	Pathway to Union NDA (GJ/M)	CD=100% LF Tot (\$0.43\$/GJ)	2013 (Cumulative \$K)		2014 (Cumulative \$K)		2015 (Cumulative \$K)	
					Q1	Q2	Q1	Q2	Q1	Q2
Union Gas Limited					118,740	397,569	1,102,911	7,207,235	10,027,243	13,261,098
Union Gas Limited					18,157	80,244	130,213	1,025,035	1,442,345	1,919,949
Union Gas Limited					127,083	477,813	1,233,124	8,232,270	11,469,588	15,181,047
Total Facilities Costs for Union Gas										

TBO Costs - \$298 MM

Company	Pathway to Union EDA (GJ/M)	Perking to Union NDA (GJ/M)	Contract Quantity M	2013 (Cumulative \$K)		2014 (Cumulative \$K)		2015 (Cumulative \$K)	
				Q1	Q2	Q1	Q2	Q1	Q2
Union Gas Limited			27.44	81,683	81,683	81,683	81,683	81,683	81,683
Union Gas Limited			2.74	8,177,066	8,177,066	8,177,066	8,177,066	8,177,066	8,177,066
Total TBO Costs for Union Gas									

Company	Pathway to Union EDA (GJ/M)	Perking to Union NDA (GJ/M)	Contract Quantity M	2013 (Cumulative \$K)		2014 (Cumulative \$K)		2015 (Cumulative \$K)	
				Q1	Q2	Q1	Q2	Q1	Q2
Union Gas Limited			27.44	81,683	81,683	81,683	81,683	81,683	81,683
Union Gas Limited			2.74	8,177,066	8,177,066	8,177,066	8,177,066	8,177,066	8,177,066
Total TBO Costs for Union Gas									

Note: 1. Based on Jan 1, 2013 Instream Tolls



TransCanada PipeLines Limited
200 Bay Street, South Tower
Toronto, Ontario
M5J 2J1

tel 416.869.2191
fax 416.869.2119
email don_bell@transcanada.com
web www.transcanada.com

April 29, 2013

Union Gas Limited
50 Keil Drive North
Chatham, Ontario
N7M 5M1

Attention: Chris Shorts
Director, Gas Supply

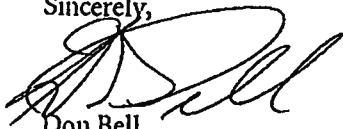
Dear Chris,

Reference: Precedent Agreement between TransCanada PipeLines Limited ("TransCanada") and Union Gas Limited dated October 2, 2012 (the "Precedent Agreement") for 10,000 GJ/d from Union Parkway Belt to Union NDA

Please be advised that the Board of Directors of TransCanada has not approved the Eastern Mainline expansion projects for 2015 in light of the recent NEB Decision for RH-003-2011. Although Union Gas Limited did not execute the above mentioned Precedent Agreement, the Eastern Mainline 2015 expansion project included the transaction contemplated in the above noted Precedent Agreement. As such we would like to notify you that TransCanada is not prepared to execute the Precedent Agreement on the basis that the Condition Precedent, as such term is defined in the Precedent Agreement under Paragraph 29 (a), would not be satisfied.

Notwithstanding the suspension of the 2015 Eastern Mainline Expansion, TransCanada would like to work with you to explore what solutions or alternatives may be available to move these initiatives ahead given the NEB RH-003-2011 Decision.

Sincerely,



Don Bell
Director, Mainline East
Commercial East



April 29, 2013

Union Gas Limited
50 Keil Drive North
Chatham, Ontario
N7M 5M1

TransCanada PipeLines Limited
200 Bay Street, South Tower
Toronto, Ontario
M5J 2J1

tel 416.869.2191
fax 416.869.2119
email don_bell@transcanada.com
web www.transcanada.com

Attention: Chris Shorts
Director, Gas Supply

Dear Chris,

Reference: Precedent Agreement between TransCanada PipeLines Limited ("TransCanada") and Union Gas Limited dated October 2, 2012 (the "Precedent Agreement") for 100,000 GJ/d from Union Parkway Belt to Union EDA

Please be advised that the Board of Directors of TransCanada has not approved the Eastern Mainline expansion projects for 2015 in light of the recent NEB Decision for RH-003-2011. Although Union Gas Limited did not execute the above mentioned Precedent Agreement, the Eastern Mainline 2015 expansion project included the transaction contemplated in the above noted Precedent Agreement. As such we would like to notify you that TransCanada is not prepared to execute the Precedent Agreement on the basis that the Condition Precedent, as such term is defined in the Precedent Agreement under Paragraph 29 (a), would not be satisfied.

Notwithstanding the suspension of the 2015 Eastern Mainline Expansion, TransCanada would like to work with you to explore what solutions or alternatives may be available to move these initiatives ahead given the NEB RH-003-2011 Decision.

Sincerely,

A handwritten signature in black ink, appearing to read "Don Bell".

Don Bell
Director, Mainline East
Commercial East