

September 25th, 2013

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

Dear Ms. Walli:

**RE: Union Gas Limited (“Union”) - Undertakings  
EB-2012-0451/EB-2012-0433/EB-2013-0074**

Please find attached Union’s responses to the following Undertakings in the above captioned proceeding:

J1.1; J4.1; J4.2; J4.3; J4.4; J4.7; J4.8

Yours truly,

*[original signed by]*

Karen Hockin  
Manager, Regulatory Initiatives  
Encl.

cc: Crawford Smith, Torys  
All intervenors

UNION GAS LIMITED

Undertaking of Mr. Henning  
To Mr. Brett

Please provide a copy of Mr. Henning's retainer with Torys.

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ICF was engaged orally by Torys. The nature of the retainer is described in the Introduction of the ICF Report (Schedule 4-1, EB-2013-0074) at p. 7 of 36.

UNION GAS LIMITED

Undertaking of Mr. Isherwood  
To Mr. Brett

To provide a copy of the NEB application

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Please see Attachment 1.



June 17, 2013

National Energy Board  
444 Seventh Avenue S.W.  
Calgary, Alberta  
T2P 0X8

Filed Electronically

**Attention: Ms. Sheri Young  
Secretary of the Board**

Dear Ms. Young:

**Re: TransCanada PipeLines Limited (TransCanada)  
Application for Approval of Tariff Proposals  
Hearing Order RH-001-2013**

TransCanada encloses for filing pursuant to Part I and Part IV of the *National Energy Board Act*<sup>1</sup> an Application for approval of Tariff Proposals (Application).

The Application is being filed in accordance with the Board's June 11, 2013 Decision on the Review Application and Hearing Order RH-001-2013.<sup>2</sup> In accordance with the timeline established by the Board, TransCanada confirms that the Notice of Application will be published in the National Post on Tuesday, June 18, 2013.

Any questions or comments relating to the Application should be directed to me or TransCanada's representatives listed in the Application.

Yours truly,  
**TransCanada PipeLines Limited**

*Original signed by*

Kristine Delkus  
Senior Vice-President  
Pipelines Law and Regulatory Affairs

Attachment

cc: Mainline Shippers  
Parties to RH-003-2011

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<sup>1</sup> R.S., 1985, c. N-7, as amended.

<sup>2</sup> Board Letter Decision dated June 11, 2013 concerning TransCanada's 1 May 2013 Application for Review and Variance. File OF-Tolls-Group1-T211-2013-01 01 (June 11, 2013).

**NATIONAL ENERGY BOARD**

IN THE MATTER OF the *National Energy Board Act* and  
the Regulations made thereunder;

AND IN THE MATTER OF an Application by  
TransCanada PipeLines Limited pursuant to  
Part I and Part IV of the National Energy Board Act for  
approval of Tariff Proposals;

AND IN THE MATTER OF National Energy Board  
Hearing Order RH-001-2013.

TO:           The Secretary  
              National Energy Board  
              444 Seventh Avenue S.W.  
              Calgary, Alberta  
              T2P 0X8

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***APPLICATION FOR APPROVAL OF TARIFF PROPOSALS***

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**June 2013**

## I INTRODUCTION

1. TransCanada PipeLines Limited (TransCanada) hereby applies to the National Energy Board (Board or NEB) under Part I and Part IV of the *National Energy Board Act*<sup>1</sup> (Act), and pursuant to the Board's letter decision dated June 11, 2013,<sup>2</sup> for an order approving amendments to the Gas Transportation Tariff (Tariff) of TransCanada's mainline natural gas transmission system (Mainline) to:
  - a. implement modifications to the terms applicable to Diversions and Alternate Receipt Points (ARPs);
  - b. eliminate the overrun feature of Storage Transportation Service (STS);
  - c. remove the prescriptive Tariff language pertaining to the timing and duration of Short Term Firm Transportation (STFT) and Short Term Short Notice (ST-SN) open seasons; and
  - d. amend the renewal provisions associated with firm Mainline services<sup>3</sup> with respect to situations of major expenditures, significant maintenance requirements, or opportunities to re-deploy substantial existing assets.<sup>4</sup>

Collectively, the amendments to the Tariff proposed herein are referred to as the "the Tariff Proposals."

2. In support of this application (Application), TransCanada provides and relies on the information contained in the Application, including the attached appendices, and any additional information that TransCanada may file, as directed or permitted by the Board.
3. TransCanada is a "company" as that term is defined in the Act. TransCanada owns and operates the Mainline, which is a large-diameter pipeline system extending from the Alberta border through Saskatchewan, Manitoba and Ontario to Québec, with various connections at the international border.
4. The Tariff Proposals are brought forward in response to the Board's decision in the proceeding held pursuant to hearing order RH-003-2011<sup>5</sup>, and in particular to the new regulatory regime and tolling model mandated by the RH-003-2011 Decision (Decision Model). The Tariff Proposals are required to enable TransCanada to

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<sup>1</sup> *National Energy Board Act*, R.S.C., 1985, c. N-7, as amended.

<sup>2</sup> Board Letter Decision dated June 11, 2013 concerning *TransCanada's 1 May 2013 Application for Review and Variance*. File OF-Tolls-Group1-T211-2013-01 01 (Review Decision).

<sup>3</sup> Firm Transportation (FT); Storage Transportation Service (STS); Storage Transportation Service Linked (STS-L) Firm Transportation - Short Notice (FT-SN); and Short Notice Balancing (SNB).

<sup>4</sup> If the Board is unwilling to approve these revisions on a generic basis, TransCanada submits that it must, at a minimum, permit application of those provisions as a case specific measure in relation to the Energy East project, as detailed in the Application.

<sup>5</sup> *National Energy Board Reasons for Decision TransCanada PipeLines Limited, NOVA Gas Transmission Ltd., and Foothills Pipe Lines Ltd., RH-003-2011, Tolls and Tariff*, March 2013 (RH-003-2011 Decision).

effectively utilize the tools provided by the Board's RH-003-2011 Decision, and to meet the objectives of the RH-003-2011 Decision to maximize revenues over the multi-year fixed toll period.

5. Details of the Tariff Proposals and their justification are provided below, along with background information on the RH-003-2011 proceeding and Decision that is relevant to the Application.

## II BACKGROUND TO THE APPLICATION

6. On September 1, 2011, TransCanada, NOVA Gas Transmission Ltd. (NGTL) and Foothills Pipe Lines Ltd. (Foothills) applied to the Board for approvals designed to implement a proposed restructuring of the services on the Mainline, the TransCanada Alberta System, and the TransCanada Foothills System, and for orders fixing and approving tolls for the transportation services provided on the Mainline between January 1, 2012 and December 31, 2013 (Restructuring Proposal). NGTL and Foothills were co-applicants with TransCanada because their tolls would have been affected by part of the relief requested in the application. The Restructuring Proposal was considered in the proceedings held pursuant to hearing order RH-003-2011.
7. On March 27, 2013, the Board issued the RH-003-2011 Decision in respect of the Restructuring Proposal.
8. In the RH-003-2011 Decision, the Board *inter alia* fixed multi-year tolls for the Mainline at what it considered to be a competitive level, provided TransCanada with pricing discretion for short-term services, approved an incentive mechanism, and approved TransCanada's proposed changes to the Mainline toll design and services. The Board denied other TransCanada proposals, including the Alberta System Extension, the proposed reallocation of accumulated depreciation, and the proposed treatment of costs for transportation services on the Trans Québec & Maritimes Pipeline. The Board also established a streamlined regulatory process for the Mainline to address new service and pricing proposals in a more timely manner.
9. TransCanada was directed by the Board in the RH-003-2011 Decision to file a compliance filing by May 1, 2013,<sup>6</sup> and did so. TransCanada's compliance filing was approved by the Board on June 11, 2013.<sup>7</sup>
10. The Decision Model establishes a multi-year fixed Firm Transportation (FT) toll from Empress, Alberta to Dawn, Ontario<sup>8</sup> of \$1.42/GJ and requires that all other firm transportation tolls be derived proportionately in accordance with the relative

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<sup>6</sup> National Energy Board Order TG-002-2013, page 3, paragraph 5.

<sup>7</sup> National Energy Board Order TG-006-2013.

<sup>8</sup> Specifically to the Union SWDA.

distance that gas is transported from the \$1.42/GJ toll (the Fixed Tolls). The Decision Model requires the capitalization into rate base (through the Long Term Adjustment Account or LTAA) of a significant portion of the annual Mainline costs during the multi-year fixed-tolls period. Variations between the Revenue Requirement as reduced by contributions to the LTAA (Adjusted Revenue Requirement) and actual revenues are tracked in a deferral account (the Toll Stabilization Account or TSA), any balance in which is to be disposed of at the end of the multi-year period.

11. The Decision Model will only allow TransCanada to earn the Adjusted Revenue Requirement if the Mainline generates substantially more revenue than is forecast to be generated by existing FT contracts. In particular, to earn the Adjusted Revenue Requirement, the Mainline will have to generate more revenue by increasing contracted levels of FT services and/or generating a significant amount of revenue from interruptible transportation (IT) and STFT services. In order to allow TransCanada to encourage FT contracting, and provide the opportunity to derive maximum revenues from IT and STFT contracting, the Decision Model gives TransCanada significant pricing discretion (subject to the requirements of the NEB Act) to set the bid floors for IT and STFT.
12. On May 1, 2013, concurrently with its compliance filing to the RH-003-2011 Decision, TransCanada filed an application for review and variance of the RH-003-2011 Decision (Review Application). Among other relief, the Review Application included Tariff amendments that are required for effective implementation of the Decision Model. The Tariff amendments proposed in the Review Application included:
  - a. modifications to the terms applicable to Diversions and ARPs;
  - b. elimination of the overrun feature of STS Service;
  - c. removal of Tariff language pertaining to the timing and duration of STFT and ST-SN open seasons; and
  - d. amendments to the renewal provisions associated with firm Mainline services implementing an Early Long Term Renewal Option procedure with respect to situations of major expenditures, significant maintenance requirements, or opportunities to re-deploy substantial existing assets.
13. In addition, on May 9, 2013, TransCanada filed Tariff amendments pursuant to paragraph 60(1)(a) of the Act that pertained to the Mainline renewal provisions. The amendments contained in that filing retained the existing renewal rights with the qualification that TransCanada may decline to renew a contract if a shipper:
  - (i) seeks to exercise the renewal option earlier than seven months prior to the termination date of its existing contract; or

- (ii) requests a renewal term of more than one year from the termination date of its existing contract.<sup>9</sup>
14. On May 22, 2013, the Board suspended the May 9, 2013 Tariff amendments and also suspended the existing renewal provisions insofar as they:
- allow the renewal of contracts for terms of greater than one year; and
  - allow shippers to provide more than seven months' notice of renewal.<sup>10</sup>
15. On June 11, 2013, the Board dismissed the Review Application.<sup>11</sup> The Board deemed the part of TransCanada's Review Application requesting variances to the Mainline tariff as a separate application pursuant to Part IV of the Act. The Board further determined that it would hear the merits of those proposals pursuant to the streamlined procedure set out in the RH-003-2011 Decision. The Board directed TransCanada to re-file that part of the Review Application dealing with tariff proposals by June 17, 2013 and specified that TransCanada may make any necessary amendments to that material and file supplementary material in support of the tariff proposals as it sees fit.<sup>12</sup>
16. In accordance with the Board's June 11, 2013 Review Decision, this Application includes a re-filing of portions of the Review Application relevant to the Tariff Proposals. TransCanada also confirms as directed<sup>13</sup> that it is seeking approval of both amendments to the Mainline renewal provision discussed above: those originally filed through the Review Application and those filed pursuant to paragraph 60(1)(a) on May 9, 2013.<sup>14</sup>

### III REQUIRED TARIFF AMENDMENTS

17. As noted, the RH-003-2011 Decision granted TransCanada the flexibility to increase and decrease bid floors for short-term services<sup>15</sup> to give TransCanada the opportunity to encourage FT contracting and capture market opportunities for short-term services as they arise from time-to-time. This flexibility is the means by which the Board has chosen to provide TransCanada with an opportunity to recover prudently incurred costs, given that Mainline firm tolls have been fixed for a multi-year period below the cost of service level for that period.

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<sup>9</sup> TransCanada *Canadian Mainline Gas Transportation Tariff Filing - Tariff Amendments effective May 9, 2013* (May 9, 2013 Tariff Filing)

<sup>10</sup> Board Letter dated May 22, 2013 concerning *TransCanada's 9 May 2013 Tariff Amendment Filing*. File OF-Tolls-Group1-T211-2013-01 01 (Renewal Provisions Suspension Decision)

<sup>11</sup> Board Letter Decision dated June 11, 2013 concerning TransCanada Review Application. File OF-Tolls-Group1-T211-2013-01 01. (Review Decision)

<sup>12</sup> *Ibid*, page 2.

<sup>13</sup> *Ibid*.

<sup>14</sup> *Ibid*. See also TransCanada's letter to the Board dated May 24, 2013 concerning the May 9, 2013 Tariff Filing.

<sup>15</sup> For STFT, the discretion is limited to set bid floor at the FT toll or higher (RH-003-2011 Decision, page 129).

18. A number of Tariff provisions that were appropriate in the previous toll model are no longer appropriate under the Decision Model. The Tariff provisions in question effectively allow shippers to continue to use the Mainline in the way they have in the past, limiting TransCanada's ability to encourage FT contracting or capture short-term market opportunities.
19. Specifically, the following changes are necessary in order for TransCanada to have the tools necessary to ensure that the revenue recovery risk mitigation provided through pricing flexibility of discretionary services has an opportunity to be effective:
  - a. Diversions and ARPs should only be available within the primary contracted path; and
  - b. the Overrun feature of STS should be eliminated.
20. Further, the prescriptive Tariff language pertaining to the timing and duration of STFT and ST-SN open seasons must be eliminated in order for TransCanada to have an opportunity to effectively capture market opportunities when they arise outside of the window currently specified in the Tariff.
21. These amendments will benefit Mainline shippers by providing a properly functioning market with more appropriate market signals and minimizing exposure to future cost deferrals through the LTAA and TSA.
22. Finally, amendments to the Mainline Tariff renewal provisions are required in order to provide certainty on long-term firm shipper obligations in situations of major expenditures, significant maintenance requirements, or opportunities to re-deploy substantial existing assets. These amendments were originally proposed in the Review Application and in the May 9, 2013 filing pursuant to section 60(1)(a) of the Act. They work together to provide TransCanada with the ability to enhance long term contracting and contribute to rationalization of infrastructure and system costs, which ultimately benefit all shippers.
23. In the event the Board is unwilling to approve the proposed revisions to the existing renewal provisions on a generic basis, TransCanada requests that the Board, at a minimum, permit application of the provisions as a case specific measure in relation to TransCanada's anticipated Energy East Pipeline Project (Energy East).
24. The Tariff revisions required to implement these proposals are provided in Attachment 1.

**A. Modifications to Diversions and ARPs**

25. Diversions and ARPs are features of FT, Non-Renewable Firm Transportation (FT-NR), Multi-Year Fixed Price (MFP) and Firm Transportation Short Notice (FT-SN) services. A shipper who has a contract for these services can utilize

Diversions and ARPs as part of its nominations for transportation. Diversions and ARPs have a service priority above IT service and, in certain circumstances, are available at the same firm priority level as STFT service.<sup>16</sup>

26. Diversions currently can be nominated to delivery points that are either upstream or downstream of the contracted delivery point, but not upstream of the contracted receipt point. ARPs currently can be nominated from receipt points that are downstream of the contracted receipt point, but not downstream of the contracted delivery point.<sup>17</sup> Generally, only Diversions and ARPs that result in a greater distance of haul are subject to a toll, which is based on the difference between the toll for the longer nominated path and the contracted path. This toll is only paid for the days the ARP or Diversion features are utilized.
27. The current Diversion and ARP provisions encourage shippers to contract for the shortest primary path available and change their receipt and/or delivery points outside of the contracted path on days when they wish to access alternate supply or markets than those applicable to their firm contract, subject to available capacity.
28. The existing Diversions and ARPs were appropriate under traditional cost of service regulation where shippers' tolls reflected the full cost of providing service. Any loss in discretionary revenue as a result of shippers using these mitigation features ultimately flowed back to shippers collectively, such that the cost and accountability for these features were appropriately aligned. However, under the Decision Model, the loss in discretionary revenue from these features will result in larger cost deferrals in the TSA mechanism created in the Decision Model. Since tolls are fixed for a multi-year period, these features will contribute to the risk of under-recovery of the pipeline.
29. Accordingly, TransCanada proposes to revise the ARP and Diversion Tariff provisions to continue allowing ARPs and Diversions, but only within a shipper's primary contracted path.<sup>18</sup> Continuation of in-path ARPs and Diversions will provide shippers with flexibility to receive and deliver gas at alternate points within the path that they have reserved and reflects the demand charge they pay for that capacity.

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<sup>16</sup> As per Section XV Impaired Deliveries of the General Terms and Conditions of the Mainline Tariff, Diversions or ARPs that increase flow through a capacity 'bottleneck' relative to the primary contracted path have a service priority below firm. However, Diversions and ARPs that do not increase flow through a capacity bottleneck are treated at the firm priority level.

<sup>17</sup> For areas such as the Eastern Triangle, TransCanada's current practice has been to group certain receipt locations together and deem them to be valid ARPs for a given primary contracted path. The grouped points do not necessarily fall strictly within a shipper's contracted path in the Eastern Triangle. For example, St. Clair and Union Dawn are currently valid ARPs for contracts with a Parkway receipt. TransCanada posts a list of valid ARP points on its website for applicable contracted paths, and updates this list from time to time. See Attachment 2 for the list of eligible Diversion and ARP points that are expected to be in effect following the implementation of the changes proposed in this Application.

<sup>18</sup> ARPs and Diversions will be available to all eligible points between the primary receipt point and the primary delivery point along the path used to determine the toll between these points, which is described in the RH-003-2011 Decision, Section 7.7, pages 111-113.

30. TransCanada is proposing to eliminate out-of-path ARPs and Diversions because continuation of the existing Tariff provisions would provide the ability for shippers to circumvent the applicable IT and STFT pricing regime for discretionary transportation for which they have chosen not to make a firm contract commitment. Under the current ARP and Diversion provisions, shippers are charged only the differential between their contracted path's FT toll and the FT toll that would have attached to the path used through the ARP or Diversion. As such, that toll will typically be less than the applicable IT toll for the same path, particularly in light of the pricing flexibility the Board granted TransCanada for IT and STFT services in the RH-003-2011 Decision. In addition, while Diversions and ARPs are discretionary features, the Tariff provides that these features receive a higher priority than IT service. Higher priority and lower tolling may have been appropriate under traditional cost of service but it is no longer appropriate under the Decision Model where cost recovery is dependent on TransCanada's ability to derive large amounts of discretionary revenues.
31. For example, a shipper contracting for FT service on the St. Clair to Union SWDA path only pays a demand charge representative of a 20 km distance of haul. Using the existing Diversion feature, that shipper has the ability to divert to multiple out-of-path points as far away as 1,000 km further east on the system at a higher priority than IT, and only pays the FT toll difference between the contracted and nominated paths. Similarly, a shipper contracting for FT service from Empress to the TransGas SSDA only pays a demand charge representative of a 434 km distance of haul, but can divert downstream all the way to East Hereford, which is located 3,402 km from Empress, at a higher scheduling priority than IT. Out-of-path Diversions and ARPs therefore confer near-firm access to capacity for which shippers do not pay the full year's cost.
32. Retaining out-of-path Diversions and ARPs would maintain a significant incentive for shippers to contract for FT on very short paths that do not reflect the actual markets or supply sources shippers intend to access. Indeed, ARPs and Diversions have increasingly been used in this fashion by parties to obtain preferential access to more lucrative paths without having to pay for that access year-round. Between April 1, 2012 and March 31, 2013, shippers used out-of-path diversions on short-haul FT contracts<sup>19</sup> every single day, with aggregate Diversion quantities being authorized for as much as 221 TJ on a single day.
33. Extensive use of out-of-path Diversions also occurred last year with shippers diverting large quantities of gas to Iroquois and East Hereford. From April 2012 to March 2013, an average in excess of 185 TJ/d was diverted to these two locations. Diversions to these two points from all eligible contracts reached over 540 TJ/d during the period.

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<sup>19</sup> Defined herein as FT contracts with primary receipt points of either St.Clair, Union Dawn or Kirkwall and primary delivery points of either Union SWDA, Niagara or Chippawa.

34. As illustrative examples detailed in Table 1 below show, the foregone annual Mainline revenue from a shipper who chooses to contract FT for 100 TJ/d on the St. Clair to Union SWDA path and divert to East Hereford for 30 days per year instead of contracting for annual FT of 100 TJ/d from St. Clair to East Hereford is approximately \$18 million. The foregone annual Mainline revenue from a shipper who chooses to contract FT for 100 TJ/d on the Empress to TransGas SSSA path and divert to East Hereford for 30 days per year instead of contracting for annual FT of 100 TJ/d from Empress to East Hereford is approximately \$51 million.<sup>20</sup>

**Table 1: Illustrative Revenue Impact of Shortest Haul FT with Diversions Versus Full Path FT**

Path	Daily Equivalent			Revenue (\$)
	Toll (\$/GJ)	Quantity (GJ/d)	Days	
FT: St. Clair to Union SWDA	0.0958	100,000	365	3,496,700
Diversion to East Hereford	0.5400	100,000	30	1,620,000
Total				5,116,700
FT: St. Clair to East Hereford	0.6358	100,000	365	23,206,700
Annual Revenue Difference				(18,090,000)

Path	Daily Equivalent			Revenue (\$)
	Toll (\$/GJ)	Quantity (GJ/d)	Days	
FT: Empress to TGas SSSA	0.3073	100,000	365	11,216,450
Diversion to East Hereford	1.5178	100,000	30	4,553,400
Total				15,769,850
FT: Empress to East Hereford	1.8251	100,000	365	66,616,150
Annual Revenue Difference				(50,846,300)

<sup>20</sup> Tolls used are RH-003-2011 Compliance Tolls effective July 1, 2013, as approved by Order TG-006-2013. The toll for the diversion is the difference in the daily equivalent FT toll between the contract path (either St. Clair to Union SWDA or Empress to TransGas SSSA) versus the diverted path (either St. Clair to East Hereford or Empress to East Hereford). All tolls above exclude the applicable delivery pressure charge at East Hereford.

35. Absent the proposed modifications, these practices of contracting for very short paths and using out-of-path ARPs and Diversions are expected to increase due to the elimination of RAM and the implementation of pricing flexibility for IT and STFT. Implementing the proposed Tariff modifications to Diversions and ARPs will better align the benefits and accountability for costs associated with the flexibility these features provide to firm shippers. Out-of-path Diversions and ARPs provide priority access to service that is unrelated to the contracted path and are therefore inconsistent with the Board's view that shippers with low utilization rates who truly require guaranteed access to the Mainline should pay for the full year's reasonable cost of the capacity they contract.<sup>21</sup>
36. Eliminating the ability to use Diversions or ARPs outside of the primary path will encourage customers who require service to contract on a firm basis for the path they truly require while still providing them with a reasonable means of mitigating unutilized demand charges (UDCs). FT shippers will still have the ability to mitigate UDCs by receiving or delivering gas at alternate points within the path of their firm contract. Further, FT shippers will have the ability to transport gas to their primary receipt point or away from their primary delivery point using IT and STFT services. The proposed changes will also ensure TransCanada has an opportunity to generate an appropriate level of discretionary revenue from shippers who seek to transport gas outside of their contract primary path on a short-term intermittent basis to or from a location that has high value.
37. Rather than eliminating out-of-path Diversions and ARPs, as proposed herein, TransCanada contemplated modifying the incremental daily demand charge for Diversions and ARPs. Under such an alternative, Diversions and ARPs would retain their current priority over IT, but if an incremental charge were required as a result of a Diversion or ARP, the incremental charge would be the IT bid floor in effect<sup>22</sup> for the applicable incremental path,<sup>23</sup> as opposed to being based on FT tolls as is currently the case. While such an alternative modification would be superior to the existing approach, allowing Diversions and ARPs only within the primary contracted path is more appropriate for several reasons:
- it encourages FT contracts on the primary path where shippers have firm requirements;
  - it allows for competition on a fair and equal basis for daily discretionary market and supply opportunities outside the primary path by avoiding a situation where Diversion or ARP shippers have priority access to certain paths at the IT bid floor over IT shippers who bid above the bid floor;

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<sup>21</sup> RH-003-2011 Decision, page 140.

<sup>22</sup> For simplicity, only the IT bid floor in effect at the Timely Nomination Window would be used for purposes of charging Diversions and ARPs regardless of which nomination window within the particular Gas Day the Diversion or ARP was scheduled.

<sup>23</sup> The incremental path is that which falls outside of the contracted path. For example, if a shipper holds an FT contract from Empress to Union NDA, and has been scheduled a Diversion on that FT contract to deliver to Iroquois, the applicable incremental path for which the IT bid floor in effect would be charged is from the Union NDA to Iroquois.

- it provides additional competition for daily discretionary capacity, as a shipper previously seeking out-of-path ARPs or Diversions will now have to bid for STFT and IT capacity outside its primary contract path;
  - consistent with the RH-003-2011 Decision, it provides TransCanada with a greater opportunity to generate incremental IT and STFT revenues, particularly during periods when there may be significant transportation value in certain paths; and
  - it can be implemented more quickly and without system upgrades.
38. The Tariff revisions required to implement the applied for modifications to ARPs and Diversions are included in Attachment 1. The list of eligible ARP and Diversion points for applicable contract paths will continue to be posted on the TransCanada website, and updated from time to time. For information purposes, the list of eligible Diversion and ARP points that are expected to be in effect following the implementation of the changes proposed in this Application is included as Attachment 2.

#### **B. Elimination of the Overrun Feature under STS**

39. TransCanada proposes to eliminate STS overrun, which is a feature of STS that allows STS shippers to deliver gas in excess of their Contract Demand Quantity either for storage withdrawals or injections depending on the location of the storage and market. Excess delivered quantities under STS overrun are charged the applicable STS Daily Demand Toll on a usage basis.
40. STS overrun and IT service are treated within the same service priority level and ranked based on applicable toll. When the STS overrun toll is equal to or higher than the IT toll, the priority of STS overrun is higher than IT. When the STS overrun toll is lower than the IT toll, the priority of STS overrun is lower than IT. However, unlike IT, STS overrun also provides access to the additional nomination windows associated with STS.
41. Since STS overrun is tolled at the STS Daily Demand Toll, STS shippers are incented to rely on STS overrun to the greatest extent possible to meet any incremental demand exceeding their Contract Demand Quantity at their contracted delivery point in situations where the IT toll is higher to that point.
42. STS is the only Mainline service that allows a shipper to transport quantities in excess of contracted quantities. To the extent STS shippers have greater balancing requirements for which they require additional nomination windows, it is reasonable that they should contract for greater quantities of STS and pay the applicable demand charges throughout the year. To the extent STS shippers have a short-term use for discretionary services, it is reasonable that they should compete for access to that capacity on an equivalent basis, both in terms of toll and priority of service, with IT and STFT shippers.

43. In the past five years, there has been minimal use of the STS overrun feature, which demonstrates that elimination of the feature will not have any significant negative impact on existing STS shippers. However, TransCanada expects that going forward, the STS overrun feature would be utilized significantly more than it has been in the past by shippers trying to avoid potentially more costly STFT and IT tolls.
44. Elimination of the STS overrun feature will ensure that shippers with firm balancing requirements contract and pay annual demand charges for the capacity they require. This is consistent with the Board's views that shippers with low utilization rates who truly require guaranteed access to the Mainline, should pay for the full year's reasonable cost of the capacity they contract.<sup>24</sup> In addition, elimination of the STS overrun feature will also ensure that shippers with more intermittent balancing requirements have the same access to capacity, participate in the competitive bidding process, pay the same toll, and have the same service priority as other STFT and IT shippers seeking to procure capacity.

### **C. Tariff Requirements for STFT Open Seasons**

45. TransCanada's current posting requirements for STFT and ST-SN services are stipulated in the Tariff. For each of these services, TransCanada is required to post available capacity for five Banking Days (as defined in the Tariff) during the following periods:
  - (a) During the period of January 1-15 for the Summer Period (April 1 to October 31) and during the period of July 1-15 for the Winter Period (November 1 to March 31);
  - (b) During the period of January 16 - 31 for the individual monthly blocks of the Summer Period (April 1 to October 31) and during the period of July 16 - 31 for individual monthly blocks of the Winter Period (November 1 to March 31).
46. If some or all of the available short-term capacity has not been allocated at the end of the posting period, TransCanada may continue to post available short-term capacity on a daily basis.
47. These open season requirements are unnecessarily prescriptive and may inhibit TransCanada's opportunity to maximize STFT and ST-SN revenue. For example, if storage levels in the Dawn area are extremely high in January, there may be very little interest in summer STFT or ST-SN capacity in light of an expectation of storage inventory levels also being very high at the end of the summer season. As a result, there would be little demand in January to transport gas to Dawn during the summer. In such instance, if TransCanada was to hold an open season in January, there would be limited market interest unless the toll was quite low. From a revenue standpoint, it would be more appropriate to defer such open season until a time

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<sup>24</sup> RH-003-2011 Decision, page 140.

when market interest is higher, as may be the case depending on changes in storage levels that may occur throughout the remainder of the winter. Similarly, in situations where storage levels in the Dawn area are low in December, demand for summer injections would likely be high such that it would be appropriate to hold an open season prior to January for available summer capacity.

48. The RH-003-2011 Decision granted TransCanada pricing flexibility in setting the bid floors for discretionary services, and stated that it is TransCanada's responsibility to compete and manage the pipeline.<sup>25</sup> The prescriptive nature of the open season provisions of the STFT and ST-SN toll schedules will inhibit TransCanada's ability to react to changes in market conditions in a timely and effective manner. As such, TransCanada seeks to modify the timing and duration requirements of the existing STFT and ST-SN open season processes such that all STFT and ST-SN open seasons will match the process for the existing daily open season.
49. In addition, the current requirement to post capacity for five-day periods creates a "blackout period" where TransCanada would be restricted from making changes to the bid floors for the STFT and ST-SN services. In commodity markets, decisions must be made quickly as market conditions and the value of associated gas transmission service change constantly. Allowing shippers five days of flexibility to decide whether, or at what level, to bid constrains TransCanada's ability to react to changing market conditions, and thus impedes the Mainline's opportunity to utilize the pricing flexibility the Board granted in the RH-003-2011 Decision.
50. Accordingly, TransCanada proposes to revise the Mainline Tariff to replace the five day posting period requirement with a period to be determined by TransCanada, but no less than seventeen consecutive hours from the time of posting. On certain paths where there is not significant demand or market forces play a lesser role, longer posting periods may be offered. Once bid floors are established for an open season, TransCanada will not change the bid floors during the open season.

#### **D. Changes to Renewal Provisions**

51. The existing renewal provisions associated with firm Mainline services<sup>26</sup> give a shipper the unilateral option to automatically extend the existing term of its contract for a period of one year by providing notice to TransCanada at least six months before the termination date that would otherwise prevail under the contract (Renewal Provisions).
52. The existence of the Renewal Provisions and the associated call option therefore create an obligation on the part of the pipeline to be in a position to provide service beyond the contract period.

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<sup>25</sup> RH-003-2011 Decision, page 128.

<sup>26</sup> FT, STS, STS-L, FT-SN, and SNB.

53. This ongoing obligation is inconsistent with the Board's determination that "[s]hippers' costs and benefits do not extend beyond a contract under which service was requested and made available."<sup>27</sup> As such, continuation of the existing Renewal Provisions that impose costs on the pipeline and confer benefits on shippers beyond the contracted term is inconsistent with the Board's tolling principle of "no acquired rights or obligations."<sup>28</sup>
54. While elimination of all renewal provisions would be justified on the principles invoked by the Board in the RH-003-2011 Decision, TransCanada is seeking to maintain renewal provisions in most situations, but believes that amendments are necessary to better align costs and benefits between the pipeline and shippers in the current environment.
55. In the past, TransCanada has attempted unsuccessfully over a number of proceedings to remove or change the Renewal Provisions in an effort to encourage longer-term shipper commitments to the Mainline.<sup>29</sup>
56. In the RH-4-93 Decision, the Board expressed the view that because volumes then under short-term contracts had remained stable, and TransCanada had continued to apply for expansions, there was no justification to change TransCanada's contract renewal policy.<sup>30</sup>
57. However, since that time, circumstances have significantly changed. Average remaining contract terms on the Mainline have declined dramatically, from approximately eight years to approximately three years. The majority of firm contracts are now up for renewal annually, creating a situation in which TransCanada does not know the extent to which shippers are committed to using the Mainline, and on what paths. The existing Renewal Provisions provide no opportunity for TransCanada to understand whether it will have firm contracting on the Mainline more than six months in advance, clearly making it extremely difficult for purposes of longer-term planning.
58. In the RH-003-2011 Decision, the Board recognized that the fundamental risk facing the Mainline had increased and is expected to remain high for the foreseeable future.<sup>31</sup> The Board also acknowledged that with the implementation of the multi-year fixed toll approach, it expects higher variability risk for the Mainline because cash flows will be more dependent on the accuracy of TransCanada's throughput

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<sup>27</sup> RH-003-2011 Decision, page 78.

<sup>28</sup> *Ibid.*

<sup>29</sup> *National Energy Board Reasons for Decision TransCanada PipeLines Limited, GH-5-89, Volume 1, Tolling and Economic Feasibility*, November 1990 (GH-5-89 Decision), page 30; *National Energy Board Reasons for Decision TransCanada PipeLines Limited, RH-4-93, Tolls*, June 1994 (RH-4-93 Decision), pages 59-61; *National Energy Board Reasons for Decision TransCanada PipeLines Limited, GH-3-96, Facilities*, November 1996 (GH-3-96 Decision), page 22; *National Energy Board Reasons for Decision TransCanada PipeLines Limited, RH-1-97, 1997 Tolls & FST Conversion Proposal*, September 1997 (RH-1-97 Decision), pages 1-2.

<sup>30</sup> RH-4-93 Decision, pages 59-61.

<sup>31</sup> RH-003-2011 Decision, page 164.

forecast.<sup>32</sup> The Board further recognized that materialization of the Case 1 throughput forecast is not without risk, and that these risks may include natural gas commodity price volatility, production costs in competing basins, diversity of supply considerations for eastern consumers and decisions to pursue supply-pushed bypass projects. The Board recognized that TransCanada has limited influence over some of these risks but that it expects TransCanada to be proactive in managing these risks.<sup>33</sup> It also clearly stated that the responsibility for the viability of the Mainline rests with its owner.<sup>34</sup>

59. The existing Renewal Provisions that provide shippers with a unilateral call option for a short-term contract renewal of a single year upon only six month notice frustrates the Mainline's ability to assess customer needs and the facilities it requires to provide firm service over the long term.
60. In light of the significantly changed circumstances, increased risks faced by TransCanada, and the expanded responsibilities created by the RH-003-2011 Decision, TransCanada urges the Board to approve two amendments to the Renewal Provisions.
61. First, TransCanada requests that the Board amend the existing Renewal Provisions to incorporate the Early Long Term Renewal Option, which will assist TransCanada in understanding a shipper's commitment to use the Mainline and determining long-term firm contractual requirements in situations of major expenditures, significant maintenance requirements, or opportunities to re-deploy substantial existing assets, and will contribute to the efficient development of energy infrastructure, the rationalization of the system, and is in the public interest.
62. Second, TransCanada's request that the Board amend the existing Renewal Provisions providing TransCanada with the discretion to decline certain contract renewals is related to the Early Long Term Renewal Option. It gives TransCanada limited discretion to decline contract renewals in situations where shippers seek to renew for a term greater than one year or more than seven months in advance of expiry. The proposed discretion is justified in order to prevent shippers from circumventing the possibility that TransCanada will invoke the proposed amendments to the Renewal Provisions related to situations of major expenditures, significant maintenance requirements, or opportunities to re-deploy substantial existing assets. As such, the discretion is required on an ongoing basis, as the need to invoke the proposed provisions is not limited to a single situation.
63. Finally, in the event the Board is unwilling to approve these revisions to the existing renewal provisions on a generic basis, TransCanada requests that the Board, at a minimum, permit application of those provisions as a case specific measure in relation to the Energy East project. In the absence of a generic Early Long Term Renewal Option, TransCanada submits it is in the public interest to allow the

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<sup>32</sup> *Ibid.*

<sup>33</sup> RH-003-2011 Decision, page 25.

<sup>34</sup> RH-003-2011 Decision, page 77.

proposed amendments to the Renewal Provisions to be invoked on a case-specific basis in this circumstance.

### **1. Early Long Term Renewal Option**

64. The existing Renewal Provisions' exceedingly short renewal term (one year) and notice period (six months prior to existing termination date) are insufficient to allow TransCanada to determine the most efficient means of meeting its customers' firm requirements over the longer term, including situations where TransCanada is:
- contemplating the addition of new facilities to meet new service requests;
  - contemplating significant maintenance or integrity expenditures required to maintain existing facilities, and associated capacity, in-service; or
  - assessing opportunities to re-deploy Mainline assets.
65. Under the current Renewal Provisions, TransCanada must assume that existing shippers with more than six months left on their contracts will, in fact, renew those contracts each and every year, year over year. As such, the existing Renewal Provisions create the significant potential for a devil's bargain: (i) spend significant capital to maintain or extend the life of existing facilities, construct new facilities and/or acquire Transportation by Other (TBO) capacity on other systems to maintain existing firm capability, or meet incremental needs beyond its existing contracted capacity, and then face the possibility of non-renewals and associated under-recovery of costs; or (ii) forego opportunities to compete for new business, reduce costs or re-deploy assets to other uses such as oil service, but still face the possibility of near-term non-renewals and under-recovered costs.
66. While TransCanada is required to assume full contract renewals for planning purposes, actual renewals have frequently been well below that level. As of the April 30, 2013 renewal deadline TransCanada faced the risk of non-renewal of as much as 1,870 TJ/day, of which 96 percent was renewed. Renewals in the prior ten years have, however, frequently been at much lower percentages. In these years, annual renewals have ranged from 52 percent to 90 percent of eligible quantities.
67. The existing Renewal Provisions are particularly unfair to the pipeline under the Decision Model. Because the Board has now fixed TransCanada's FT tolls at a level significantly below what otherwise would recover Mainline costs during the period in which those costs are incurred, the risk of under-recovery and the threat of future disallowance have increased.
68. The risk of under-recovery is increased further still for added capital investments undertaken during the multi-year fixed toll period, since the RH-003-2011 Decision

did not address the recovery of the cost of new infrastructure in tolls.<sup>35</sup> It is therefore all the more incumbent upon TransCanada to prudently manage this risk.<sup>36</sup>

69. Depending on the incremental need to be met in a given expansion scenario, the time required to design new facilities, obtain all necessary approvals to construct and operate those facilities, purchase materials, and ultimately construct those facilities can take three years or longer. However, as noted, the Renewal Provisions provide existing firm service contract holders with substantial and unprecedented flexibility through the right to renew, or not, existing contracts on only six months prior notice, for as little as one year.
70. For example, TransCanada could determine there is a need to construct additional facilities arising from new service requests and must assume that existing shippers will renew their contracts based on the existing renewal provisions where shippers have a unilateral right to renew each year with as little as six month notice. However, after construction has commenced on the new facilities, TransCanada could then receive notice of non-renewal of substantial quantities under existing contracts, such that the existing capacity would have otherwise been available to meet incremental demands of the expansion shippers (possibly in the very year the expansion facilities would be placed into service). In this circumstance, if TransCanada would have known that existing shippers would choose not to renew their contracts beyond a certain date or dates, TransCanada could have reduced the size of the facilities constructed (and the construction costs, landowner and environmental disturbance, and ongoing maintenance and retirement costs associated with such a build). Moreover, if TransCanada had known the non-renewal dates and volumes, it could have considered alternatives to, or in combination with, building that were more cost effective and/or required less landowner and environmental disturbance, such as TBO arrangements, in order to meet the expansion shippers' needs until the non-renewed capacity becomes available.
71. Such an outcome materialized during TransCanada's pursuit of its 1999 expansion in the GH-3-98 Application. TransCanada's original 1999 Facilities Application filed on April 29, 1998 forecast firm requirements for November 1, 1999 of 273.8 MMcf/d. The first of two revisions was filed on July 22, 1998. This revision reflected a reduction in forecast firm requirements to 208 MMcf/d, composed of a reduction in Union Gas' service request of 38 MMcf/d and a net reduction of 27.8 MMcf/d of capacity related to a TransCanada offer for shippers to relinquish capacity made in May of 1998. In addition, in July 1998, TransCanada made a request to shippers for early notice of renewal intentions for contracts expiring November 1, 1999 to minimize the risk of overbuilding facilities. No shippers indicated an intention to relinquish capacity. On August 21, 1998 TransCanada filed the second revision, reflecting the removal of the Kirkland Lake project and

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<sup>35</sup> TransCanada intends to work with its shippers to determine acceptable mechanisms for capital additions during the five year fixed-rate period.

<sup>36</sup> RH-003-2011 Decision, page 45.

CoEnergy project volumes amounting to 140 MMcf/d. Forecast firm requirements for November 1, 1999 were reduced to 133.7 MMcf/d.<sup>37</sup> Over October and November of 1998, TransCanada had further communications with customers and again there were no indications of intent to non-renew contracts.<sup>38</sup> In 1998, long haul contracts on the Mainline totaled 7,297 TJ/d. In 1999, total firm long haul contracts on the Mainline (despite the facilities expansion) dropped to 6,898 TJ/d. Two years later, in 2001, long haul contracts had decreased 1,415 TJ/d to 5,483 TJ/d.

72. It should be emphasized that TransCanada currently takes steps to determine whether shippers will voluntarily make an election that could reduce the need for new facilities. This includes holding a turn back open season after each new capacity open season, as required by the Mainline Tariff. These processes have not typically been successful, as illustrated by the example above with respect to the 1999 expansion. A shipper who has the right to one-year renewal on six month notice has no incentive to turn back capacity that it does not expect to need when asked to voluntarily do so. To the contrary, the shipper has an incentive to keep its free option open and only inform TransCanada of its intention to non-renew when necessary (i.e., at or very close to the deadline for contract renewal).
73. The existing Renewal Provisions could also impede the pursuit of beneficial opportunities to re-deploy Mainline assets by overstating the need to retain or replace facilities to continue to meet Mainline firm requirements. Having greater certainty regarding shippers' contracting intentions ensures efficient investment of capital, regardless of who ultimately bears the costs as a result of TransCanada's next tolls hearing.
74. The re-deployment of underutilized Mainline assets benefits TransCanada and its shippers by reducing both capital and O&M costs while retaining firm billing determinants. Indeed, re-deployment of Mainline assets has been endorsed by the Board in the past<sup>39</sup> and encouraged by the Board in the RH-003-2011 Decision.<sup>40</sup>
75. TransCanada understands that shippers value the existing Renewal Provisions because of the significant flexibility those provisions currently provide. However, in order to align the benefits of, and accountability for, the consequences of the Renewal Provisions in the Board's mandated multi-year fixed toll approach in the RH-003-2011 Decision, changes to the Renewal Provisions are now essential in those situations where significant investment is contemplated or where opportunities to re-deploy assets arise. Those consequences include the potential for

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<sup>37</sup> *National Energy Board Reasons for Decision TransCanada PipeLines Limited, GH-3-98, Facilities*, November 1998 (GH-3-98 Decision), section 2.2, page 4.

<sup>38</sup> *TransCanada PipeLines Limited 2001 and 2002 Tolls and Tariff Application*, Hearing Order RH-1-2001, TransCanada Reply Evidence, page 17.

<sup>39</sup> See RH-003-2011 proceeding, Exhibit B-5-7, Section 2.0: TransCanada Pipeline Systems, pages 15-17 for examples.

<sup>40</sup> RH-003-2011 Decision, page 44.

substantial overbuilding or undercollection of costs, and impeding materially beneficial opportunities to reduce costs and tolls by re-deploying Mainline facilities.

76. For these reasons, TransCanada urges the Board to approve an amendment to the Renewal Provisions, as further described below, to be effective only in situations where TransCanada is considering major expenditures, such as new capacity additions, significant maintenance requirements, or assessing opportunities to re-deploy substantial existing assets.
77. In such situations, TransCanada would provide all existing firm contract holders<sup>41</sup> whose contracts are in an area where such a major expenditure or re-deployment opportunity is contemplated with an option either to (i) extend their contracts to a minimum term not to exceed 10 years for long haul paths and not to exceed 15 years for short haul paths to be determined by TransCanada giving consideration to the parameters of the opportunity before it to avoid costs or reduce facilities; or (ii) continue their existing contracts, subject to annual renewals up to the Final Renewal Termination Date, after which date the capacity would be able to be utilized by TransCanada to reduce expansion facilities, costs, or to re-deploy facilities to another purpose. Such extension would commence on the expected in-service date of the opportunity contemplated (defined in the proposed Tariff amendments as the “Final Renewal Termination Date”). Shippers choosing to extend their contracts long term would retain their renewal rights under the existing Renewal Provisions. The proposed Tariff amendments to the Renewal Provisions are shown in Attachment 1, in the Toll Schedules for FT, STS, STS-L, FT-SN and SNB services.
78. For the purposes of this proposed process, long haul contracts will be defined as any contract that has a receipt point west of Emerson and a delivery point east of Emerson. Short haul contracts will be defined as those whose receipt point is Emerson or a point east of Emerson.
79. A maximum 15 year extension for short haul paths is in line with terms generally required in the industry from shippers requesting new capacity that requires new construction. Since long haul contracts contribute more revenues to the system, it is appropriate to allow for a maximum extension period that is shorter than that applicable to short haul contracts (hence, 10 years). Nevertheless, these are maximum limits to any extension that could be requested by TransCanada and TransCanada will select shorter terms when they are appropriate to the circumstances under consideration.
80. The minimum contract term length for long haul and short haul shippers will be specified in any notice providing shippers with the Early Long Term Renewal Option. In its selection of the appropriate term length, TransCanada will consider the circumstances of the potential expenditure, including: the amount of the

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<sup>41</sup> Shippers with contracts for FT, STS, STS-L, FT-SN, and SNB.

potential additional expenditure; the period over which expenditures or cost savings will occur; the period over which any additional capital expenditures will be depreciated; the remaining facilities costs to be recovered on the same system segment; the term of any contractual commitments underpinning the potential additional expenditures; the tolls associated with contracts on that system segment; the degree to which competition exists and is expected to exist on that segment; and, if applicable, potential cost savings from the re-deployment of assets.

81. Application of the amended Renewal Provisions is appropriately limited to those shippers whose contracted capacity, if not renewed, could be utilized beneficially to reduce costs or facilities. In addition, shippers who choose not to exercise the Early Long Term Renewal Option could nonetheless continue to annually extend their contracts, albeit only up to the date the capacity is scheduled to be put toward the expansion, cost savings or re-deployment opportunity. In expansion scenarios, for example, this period during which a shipper could continue to utilize its capacity could span three years or longer.

## **2. Discretion to Decline Certain Contract Renewals**

82. For the same reason that TransCanada requires the ability to require shippers to elect whether to renew their contracts long term—that is, efficient management of Mainline assets—TransCanada seeks discretion to decline certain contract renewals under the existing Renewal Provisions that would prompt unnecessary construction or impede re-deployment by tying-up facilities for a short term when TransCanada is pursuing a long-term opportunity to re-deploy those facilities.
83. With the current levels of under-utilized capacity on the Mainline, shippers virtually never give more than six months renewal notice or renew for a period longer than one year. TransCanada seeks discretion to limit shippers to these renewal parameters so that it can deny a renewal request when it is sought more than seven months prior to the existing termination date or when the renewal is sought for more than one year.<sup>42</sup>
84. Without this change, the purpose of the Early Long Term Renewal Option can be circumvented, such that it would not achieve its purpose. Shippers who anticipate receiving an Early Long Term Renewal Option requiring them to either extend their contract term for up to 10 or 15 years (or lose renewal rights when the capacity serving them is needed) could seek to extend their contract term for, say, three years and force TransCanada to either build new facilities that will be needed only for a very short period or abandon the project for which it was planning to serve an Early

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<sup>42</sup> This was the matter of the Renewal Provisions Suspension Decision, in which the Board temporarily suspended the renewal provisions in the Tariff to the extent that they allow the renewal of contracts for terms of greater than one year and allow shippers to provide more than seven months' notice of renewal. The Board also required TransCanada to advise whether it still wished to pursue related tariff amendments, to which TransCanada replied on May 24, 2013 that it did wish to pursue those amendments, and suggested they be considered along with the changes to renewal provisions originally filed in the May 1, 2013 Review and Variance Application.

Long Term Renewal Option. Neither of these outcomes would contribute to the efficient development of energy infrastructure, the rationalization of the system, or the public interest.

85. The only way that TransCanada can prevent this is by having the discretion to decline renewal notices when the notice would put TransCanada and its shippers in this predicament. Shippers whose renewal notices cannot be accepted for the reasons mentioned would, soon after, receive an Early Long Term Renewal Option and have an opportunity to extend their contracts for longer terms or renew them up to the date that the facilities are required.
86. TransCanada would continue to accept all renewal notices received six months prior to renewal and for the usual one year extension. Renewals received more than seven months in advance or for more than one year would also be considered, but their acceptance would be at TransCanada's discretion. TransCanada does not expect to exercise this discretion on paths that are not capacity constrained.
87. The changes sought to the Renewal Provisions ensure that, to the maximum extent possible, shippers will retain the flexibility they desire, while not impeding TransCanada's ability to rationalize its system. The amendments will allow TransCanada to determine the Mainline long term firm capacity requirements and to maximize revenues and reduce costs to the ultimate benefit of Mainline shippers, consistent with the Board's direction in its RH-003-2011 Decision.<sup>43</sup>
88. The RH-003-2011 Decision made it clear that service features that are or become detrimental to the Mainline should be eliminated.<sup>44</sup> The existing Renewal Provisions contribute to outcomes that are generally economically inefficient, and therefore detrimental to the Mainline, as they may encourage the construction of new facilities to serve requirements that it may be able to provide, in whole or in part, with existing infrastructure,<sup>45</sup> or they may impede TransCanada from efficiently re-deploying Mainline capacity. The proposed amendments to the Renewal Provisions are a measured response to these inefficient outcomes.

### **3. Application of the Proposed Renewal Provisions Specifically in Relation to the Energy East Pipeline Project**

89. An example of a situation where the proposed Renewal Provisions would be appropriate is the important opportunity for re-deploying Mainline assets that currently exists through the Energy East Pipeline Project (Oléoduc énergie-est in French).
90. Energy East is a proposed oil pipeline project that consists of construction of new assets and conversion of a portion of the Mainline natural gas pipeline to deliver western crude oil from Hardisty, Alberta to refineries in Eastern Canada, with the

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<sup>43</sup> RH-003-2011 Decision, pages 2, 126 and 242.

<sup>44</sup> RH-003-2011 Decision, page 141.

<sup>45</sup> RH-003-2011 Decision, page 220.

potential for future export. The proposed project contemplates new oil pipeline construction in Alberta, Ontario, Quebec and New Brunswick, as well as the conversion of approximately 3,000 kilometres of an existing NPS 42 natural gas pipeline from Burstall, Saskatchewan, to Iroquois, Ontario to crude oil service. Energy East has identified these facilities as those necessary to meet the requirements of the Energy East project.

91. In order to meet service requests by prospective shippers, Energy East has a target in-service date of 2017, with assets transferred from gas to oil service proposed to occur during 2015 and 2016. Also, 2017 corresponds to the time period during which ex-WCSB oil supply pipeline infrastructure is expected to be insufficient to transport Western Canadian oil supply, despite anticipated oil pipeline capacity additions in the short term.
92. TransCanada is planning to seek the permission of the Board to transfer certain of its Mainline facilities to Energy East Pipeline Ltd. for conversion to oil service as part of Energy East in the near future.
93. The proposed amendments to the existing Renewal Provisions would provide TransCanada the ability to determine the extent to which long term firm service capacity contracts will be renewed and result in actual capacity requirements<sup>46</sup> on the Mainline in areas where there is a potential for Mainline firm transportation requirements to exceed capability following the transfer of assets to Energy East. Based on currently available information, TransCanada expects that there will be adequate capability in the Prairies Segment and the Northern Ontario Line Segment to meet future Mainline firm transportation requirements. However, there is a potential, if the existing Mainline firm transportation contracts are renewed, that these contracts may exceed capability in portions of the Eastern Triangle currently served through the North Bay Shortcut. Specifically, firm contracts currently delivering to Cornwall, East Hereford, Enbridge EDA, GMIT EDA, Iroquois, KPUC EDA, Napierville, Philipsburg, and Union EDA (collectively the “Eastern Locations”)<sup>47</sup> may exceed, if renewed, the capacity available for firm transportation service after the transfer. If the Board grants the amendments to the Renewal Provisions as a case specific measure in relation to Energy East, the issuance of Renewal Notices under the Early Long Term Renewal Option proposed herein would only apply to these locations.
94. Under the proposed Renewal Provisions, TransCanada expects to notify shippers who hold firm, renewable contracts to the Eastern Locations and require them to either extend their contracts, or renew them on an annual basis only until October 31, 2016, which would be the Final Renewal Termination Date. The required contract extension would be to October 31, 2026 for long haul contracts and October 31, 2031 for short haul contracts, or approximately 10 and 15 years respectively, following the expected transfer of facilities to Energy East. The long-

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<sup>46</sup> Requirements for FT, STS, STS-L, FT-SN, and SNB.

<sup>47</sup> Excluding Eastern Locations with a receipt point of Iroquois or a receipt point east of Iroquois.

term extensions of contracts received through the Early Long Term Renewal Option would be conditional on NEB approval of the Energy East Project.

95. While TransCanada believes good cause exists for granting the amendments to the Renewal Provisions described above, if the Board is unwilling to approve these revisions on a generic basis, TransCanada submits that it must, at a minimum, permit application of those provisions as a case specific measure in relation to Energy East. TransCanada submits that the use of the provisions must be authorized in the context of Energy East as being in the public interest.
96. The renewal notification process associated with Energy East will enable TransCanada to obtain a clear understanding of firm gas transportation requirements on the Mainline going forward. It will allow TransCanada to design and construct necessary facilities or implement appropriate commercial solutions<sup>48</sup> in an economically efficient and timely manner. Further, granting this authorization would cause no harm to shippers in and of itself, as any long-term extensions of contracts received through the Early Long Term Renewal Option would be conditional on NEB approval of the Energy East Project.
97. The transfer of Mainline facilities to Energy East will contribute to a reduction in Mainline rate base and revenue requirement and may therefore result in lower tolls beyond the 2013-2017 multi-year fixed-toll period for Mainline shippers. In addition, by facilitating a clear understanding of long term firm requirements, it will allow TransCanada to optimize the provision of service at lower costs by minimizing any necessary replacement facilities. The information resulting from the notification process associated with the proposed Renewal Provisions will also inform the development and implementation of commercial solutions if needed to meet short-term gaps between available capacity and firm requirements. This information will also assist the Board in its public interest determination of Energy East.
98. Energy East will benefit Western Canadian oil producers and Eastern Canadian refineries and industries, and augment government revenues. It will do so in an environmentally conscious manner by minimizing the extent of new pipeline construction through the repurposing of existing infrastructure. It is also responsive to the changing gas supply and demand dynamics in North America that are expected to continue to affect the utilization of the Mainline.
99. These benefits far outweigh the impacts associated with requiring a subset of shippers to determine whether to make Mainline contractual commitments for a longer period than would be required pursuant to the existing Renewal Provisions. Further, these impacts would only materialize if Energy East is ultimately approved and implemented and new gas transportation facilities are required to meet the demand for firm gas service.

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<sup>48</sup> Examples of commercial solutions may include offering discount to certain shippers for a lower priority service, early termination of contracts, or changes in receipt point.

## **IV CONCLUSION**

100. The proposed modifications to Diversions, ARPs, STS overrun, and STFT and ST-SN open seasons are necessary to provide TransCanada the ability to utilize the tools granted to it by the Board to achieve positive outcomes for TransCanada and Mainline shippers.
101. The proposed amendments to the Renewal Provisions are necessary to ensure that TransCanada has a clear understanding of long term firm requirements in situations of major expenditures, significant maintenance requirements, or opportunities to re-deploy substantial existing assets. As such, they are essential to cost recovery and will facilitate the efficient development of energy infrastructure.
102. If the Board is unwilling to approve the amendments to the Renewal Provisions to be applied generically to future circumstances as they may arise, then TransCanada urges the Board to, at a minimum, approve the application of the amendments to the Renewal Provision in the specific circumstance of the Energy East project. The Canadian public interest calls for expeditious determination of firm gas transportation requirements at the Eastern Locations at the time of the proposed transfer of Mainline facilities to Energy East.

## **V RELIEF SOUGHT**

103. TransCanada requests that the Board issue an order authorizing the revision of TransCanada's Tariff in accordance with Tariff provisions attached to this Application as Attachment 1, so as to:
  - a. implement modifications to Diversions and ARPs;
  - b. eliminate the overrun feature under STS Service;
  - c. revise the Tariff language pertaining to the timing and duration of STFT and ST-SN open seasons; and
  - d. amend the Renewal Provisions associated with firm Mainline services with respect to situations of major expenditures, significant maintenance requirements, or opportunities to re-deploy substantial existing assets.
104. In the alternative to 103(d), TransCanada requests that the Board:
  - a. Suspend the Renewal Provisions of the existing Tariff at the Eastern Locations to the extent necessary to permit application of the amendments to the Renewal Provisions sought at 103(d) as a case specific measure in relation to Energy East; and

105. In all events, granting such further and other relief as TransCanada may request or the Board may consider appropriate.

All as more particularly described in the Application.

DATED at the City of Calgary, in the Province of Alberta, this 17th day of June, 2013.

ALL OF WHICH IS RESPECTFULLY  
SUBMITTED,

TRANSCANADA PIPELINES LIMITED

Per:

\_\_\_\_\_  
Kristine Delkus  
Senior Vice President  
Pipelines Law and Regulatory Affairs

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**Attachment 1**  
**TransCanada PipeLines Limited**  
**Application for Approval of Tariff Proposals**

**Mainline Tariff Amendments**

A summary of the proposed amendments to the Mainline Tariff required to implement the Tariff Proposals described in the Application is provided below. The changes are made relative to the RH-003-2011 Compliance Filing Mainline Tariff Amendments filed with the Board on May 1, 2013 and approved by the Board in Order TG-006-2013 effective July 1, 2013.

1. Revisions to FT and FT-SN Toll Schedules:
  - Updated Alternate Receipt and Diversions to reflect changes to Alternate Receipts and Diversions;
  - Updated Renewal Rights to reflect changes to the renewal provisions; and
  - Amended numbering references as necessary to reflect other revisions.
  
2. Revisions to STS Toll Schedule:
  - Removed references to Overrun charge to reflect changes to STS service;
  - Updated Renewal Rights to reflect changes to the renewal provisions; and
  - Amended numbering references as necessary to reflect other revisions.
  
3. Revisions to STS-L Toll Schedule:
  - Updated Renewal Rights to reflect changes to renewal provisions; and
  - Corrected numbering references within Renewal Rights.
  
4. Revisions to STFT and ST-SN Toll Schedules:
  - Updated Notification of Available Short Term Capacity to reflect changes to open season posting process.
  
5. Revisions to MFP and FT-NR Toll Schedules:
  - Updated Alternate Receipt and Diversions to reflect changes to Alternate Receipts and Diversions; and
  - Amended numbering references as necessary to reflect other revisions.

6. Revisions to SNB Toll Schedule:

- Updated Renewal Rights to reflect changes to renewal provisions; and
- Corrected numbering references within Renewal Rights.

7. Revisions to the General Terms and Conditions:

- Removed references to STS Overrun Charge.

A black-lined copy of the affected pages of the Mainline Tariff, illustrating the proposed amendments and a clean copy of the affected sections of Mainline Tariff incorporating the proposed amendments are provided in Tabs 1 and 2, respectively.

**Attachment 1 - Tab 1**  
**TransCanada PipeLines Limited**  
**Application for Approval of Tariff Proposals**

**Mainline Tariff Amendments**  
**Black-lined Copy**

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**Transportation Tariff**

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**5. DEMAND CHARGE ADJUSTMENTS**

- 5.1 If during any day, TransCanada fails to deliver the quantity of gas requested by Shipper up to the Contract Demand, for any reason related solely to TransCanada's operations, including an event of force majeure occurring on any of the pipeline systems of TransCanada, Great Lakes Gas Transmission Company ("GLGT"), Union Gas Limited ("Union") and Trans Québec & Maritimes Pipeline Inc. ("TQM"), then the monthly demand charge shall be reduced by an amount equal to the applicable Daily Demand Toll multiplied by the difference between the quantity of gas which TransCanada actually delivered to Shipper on such day, and the quantity of gas which such Shipper in good faith nominated hereunder on such day. If TransCanada refuses to accept deliveries of Shipper's gas or curtails receipts from or deliveries to Shipper pursuant to Paragraph 8 (Energy Imbalance Recovery) of Section XXII of the General Terms and Conditions, then there shall be no corresponding reduction in the monthly demand charge to Shipper. Notwithstanding the foregoing, if the quantity of gas which TransCanada fails to deliver is the subject of an accepted nomination for a Diversion and/or an Alternate Receipt, then TransCanada shall only be obligated to reduce the monthly demand charge if such Diversion is a Diversion and/or such Alternate Receipt is of the nature described in subsection (e)(ii) in Section XV of the General Terms and Conditions and in all other cases there shall be no reduction in the monthly demand charge.
- 5.2 For any day on which transportation service charges are adjusted pursuant to subsection 5.1 above, the Union Dawn Receipt Point Surcharge payable by Shipper pursuant to subsection 3.1(c) hereof shall also be adjusted. Such surcharge shall be reduced by an amount equal to the applicable Union Dawn Receipt Point Daily Demand Toll multiplied by the difference between the quantity of gas which TransCanada actually transported from the Union Dawn Receipt Point on such day and the quantity which such Shipper in good faith nominated for transport on such day.

**6. ALTERNATE RECEIPT AND DIVERSION OF GAS**

- 6.1 (a) TransCanada may in its sole discretion determine and post on its website from time to time the eligible Alternate Receipt and/or Diversion point(s) or delivery area(s) for System Segments.

**Transportation Tariff**

FT TOLL SCHEDULE

Exhibit J4.1

Attachment 1

~~(a)~~ Subject to the provisions herein, Shipper shall have the right to nominate an Alternate Receipt and/or a Diversion under Shipper's Contract in the manner provided herein. Provided however, Shipper shall not be entitled to nominate an Alternate Receipt and/or a Diversion from/to a point or delivery area unless such Alternate Receipt and/or Diversion point or delivery area has been posted by TransCanada pursuant to Section 6.1(a) hereof for the applicable System Segment and is within the Shipper's contract path as defined by the receipt point and delivery point specified in the Shipper's Contract.

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

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

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

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

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

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

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- 7.3 Prior to the effective date of any assignment of any Contract subject to subsection XXIII(3)(b) of the General Terms and Conditions of TransCanada's Tariff, assignee shall as requested by TransCanada, execute an assignment of any related Financial Assurances Agreements (as defined in Section 4.4(c)(ii) of the Transportation Access Procedure) or execute a new Financial Assurances Agreement.
- 7.4 Save as herein provided, assignments of any Contracts into which this Toll Schedule is incorporated are expressly prohibited.

**8. RENEWAL RIGHTS**

8.1 Subject to Sections 8.4, 8.5, 8.6, 8.7 and 8.8 and Pursuant pursuant to any Contract into which this FT Toll Schedule is incorporated and which Contract has been determined by TransCanada to be serving a long term market, and subject to the following conditions, Shipper shall have the option (the "Renewal Option") of extending the existing term (the "Existing Term") of the Contract for a period of no less than one (1) year (the "Renewal Term") and revising the Contract Demand to a level no greater than the Contract Demand set out in the Contract (the "Renewal OD") provided that the following conditions are met:

- (a) TransCanada receives written notice from Shipper of Shipper's election to exercise the Renewal Option which sets out the term and Contract Demand of such renewal (the "Renewal Provisions") no less than six (6) months before the termination date which would otherwise prevail under the Contract; and
- (b) Shipper supplies TransCanada at the time of such notice with evidence satisfactory to TransCanada that Shipper will meet the availability provisions of the FT Toll Schedule in respect of the Renewal Provisions prior to the commencement of the Renewal Term.

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

**Transportation Tariff**

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the effective renewal date to adhere to the then current Pro Forma Firm Transportation Service Contract.

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

(c) Notwithstanding Sections 8.1(a), 8.1(b) and 8.2, TransCanada may in its sole discretion reject the exercise by Shipper of any Renewal Option to extend the Existing Term of a Contract if Shipper:

(i) exercises the Renewal Option more than seven (7) months prior to the termination date of the Existing Term; and/or

(ii) requests a Renewal Term of more than one (1) year.

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

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

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

8.3 All renewals shall be stated in GJ.

8.4 If at any time TransCanada determines that:

(a) additional costs may be required for Mainline facilities; or

(b) Mainline facilities may be used for other purposes;

TransCanada may provide an Early Renewal Notice as provided in Section 8.5, to Shippers whose Contract Demand, if not renewed, could be utilized to reduce such additional costs as referred to in Section 8.4(a), or to determine the appropriate facilities

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that may be used for other purposes as referred to in Section 8.4(b), such Shippers to be determined by TransCanada in its sole discretion.

8.5 An Early Renewal Notice shall include:

- (a) Contract number;
- (b) Contract Demand;
- (c) receipt point;
- (d) delivery point;
- (e) expiry date of the Existing Term;
- (f) a description of the additional costs as referred to in Section 8.4(a) or other use of facilities as referred to in Section 8.4(b);
- (g) the date upon which TransCanada requires a response to its Early Renewal Notice ("Response Date"), which date shall be at least 30 days from the date of the Early Renewal Notice;
- (h) the latest date, as determined by TransCanada in its sole discretion, to which a Shipper who has not exercised an Early Long Term Renewal Option as described in Section 8.5(i) may extend all or a portion of its Contract Demand ("Final Renewal Termination Date");
- (i) the earliest termination date, as determined by TransCanada in its sole discretion (the "Early Long Term Renewal Option Date"), to which Shipper must extend all or a portion of its Contract Demand in order to retain that capacity subject to a further Renewal Right as provided in Section 8.1 ("Early Long Term Renewal Option"), which date shall not be greater than: (i) ten (10) years from the Final Renewal Termination Date for Contracts with a receipt point west of Emerson and a delivery point east of, but not including, Emerson; or (ii) fifteen (15) years from the Final Renewal Termination Date for all other Contracts.

8.6 Shipper's response shall state whether it is electing the Early Long Term Renewal Option and, if so, the date Shipper intends for its Contract to terminate on or after the Early Long Term Renewal Option Date.

8.7 If Shipper does not respond by the Response Date, Shipper shall be deemed not to have exercised the Early Long Term Renewal Option.

8.8 If Shipper does not exercise the Early Long Term Renewal Option:

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- (a) For any Contract with an Existing Term that expires prior to the Final Renewal Termination Date, Shipper may renew its Contract for all or a portion of its Contract Demand pursuant to Section 8.1, up to the Final Renewal Termination Date provided in the Early Renewal Notice; or
- (b) For any Contract with an Existing Term that expires after the Final Renewal Termination Date, such Contract shall expire at the end of the Existing Term and Section 8.1 shall no longer apply.

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

- 9.1 Upon receipt of a written request from Shipper, TransCanada may, in its sole discretion, allow Shipper to temporarily change the receipt and/or delivery point(s) under a Contract. Such a temporary change in receipt and/or delivery point(s), once authorized by TransCanada, shall apply for a minimum duration of three (3) months and shall not exceed the remaining term of the Contract.
- 9.2 Shipper's limited entitlement to obtain temporary receipt and/or delivery point(s) may apply to the full Contract Demand specified in the Contract, or any portion thereof.
- 9.3 For transportation service from a temporary receipt point and/or to a temporary delivery point, Shipper shall pay the following:
- (a) the greater of the Monthly Demand Toll payable for transportation from the original receipt point to the original delivery point specified in the Contract, and the Demand Toll which applies:
- (i) from the original receipt point to the temporary delivery point;
- (ii) from the temporary receipt point to the original delivery point; or
- (iii) from the temporary receipt point to the temporary delivery point;

as the case may be:

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Combined Capacity, TransCanada is prepared to use all reasonable efforts to enable it to increase the Combined Capacity to the extent necessary provided that:

- (a) there is reasonable expectation of a long term requirement for the increase in the Combined Capacity; and
- (b) the NEB approves the additional facilities and/or transportation services necessary to increase the Combined Capacity; and
- (c) the availability provisions of subsection 1.1 hereof are satisfied with respect to the Requested Service.

**2. APPLICABILITY AND CHARACTER OF SERVICE**

2.1 On each day during the term of the STS Contract, Shipper shall be entitled to request service hereunder by placing a nomination with TransCanada. Nominations shall be made pursuant to Section XXII of the General Terms and Conditions referred to in Section 7 hereof. Service hereunder shall not be subject to curtailment or interruption except as provided in ~~subsection 2.3 hereof and~~ in Sections XI, XIV, and XV of the General Terms and Conditions.

Subject to the foregoing, TransCanada shall provide firm transportation service hereunder consistent with the provisions of the General Terms and Conditions; PROVIDED HOWEVER, that

- (a) deliveries hereunder by TransCanada to Shipper on any day at the Storage Injection Point(s) shall not exceed the difference between the total of the Contract Demands under the FT Contracts or MFP Contracts and the total quantities delivered on such day to Shipper under the FT Contracts or the MFP Contracts at the Market Point; and
- (b) if there is more than one Storage Injection Point under Shipper's STS Contract and these Storage Injection Points are also included under any other Shippers' STS and/or STS-L Contracts, deliveries on any day to Shipper at each such Storage Injection Point shall be Shipper's pro rata share of the total STS and STS-L deliveries at each such Storage Injection Point for all STS and STS-L Shippers on such day determined on the basis of the fraction which Shipper's STS nomination bears to the total of the STS and STS-L nominations of all STS and STS-L Shippers, unless TransCanada, Shipper and all the other STS and STS-L Shippers at each such Storage Injection Point otherwise agree.

2.2 For the purpose of the application of the provisions of Sections II, III, and IV of the General Terms and Conditions to service hereunder:

- (a) when Shipper requests transportation service hereunder for delivery at the Storage Injection Point(s), the terms "delivery point", "receipt point", and "Shipper's Authorized Quantity" in TransCanada's General Terms & Conditions shall mean herein, respectively, the 'Storage Injection Point(s)', 'the Market Point', and 'the quantity of gas which Shipper requests and TransCanada has agreed to deliver to the Storage Injection Point(s) subject to subsection 2.1 hereof (the "Daily Injection Quantity")';
- (b) when Shipper requests transportation service hereunder from the Storage Withdrawal Point to the Market Point, the terms "delivery point", "receipt point", and "Shipper's Authorized Quantity" in the General Terms and Conditions shall mean, respectively, 'the Market Point', 'the Storage Withdrawal Point', and 'the quantity of gas which Shipper shall cause to be delivered by the other Transporter to TransCanada at the Storage Withdrawal Point (the "Daily Withdrawal Quantity")'; and
- (c) if the STS Contract specifies a Storage Withdrawal Point located upstream of the Market Point, the STS Contract shall set out a Contract Demand in respect of transportation from the upstream Storage Withdrawal Point to the Market Point or; if the STS Contract specifies Storage Injection Point(s) located downstream of the Market Point, the STS Contract shall set out a Contract Demand in respect of transportation from the Market Point to the downstream Storage Injection Point(s).

TransCanada shall not be obligated to transport, on any day, a quantity of gas under the STS Contract in excess of the applicable Contract Demand.

~~2.3 Deliveries requested by Shipper hereunder in excess of Shipper's Contract Demand under the STS Contract shall only be made by TransCanada on a best efforts basis and TransCanada, in its sole discretion, may curtail or interrupt these excess deliveries and the corresponding Shipper's Authorized Quantities at any time.~~

2.42.3 Notwithstanding any other provision hereof, the Daily Injection Quantity shall be deemed to be delivered on such day at the Market Point, and Shipper shall pay for such quantities pursuant to the FT Contracts or the MFP Contracts. Such payment shall be in addition to all payments hereunder.

### 3. MONTHLY BILL

3.1 The monthly bill payable by Shipper to TransCanada for service hereunder shall include the demand charge for transportation service, plus, where applicable, a delivery pressure charge, the

Union Dawn Receipt Point Surcharge, ~~an overrun charge~~, and an excess withdrawal charge in effect during the billing month and shall be calculated by applying the applicable tolls as approved by the NEB (as set forth in the List of Tolls referred to in Section 7 hereof), as follows:

(a) **Demand Charge**

For each month of a Contract Year, the demand charge for transportation service hereunder shall be equal to the applicable Monthly Demand Toll multiplied by Shipper's Contract Demand. The said demand charge is payable by Shipper notwithstanding any failure by Shipper during such month, for any reason whatever, including an event of force majeure, to receive or deliver Shipper's full Contract Demand.

(b) **Delivery Pressure Charge**

A delivery pressure charge shall be due if a portion or all of Shipper's Daily Injection Quantity or Daily Withdrawal Quantity for such month was delivered at any point(s) having a delivery pressure charge for deliveries thereto. The monthly delivery pressure charge at each such point having a delivery pressure charge shall be the product of the applicable Delivery Pressure Toll (expressed in \$/GJ) and the total of such quantities delivered at that point during such month. The total monthly delivery pressure charge shall be the sum of the monthly delivery pressure charges at all applicable points.

(c) **Union Dawn Receipt Point Surcharge**

Each month, Shipper shall pay the Union Dawn Receipt Point Surcharge for service from the Union Dawn Receipt Point.

~~(d) **Overrun Charge**~~

~~For excess deliveries made pursuant to subsection 2.3 hereof, Shipper shall pay to TransCanada a charge determined by multiplying the applicable Daily Demand Toll by the total of such excess deliveries for such month. For this purpose, the Daily Demand Toll shall be determined by multiplying the applicable Monthly Demand Toll by twelve (12) and dividing the resultant product by the number of days in the Year.~~

(e) **Excess Withdrawal Charge**

- i) The "Daily Excess Withdrawal Quantity" shall mean, for any Day, the quantity by which Shipper's cumulative Daily Withdrawal Quantity, determined from the Date of Commencement (as defined in the STS Contract) exceeds the sum of the cumulative Daily Injection Quantity from the Date of Commencement, the

## Transportation Tariff

## STS TOLL SCHEDULE

- a) are not identified in any STS or STS-L Contract;
- b) have a receipt point that is Empress or a receipt point in the province of Saskatchewan; and
- c) have a delivery point which is the same as the Market Point in the Shipper's STS Contract

The pro-rata share shall be based on Shipper's STS Contract Demand at that Market Point, relative to the total STS and STS-L Contract Demand applicable to that Market Point.

- ii) For each month Shipper shall pay to TransCanada an excess withdrawal charge as follows:
  - a) If the STS Contract specifies a Storage Withdrawal Point located downstream of the Market Point, the excess withdrawal charge shall be:
    - the total Daily Excess Withdrawal Quantity for such month; multiplied by
    - 1.25 x the Daily Demand Toll for FT service from the Storage Withdrawal Point to the Market Point; or
  - b) If the STS Contract specifies a Storage Withdrawal Point located upstream of the Market Point, the excess withdrawal charge shall be:
    - total Daily Excess Withdrawal Quantity for such month; multiplied by
    - the difference between 1.25 x the Daily Demand Toll for FT service from the Storage Withdrawal Point to the Market Point and the STS Toll.

(fe) Fuel

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

**4. MINIMUM BILL**

- 4.1 The minimum monthly bill for service hereunder shall be the demand charge determined in paragraph 3.1(a) hereof.

**5. RENEWAL RIGHTS**

- 5.1 Subject to Sections 5.3, 5.4, 5.5, 5.6 and 5.7 and Pursuant pursuant to any Contract into which this STS Toll Schedule is incorporated and which Contract has been determined by TransCanada to be serving a long term market, and subject to the following conditions, Shipper shall have the option (the "Renewal Option") of extending the existing term (the "Existing Term") of the Contract for a period of no less than one (1) year (the "Renewal Term") and revising the Contract Demand to a level no greater than the Contract Demand set out in the Contract provided that the following conditions are met:

- (a) TransCanada receives written notice from Shipper of Shipper's election to exercise the Renewal Option which sets out the term and Contract Demand of such renewal (the "Renewal Provisions" no less than six (6) months before the termination date which would otherwise prevail under the Contract; and
- (b) Shipper supplies TransCanada at the time of such notice with evidence satisfactory to TransCanada that Shipper will meet the availability provisions of the STS Toll Schedule in respect of the Renewal Provisions prior to the commencement of the Renewal Term.

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

Shipper may exercise the Renewal Option more than one time provided that the conditions found in this Section 5.1 and in Section 5.2 hereof are met upon each and every exercise of the Renewal Option.

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## STS TOLL SCHEDULE

(c) Notwithstanding Sections 5.1(a), 5.1(b) and 5.2, TransCanada may in its sole discretion reject the exercise by Shipper of any Renewal Option to extend the Existing Term of a Contract if Shipper:

- (i) exercises the Renewal Option more than seven (7) months prior to the termination date of the Existing Term; and/or
- (ii) requests a Renewal Term of more than one (1) year.

5.2 Provided TransCanada has either received time notice as provided in Section 5.1(a) above from Shipper of Shipper's election to exercise the Renewal Option, or accepted late notice from Shipper of his election to exercise the Renewal Option, and provided that Shipper has met the availability provisions of the STS Toll Schedule in respect of the Renewal Provision, the Contract shall be amended as follows:

- (a) the Contract Demand set out in the Contract shall be revised to the level specified in the Renewal Provisions, effective as of the commencement of the Renewal Term; and
- (b) the term of the contract shall be extended to that specified in the Renewal Provision, effective as of the expiry of the Existing Term.

5.3 If at any time TransCanada determines that:

- (a) additional costs may be required for Mainline facilities; or
- (b) Mainline facilities may be used for other purposes;

TransCanada may provide an Early Renewal Notice as provided in Section 5.4, to Shippers whose Contract Demand, if not renewed, could be utilized to reduce such additional costs as referred to in Section 5.3(a), or to determine the appropriate facilities that may be used for other purposes as referred to in Section 5.3(b), such Shippers to be determined by TransCanada in its sole discretion.

5.4 An Early Renewal Notice shall include:

- (a) Contract number;
- (b) Contract Demand;
- (c) receipt point;
- (d) delivery point;
- (e) expiry date of the Existing Term;

- (f) a description of the additional costs as referred to in Section 5.3(a) or other use of facilities as referred to in Section 5.3(b);
- (g) the date upon which TransCanada requires a response to its Early Renewal Notice (“Response Date”), which date shall be at least 30 days from the date of the Early Renewal Notice;
- (h) the latest date, as determined by TransCanada in its sole discretion, to which a Shipper who has not exercised an Early Long Term Renewal Option as described in Section 5.4(i) may extend all or a portion of its Contract Demand (“Final Renewal Termination Date”);
- (i) the earliest termination date, as determined by TransCanada in its sole discretion (the “Early Long Term Renewal Option Date”), to which Shipper must extend all or a portion of its Contract Demand in order to retain that capacity subject to a further Renewal Right as provided in Section 5.1 (“Early Long Term Renewal Option”), which date shall not be greater than: (i) ten (10) years from the Final Renewal Termination Date for Contracts with a receipt point west of Emerson and a delivery point east of, but not including, Emerson; or (ii) fifteen (15) years from the Final Renewal Termination Date for all other Contracts.
- 5.5 Shipper’s response shall state whether it is electing the Early Long Term Renewal Option and, if so, the date Shipper intends for its Contract to terminate on or after the Early Long Term Renewal Option Date.
- 5.6 If Shipper does not respond by the Response Date, Shipper shall be deemed not to have exercised the Early Long Term Renewal Option.
- 5.7 If Shipper does not exercise the Early Long Term Renewal Option:
- (a) For any Contract with an Existing Term that expires prior to the Final Renewal Termination Date, Shipper may renew its Contract for all or a portion of its Contract Demand pursuant to Section 5.1, up to the Final Renewal Termination Date provided in the Early Renewal Notice; or
- (b) For any Contract with an Existing Term that expires after the Final Renewal Termination Date, such Contract shall expire at the end of the Existing Term and Section 5.1 shall no longer apply.

**6. CONVERSION RIGHTS**

6.1 Shipper shall have the right to convert all but not a portion of Shipper's STS Contracts that have the same Market Point to service pursuant to an STS-L Contract provided that TransCanada has determined that the following conditions have been satisfied:

- (a) Shipper shall provide TransCanada with at least 60 days of written notice prior to the requested conversion date, which shall be the first day of a calendar month;
- (b) Shipper shall execute an STS-L Contract and the Shipper's STS Contract shall terminate on the Date of Commencement of the STS-L Contract;
- (c) the aggregate Contract Demand, Storage Injection Point(s), Storage Withdrawal Point, and Market Point specified in Shipper's STS-L Contract shall be the same as those specified in the Shipper's STS Contract(s);
- (d) Shipper's aggregate cumulative Daily Injection Quantity plus cumulative Daily Diversion Quantity, cumulative Daily STFT Quantity, cumulative Daily IT Quantity, cumulative Daily Withdrawal Quantity, and the aggregate Daily Excess Withdrawal Quantity pursuant to the STS Contract(s), each determined in accordance with subsection 3.1(ed), shall be deemed to be, respectively, the cumulative Daily Injection Quantity, cumulative Daily STFT Quantity, cumulative Daily IT Quantity, cumulative Daily Withdrawal Quantity, and aggregate Daily Excess Withdrawal Quantity under the STS-L Contract.

**7. DEMAND CHARGE ADJUSTMENTS**

7.1 If during any Day, TransCanada fails to deliver the quantity of gas requested by Shipper up to the applicable Contract Demand, for any reason related solely to TransCanada's operations, including an event of force majeure occurring on any of the pipeline systems of TransCanada, Great Lakes Gas Transmission Company ("GLGT"), Union Gas Limited ("Union") and Trans Québec & Maritimes Pipeline Inc. ("TQM"), then the monthly demand charge shall be reduced by an amount equal to the applicable Daily Demand Toll multiplied by the difference between the quantity of gas which TransCanada actually delivered to Shipper on such Day, and the quantity of gas which such Shipper in good faith nominated hereunder on such Day. If TransCanada refuses to accept deliveries of Shipper's gas or curtails receipts from or deliveries to Shipper pursuant to Paragraph 8 (Energy Imbalance Recovery) of Section XXII of the General Terms and Conditions, then there shall be no corresponding reduction in the monthly demand charge to Shipper. Provided however:

## STS-L TOLL SCHEDULE

if the assignment is for a portion of the Contract Demand, assignor's cumulative Daily Injection Quantity, cumulative Daily STFT Quantity, cumulative Daily IT Quantity, cumulative Daily Withdrawal Quantity, and aggregate Daily Excess Withdrawal Quantity shall as of the effective date of the assignment shall be transferred to the assignee on a pro-rata basis relative to the STS-L Contract Demand prior to such assignment.

- 5.3 Assignments at a discount negotiated between assignors and assignees are permitted, provided that the approved toll continues to be paid to TransCanada.
- 5.4 Save as herein provided, assignments of any Contracts into which this Toll Schedule is incorporated are expressly prohibited.
- 5.5 Prior to the effective date of any assignment of any Contract subject to subsection XXIII (3)(b) of the General Terms and Conditions of TransCanada's Tariff, assignee shall as requested by TransCanada, execute an assignment of any related Financial Assurances Agreements (as defined in Section 4.4(c)(ii) of the Transportation Access Procedure) or execute a new Financial Assurances Agreement.

**6. RENEWAL RIGHTS**

6.1 Subject to Sections 6.3, 6.4, 6.5, 6.6 and 6.7 and Pursuant Pursuant to any Contract into which this STS-L Toll Schedule is incorporated and which contract has been determined by TransCanada to be serving a long term market, and subject to the following conditions, Shipper shall have the option (the "Renewal Option") of extending the existing term (the "Existing Term") of the Contract for a period of no less than one (1) year (the "Renewal Term") and revising the Contract Demand to a level no greater than the Contract Demand set out in the Contract provided that the following conditions are met:

- (a) TransCanada receives written notice from Shipper of Shipper's election to exercise the Renewal Option which sets out the term and Contract Demand of such renewal (the "Renewal Provisions" no less than six (6) months before the termination date which would otherwise prevail under the Contract; and
- (b) Shipper supplies TransCanada at the time of such notice with evidence satisfactory to TransCanada that Shipper will meet the availability provisions of the STS-L Toll Schedule in respect of the Renewal Provisions prior to the commencement of the Renewal Term.

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

Shipper may exercise the Renewal Option more than one time provided that the conditions found in this Section ~~5.6.1~~ and in Section ~~5.6.2~~ hereof are met upon each and every exercise of the Renewal Option.

(c) Notwithstanding Sections 6.1(a), 6.1(b) and 6.2, TransCanada may in its sole discretion reject the exercise by Shipper of any Renewal Option to extend the Existing Term of a Contract if Shipper:

- (i) exercises the Renewal Option more than seven (7) months prior to the termination date of the Existing Term; and/or
- (ii) requests a Renewal Term of more than one (1) year.

6.2 Provided TransCanada has either received time notice as provided in Section ~~5.6.1~~(a) above from Shipper of Shipper's election to exercise the Renewal Option, or accepted late notice from Shipper of his election to exercise the Renewal Option, and provided that Shipper has met the availability provisions of the STS-L Toll Schedule in respect of the Renewal Provision, the Contract shall be amended as follows:

- (a) the Contract Demand set out in the Contract shall be revised to the level specified in the Renewal Provisions, effective as of the commencement of the Renewal Term; and
- (b) the term of the contract shall be extended to that specified in the Renewal Provision, effective as of the expiry of the Existing Term.

6.3 If at any time TransCanada determines that:

- (a) additional costs may be required for Mainline facilities; or
- (b) Mainline facilities may be used for other purposes;

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TransCanada may provide an Early Renewal Notice as provided in Section 6.4, to Shippers whose Contract Demand, if not renewed, could be utilized to reduce such additional costs as referred to in Section 6.3(a), or to determine the appropriate facilities that may be used for other purposes as referred to in Section 6.3(b), such Shippers to be determined by TransCanada in its sole discretion.

6.4 An Early Renewal Notice shall include:

(a) Contract number;

(b) Contract Demand;

(c) receipt point;

(d) delivery point;

(e) expiry date of the Existing Term;

(f) a description of the additional costs as referred to in Section 6.3(a) or other use of facilities as referred to in Section 6.3(b);

(g) the date upon which TransCanada requires a response to its Early Renewal Notice ("Response Date"), which date shall be at least 30 days from the date of the Early Renewal Notice;

(h) the latest date, as determined by TransCanada in its sole discretion, to which a Shipper who has not exercised an Early Long Term Renewal Option as described in Section 6.4(i) may extend all or a portion of its Contract Demand ("Final Renewal Termination Date");

(i) the earliest termination date, as determined by TransCanada in its sole discretion (the "Early Long Term Renewal Option Date"), to which Shipper must extend all or a portion of its Contract Demand in order to retain that capacity subject to a further Renewal Right as provided in Section 6.1 ("Early Long Term Renewal Option"), which date shall not be greater than: (i) ten (10) years from the Final Renewal Termination Date for Contracts with a receipt point west of Emerson and a delivery point east of, but not including, Emerson; or (ii) fifteen (15) years from the Final Renewal Termination Date for all other Contracts.

6.5 Shipper's response shall state whether it is electing the Early Long Term Renewal Option and, if so, the date Shipper intends for its Contract to terminate on or after the Early Long Term Renewal Option Date.

STS-L TOLL SCHEDULE

6.6 If Shipper does not respond by the Response Date, Shipper shall be deemed not to have exercised the Early Long Term Renewal Option.

6.7 If Shipper does not exercise the Early Long Term Renewal Option:

(a) For any Contract with an Existing Term that expires prior to the Final Renewal Termination Date, Shipper may renew its Contract for all or a portion of its Contract Demand pursuant to Section 6.1, up to the Final Renewal Termination Date provided in the Early Renewal Notice; or

(b) For any Contract with an Existing Term that expires after the Final Renewal Termination Date, such Contract shall expire at the end of the Existing Term and Section 6.1 shall no longer apply.

## **7. DEMAND CHARGE ADJUSTMENTS**

7.1 If during any Day, TransCanada fails to deliver the quantity of gas requested by Shipper up to the applicable Contract Demand, for any reason related solely to TransCanada's operations, including an event of force majeure occurring on any of the pipeline systems of TransCanada, Great Lakes Gas Transmission Company ("GLGT"), Union Gas Limited ("Union") and Trans Québec & Maritimes Pipeline Inc. ("TQM"), then the monthly demand charge shall be reduced by an amount equal to the applicable Daily Demand Toll multiplied by the difference between the quantity of gas which TransCanada actually delivered to Shipper on such Day, and the quantity of gas which such Shipper in good faith nominated hereunder on such Day. If TransCanada refuses to accept deliveries of Shipper's gas or curtails receipts from or deliveries to Shipper pursuant to Paragraph 8 (Energy Imbalance Recovery) of Section XXII of the General Terms and Conditions, then there shall be no corresponding reduction in the monthly demand charge to Shipper. Provided however:

- a) If the Market Point is downstream of the Storage Injection Point, and if on such Day Shipper's Cumulative Storage Balance is not greater than zero, or if such Day is within the summer period, then the reduction in the monthly demand charge for such Day shall be zero; and

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STFT TOLL SCHEDULE

Attachment 1

**1. DEFINITIONS**

1.1. For the purposes of the STFT Toll Schedule, the following terms shall be defined as:

- (a) "Available Short Term Capacity" shall have the meaning attributed to it in subsection 2.3;
- (b) "Block Period" shall have the meaning attributed to it in subsection 2.3;
- (c) "Maximum Daily Quantity" shall mean for any shipper the Maximum Daily Quantity set out on such shipper's bid or the Maximum Daily Quantity as amended by TransCanada pursuant to subsection 3.3(d);
- (d) "Minimum Daily Quantity" shall mean for any shipper the Minimum Daily Quantity set out on such shipper's bid;
- (e) "Posting Period" shall have the meaning attributed to it in subsection 3.2;
- (f) "Remaining Capacity" shall have the meaning attributed to it in subsection 2.3;
- (g) "Service Period" shall have the meaning attributed to it in subsection 2.3;
- (h) "STFT" shall mean Short Term Firm Transportation;
- ~~(i) "Summer Period" shall mean the period of time from April 1 of a calendar year to October 31 of the same calendar year;~~
- (j) "STFT Allocation Price" shall mean the daily weighted average of the product obtained by multiplying the STFT Bid Percentage by the applicable Daily Demand Tolls for FT service for the requested term;
- (k) "STFT Bid Floor" shall have the meaning attributed to it in subsection 3.3(b);
- (l) "STFT Bid Percentage" shall have the meaning attributed to it in subsection 3.3(b);
- (m) "STFT Contract" shall have the meaning attributed to it in subsection 2.1(a);
- (n) "STFT Price" shall have the meaning attributed to it in subsection 4.1;
- (o) "System Capacity" shall mean TransCanada's pipeline facilities and TransCanada's contractual entitlement on the pipeline systems of the Great Lakes Gas Transmission Limited Partnership, Union Gas Limited and Trans Quebec and Maritimes Pipeline Inc.;
- (p) "System Segment" shall have the meaning attributed to it in subsection 2.3;
- ~~(q) "Winter Period" shall mean the period of time from November 1 of a calendar year to March 31 of the following calendar year.~~

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## STFT TOLL SCHEDULE

notify Shippers of the Remaining Capacity offered for each combination of System Segments and Service Periods (the "Available Short Term Capacity").

**2.4 Short Term Availability Periods**

TransCanada, in its sole discretion, may offer Available Short Term Capacity in any combination of System Segments, for a specified number of days not less than seven (7) consecutive days, monthly periods and Block Periods for a period extending up to one (1) year less one (1) day.

**3. APPLICABILITY AND CHARACTER OF SERVICE****3.1 Definition of STFT Service**

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

**3.2 Notification of Available Short Term Capacity**

~~TransCanada shall post Available Short Term Capacity for a period of 5 Banking Days (the "Posting Period"). If some or all of the Available Short Term Capacity has not been allocated at the end of a Posting Period, TransCanada may, in its sole discretion, at any time post on TransCanada's website Available Short Term Capacity for a period~~

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## STFT TOLL SCHEDULE

~~determined by TransCanada at the time of posting ("Posting Period"), provided however TransCanada will post on or before 16:00 hours CCT on the Day of posting and the Posting Period shall not be less than seventeen (17) consecutive hours from the time of posting. continue to post Available Short Term Capacity on a daily basis. At the end of the Posting Period and any daily posting, TransCanada shall allocate Available Short Term Capacity among Shipper bids received by TransCanada.~~

~~The Available Short Term Capacity shall be posted on TransCanada's electronic bulletin board and web site as follows:~~

~~(a) During the period of January 1-15 for the Summer Period and during the period of July 1-15 for the Winter Period;~~

~~(b) During the period of January 16-31 for the individual monthly blocks of the Summer Period and during the period of July 16-31 for the individual monthly blocks of the Winter Period;~~

~~(c) If Available Short Term Capacity is not posted on a daily basis, TransCanada will post Available Short Term Capacity on or before the 7<sup>th</sup> day of each month; or~~

~~(d) At any time TransCanada determines in its sole discretion that there is Available Short Term Capacity.~~

Available Short Term Capacity shall be allocated in accordance with Section 3.3 hereunder.

### 3.3 Allocation of Available Short Term Capacity

#### (a) Shipper Bids

For each combination of System Segment and Service Period in which Shipper wishes to request service under this STFT Toll Schedule, Shipper shall submit a written bid to TransCanada's Contracts and Billing Department by telecopier or through TransCanada's electronic bulletin board during the bid period. No Shipper bid shall be accepted by TransCanada if received after the bid deadline specified in the posting of Available Short Term Capacity. Each Shipper bid shall be in the form of an Exhibit "A" Addendum to the STFT Contract, duly completed with the information described below and executed by Shipper.

demand charge shall be reduced by an amount equal to the applicable FT Daily Demand Toll multiplied by the difference between the quantity of gas which TransCanada actually delivered to Shipper on such day, and the quantity of gas which such Shipper in good faith nominated hereunder on such day. If TransCanada refuses to accept deliveries of Shipper's gas or curtails receipts from or deliveries to Shipper pursuant to Section 8 (Energy Imbalance Recovery) of Section XXII of the General Terms and Conditions, then there shall be no corresponding reduction in the monthly demand charge to Shipper. Notwithstanding the foregoing, if the quantity of gas which TransCanada fails to deliver is the subject of an accepted nomination for a Diversion and/or an Alternate Receipt, then TransCanada shall only be obligated to reduce the monthly demand charge if such Diversion and/or such Alternate Receipt is of the nature described in subsection (e)(ii) in Section XV of the General Terms and Conditions and in all other cases there shall be no reduction in the monthly demand charge.

5.2 For any day on which transportation service charges are adjusted pursuant to subsection 5.1 above, the Union Dawn Receipt Point Surcharge payable by Shipper pursuant to subsection 3.1(c) hereof shall also be adjusted. Such surcharge shall be reduced by an amount equal to the applicable Union Dawn Receipt Point Daily Demand Toll multiplied by the difference between the quantity of gas which TransCanada actually transported from the Union Dawn Receipt Point on such day and the quantity which such Shipper in good faith nominated for transport on such day.

**6. ALTERNATE RECEIPT AND DIVERSION OF GAS**

6.1 (a) TransCanada may in its sole discretion determine and post on its website from time to time the eligible Alternate Receipt and/or Diversion point(s) or delivery area(s) for System Segments.

(ab) Subject to the provisions herein, Shipper shall have the right to nominate an Alternate Receipt and/or a Diversion under Shipper's Contract in the manner provided herein. Provided however, Shipper shall not be entitled to nominate an Alternate Receipt and/or a Diversion from/to a point or delivery area unless such Alternate Receipt and/or Diversion point or delivery area has been posted by TransCanada pursuant to Section 6.1(a) hereof for the applicable System Segment and is within the Shipper's contract path as defined by the receipt point and delivery point specified in the Shipper's Contract.

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FT-NR TOLL SCHEDULE

- (bc) The aggregate of all nominations for delivery hereunder shall not exceed the Contract Demand under Shippers Contract.
- ~~(c) Shipper shall not be entitled to nominate a Diversion to a delivery point or delivery area which is upstream of the receipt point specified in Shipper's Contract or upstream of the Alternate Receipt point.~~
- ~~(d) Shipper shall not be entitled to nominate an Alternate Receipt from a receipt point that is upstream of the receipt point specified in Shipper's Contract or is downstream of the delivery point or delivery area specified in Shipper's Contract.~~
- (ed) For the purpose of Section XVI of the General Terms and Conditions, Alternate Receipts and Diversions shall be equivalent to service under an STS Contract.

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

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

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

In the event that TransCanada does not accept a nomination for an Alternate Receipt and/or a Diversion pursuant to subsections 6.2 and 6.3 hereof, or accepts only a portion of the quantity so nominated, then TransCanada shall exercise reasonable efforts to allow Shipper to renominate the receipt point and/or delivery point or delivery area specified in Shipper's Contract. TransCanada shall have the right to reject any such renomination, or to accept only a portion of the quantity so renominated, if the renomination would negatively impact any other authorized transportation service.

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## FT-SN TOLL SCHEDULE

- obligated to reduce the monthly demand charge if such Diversion is a Diversion and/or such Alternate Receipt is of the nature described in subsection (e)(ii) in Section XV of the General Terms and Conditions and in all other cases there shall be no reduction in the monthly demand charge.
- 5.2 For any day on which transportation service charges are adjusted pursuant to subsection 5.1 above, the Union Dawn Receipt Point Surcharge payable by Shipper pursuant to subsection 3.1(c) hereof shall also be adjusted. Such surcharge shall be reduced by an amount equal to the applicable Union Dawn Receipt Point Daily Demand Toll multiplied by the difference between the quantity of gas which TransCanada actually transported from the Union Dawn Receipt Point on such day and the quantity which such Shipper in good faith nominated for transport on such day.

**6. ALTERNATE RECEIPT AND DIVERSION OF GAS**

- 6.1 (a) TransCanada may in its sole discretion determine and post on its website from time to time the eligible Alternate Receipt and/or Diversion point(s) or delivery area(s) for System Segments.
- (ab) Subject to the provisions herein, Shipper shall have the right to nominate an Alternate Receipt and/or Diversion under Shipper's Contract in the manner provided herein. Provided however, Shipper shall not be entitled to nominate an Alternate Receipt and/or a Diversion from/to a point or delivery area unless such Alternate Receipt and/or Diversion point or delivery area has been posted by TransCanada pursuant to Section 6.1(a) hereof for the applicable System Segment and is within the Shipper's contract path as defined by the receipt point and delivery point specified in the Shipper's Contract.
- (bc) The aggregate of all nominations for delivery under this toll schedule shall not exceed the Contract Demand under Shippers Contract.
- ~~(c) Shipper shall not be entitled to nominate a Diversion to a delivery point or delivery area which is upstream of the receipt point specified in Shipper's Contract or upstream of the Alternate Receipt point.~~

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## FT-SN TOLL SCHEDULE

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

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

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

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

6.4 **Alternate Receipts and Diversions Return Home**

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

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FT-SN TOLL SCHEDULE**8. RENEWAL RIGHTS**

8.1 Subject to Sections 8.4, 8.5, 8.6, 8.7 and 8.8 and Pursuant pursuant to any Contract into which this FT-SN Toll Schedule is incorporated and which Contract has been determined by TransCanada to be serving a long term market, and subject to the following conditions, Shipper shall have the option (the "Renewal Option") of extending the existing term (the "Existing Term") of the Contract for a period of no less than one (1) year (the "Renewal Term") and revising the Contract Demand to a level no greater than the Contract Demand set out in the Contract (the "Renewal OD") provided that the following conditions are met:

- (a) TransCanada receives written notice from Shipper of Shipper's election to exercise the Renewal Option which sets out the term and Contract Demand of such renewal (the "Renewal Provisions") no less than six (6) months before the termination date which would otherwise prevail under the Contract; and
- (b) Shipper supplies TransCanada at the time of such notice with evidence satisfactory to TransCanada that Shipper will meet the availability provisions of the FT-SN Toll Schedule in respect of the Renewal Provisions prior to the commencement of the Renewal Term.

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

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

FT-SN TOLL SCHEDULE

(c) Notwithstanding Sections 8.1(a), 8.1(b) and 8.2, TransCanada may in its sole discretion reject the exercise by Shipper of any Renewal Option to extend the Existing Term of a Contract if Shipper:

(i) exercises the Renewal Option more than seven (7) months prior to the termination date of the Existing Term; and/or

(ii) requests a Renewal Term of more than one (1) year.

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

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

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

8.3 All renewals shall be stated in GJ.

8.4 If at any time TransCanada determines that:

(a) additional costs may be required for Mainline facilities; or

(b) Mainline facilities may be used for other purposes;

TransCanada may provide an Early Renewal Notice as provided in Section 8.5, to Shippers whose Contract Demand, if not renewed, could be utilized to reduce such additional costs as referred to in Section 8.4(a), or to determine the appropriate facilities that may be used for other purposes as referred to in Section 8.4(b), such Shippers to be determined by TransCanada in its sole discretion.

8.5 An Early Renewal Notice shall include:

(a) Contract number;

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- (b) Contract Demand;
- (c) receipt point;
- (d) delivery point;
- (e) expiry date of the Existing Term;
- (f) a description of the additional costs as referred to in Section 8.4(a) or other use of facilities as referred to in Section 8.4(b);
- (g) the date upon which TransCanada requires a response to its Early Renewal Notice ("Response Date"), which date shall be at least 30 days from the date of the Early Renewal Notice;
- (h) the latest date, as determined by TransCanada in its sole discretion, to which a Shipper who has not exercised an Early Long Term Renewal Option as described in Section 8.5(i) may extend all or a portion of its Contract Demand ("Final Renewal Termination Date");
- (i) the earliest termination date, as determined by TransCanada in its sole discretion (the "Early Long Term Renewal Option Date"), to which Shipper must extend all or a portion of its Contract Demand in order to retain that capacity subject to a further Renewal Right as provided in Section 8.1 ("Early Long Term Renewal Option"), which date shall not be greater than: (i) ten (10) years from the Final Renewal Termination Date for Contracts with a receipt point west of Emerson and a delivery point east of, but not including, Emerson; or (ii) fifteen (15) years from the Final Renewal Termination Date for all other Contracts.
- 8.6 Shipper's response shall state whether it is electing the Early Long Term Renewal Option and, if so, the date Shipper intends for its Contract to terminate on or after the Early Long Term Renewal Option Date.
- 8.7 If Shipper does not respond by the Response Date, Shipper shall be deemed not to have exercised the Early Long Term Renewal Option.
- 8.8 If Shipper does not exercise the Early Long Term Renewal Option:
- (a) For any Contract with an Existing Term that expires prior to the Final Renewal Termination Date, Shipper may renew its Contract for all or a portion of its

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Contract Demand pursuant to Section 8.1, up to the Final Renewal Termination Date provided in the Early Renewal Notice; or

- (b) For any Contract with an Existing Term that expires after the Final Renewal Termination Date, such Contract shall expire at the end of the Existing Term and Section 8.1 shall no longer apply.

**9. TEMPORARY RECEIPT AND/OR DELIVERY POINT**

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

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

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

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

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

as the case may be;

- (b) the greater of the Delivery Pressure Monthly Demand Toll applicable to the original delivery point specified in the Contract and the Delivery Pressure

(c) the availability provisions of sub-section 2.1 herein are satisfied.

### **3. APPLICABILITY AND CHARACTER OF SERVICE**

- 3.1 Shipper shall be entitled to nominate a Deposit from the FT-SN Contract to Shipper's SNB Account or a Withdrawal from Shipper's SNB Account to the FT-SN Contract.
- 3.2 Shipper shall only be entitled to nominate a Deposit or a Withdrawal through a nomination pursuant to the FT-SN Contract and such nomination will be in accordance with Section XXII of the General Terms and Conditions.

### **4. MONTHLY BILL**

- 4.1 The monthly bill payable to TransCanada for service pursuant to this SNB Toll Schedule shall be the demand charge and shall be equal to the applicable monthly SNB Demand Toll multiplied by Shipper's Contract Quantity. The demand charge is payable by Shipper notwithstanding any failure by Shipper during such month, for any reason whatsoever including Force Majeure, to deliver or receive quantities of gas authorized by TransCanada.

### **5. DEMAND CHARGE ADJUSTMENTS**

- 5.1 If during any Day, TransCanada curtails the Contract Quantity for any reason related solely to TransCanada's operations, including an event of force majeure occurring on any of the pipeline systems of TransCanada's Combined Capacity, then the monthly demand charge shall be reduced by an amount equal to the Daily Demand Toll for service pursuant to this SNB Toll Schedule multiplied by the amount the Contract Quantity has been curtailed by TransCanada on such Day.

### **6. RENEWAL RIGHTS**

- 6.1 Subject to Sections 6.3, 6.4, 6.5, 6.6 and 6.7 and ~~if~~ TransCanada determines in its sole discretion that the Contract is serving a long term market, Shipper shall have the option to renew (the "Renewal Option") the Contract for a renewal term (the "Renewal Term") of no less than 1 year, subject to the following conditions:
- (a) the Contract Quantity for the Renewal Term shall not be greater than, but may be less than, the Contract Quantity set out in the Contract;
- (b) TransCanada receives written notice from Shipper of Shipper's election to exercise the Renewal Option which specifies the Renewal Term and Contract Quantity no less than 6 months prior to the termination of the Contract; and

- (c) Shipper supplies TransCanada at the time of such notice with evidence satisfactory to TransCanada that Shipper will meet the availability provisions of Section 2 herein.

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

Shipper may exercise the Renewal Option each year provided the conditions set out in sub-section 6.1 and 6.2 herein have been satisfied.

- (d) Notwithstanding Sections 6.1(a), 6.1(b), 6.1(c) and 6.2, TransCanada may in its sole discretion reject the exercise by Shipper of any Renewal Option to extend the Existing Term of a Contract if Shipper:

- (i) exercises the Renewal Option more than seven (7) months prior to the termination date of the Existing Term; and/or
- (ii) requests a Renewal Term of more than one (1) year.

6.2 Provided TransCanada has either received timely notice as provided in sub-section 6.1(a**b**) herein from Shipper of Shipper's election to exercise the Renewal Option, or accepted late notice from Shipper of its election to exercise the Renewal Option, and provided that Shipper has met the availability provisions of Section 2 herein, the Contract shall be amended as follows:

- (a) the Contract Quantity set out in the Contract shall be revised to the level specified in Shipper's written notice, effective as of the commencement of the Renewal Term; and
- (b) the term of the Contract shall be extended to that specified in Shipper's written notice, effective as of the commencement of the Renewal Term.

6.3 If at any time TransCanada determines that:

- (a) additional costs may be required for Mainline facilities; or
- (b) Mainline facilities may be used for other purposes;

TransCanada may provide an Early Renewal Notice as provided in Section 6.4, to Shippers whose Contract Demand, if not renewed, could be utilized to reduce such

additional costs as referred to in Section 6.3(a), or to determine the appropriate facilities that may be used for other purposes as referred to in Section 6.3(b), such Shippers to be determined by TransCanada in its sole discretion.

6.4 An Early Renewal Notice shall include:

- (a) Contract number;
- (b) Contract Demand;
- (c) receipt point;
- (d) delivery point;
- (e) expiry date of the Existing Term;
- (f) a description of the additional costs as referred to in Section 6.3(a) or other use of facilities as referred to in Section 6.3(b);
- (g) the date upon which TransCanada requires a response to its Early Renewal Notice ("Response Date"), which date shall be at least 30 days from the date of the Early Renewal Notice;
- (h) the latest date, as determined by TransCanada in its sole discretion, to which a Shipper who has not exercised an Early Long Term Renewal Option as described in Section 6.4(i) may extend all or a portion of its Contract Demand ("Final Renewal Termination Date");
- (i) the earliest termination date, as determined by TransCanada in its sole discretion (the "Early Long Term Renewal Option Date"), to which Shipper must extend all or a portion of its Contract Demand in order to retain that capacity subject to a further Renewal Right as provided in Section 6.1 ("Early Long Term Renewal Option"), which date shall not be greater than: (i) ten (10) years from the Final Renewal Termination Date for Contracts with a receipt point west of Emerson and a delivery point east of, but not including, Emerson; or (ii) fifteen (15) years from the Final Renewal Termination Date for all other Contracts.

6.5 Shipper's response shall state whether it is electing the Early Long Term Renewal Option and, if so, the date Shipper intends for its Contract to terminate on or after the Early Long Term Renewal Option Date.

6.6 If Shipper does not respond by the Response Date, Shipper shall be deemed not to have exercised the Early Long Term Renewal Option.

6.7 If Shipper does not exercise the Early Long Term Renewal Option:

- (a) For any Contract with an Existing Term that expires prior to the Final Renewal Termination Date, Shipper may renew its Contract for all or a portion of its Contract Demand pursuant to Section 6.1, up to the Final Renewal Termination Date provided in the Early Renewal Notice; or
- (b) For any Contract with an Existing Term that expires after the Final Renewal Termination Date, such Contract shall expire at the end of the Existing Term and Section 6.1 shall no longer apply.

## 7. ASSIGNMENT

- 7.1 Any company which shall succeed by purchase, merger or consolidation to the properties, substantially or in entirety, of Shipper or of TransCanada, as the case may be, shall be entitled to the rights and shall be subject to the obligations of its predecessor in title under any Contract into which this Toll Schedule is incorporated and any related contracts. Further, either Shipper or TransCanada may, without relieving itself of its obligations under any Contract into which this Toll Schedule is incorporated (unless consented to by the other party which consent shall not be unreasonably withheld), assign any of its rights and obligations thereunder to another party. Nothing herein shall in any way prevent either party to such Contract from pledging or mortgaging its rights thereunder as security for its indebtedness. Such Contract shall be binding upon and shall inure to the benefit of the respective successors and assigns of the parties thereto. No assignment hereunder in respect of a service which has already resulted in a reduction of the affected distributor's Contract Quantity shall entitle such distributor to any further reduction in its Contract Quantity.
- 7.2 Any assignment by Shipper is subject to the following conditions:
- (a) the assignment shall be for the remaining term of the Contract;
  - (b) Shipper shall provide TransCanada with at least 60 days written notice of such assignment prior to the requested assignment date, which shall be the first day of a calendar month;
  - (c) the FT-SN Contract has also been assigned to the same assignee as the Contract; and
  - (d) assignee and assignor shall execute TransCanada's assignment agreement.

**Transportation Tariff**

## ST-SN TOLL SCHEDULE

**1. DEFINITIONS**

1.1. For the purposes of the ST-SN Toll Schedule, the following terms shall be defined as:

- (a) "Available Short Term Capacity" shall have the meaning attributed to it in subsection 2.3;
- (b) "Block Period" shall have the meaning attributed to it in subsection 2.3;
- (c) "Maximum Daily Quantity" shall mean for any shipper the Maximum Daily Quantity set out on such shipper's bid or the Maximum Daily Quantity as amended by TransCanada pursuant to subsection 3.3(d);
- (d) "Minimum Daily Quantity" shall mean for any shipper the Minimum Daily Quantity set out on such shipper's bid;
- (e) "Posting Period" shall have the meaning attributed to it in subsection 3.2;
- (f) "Remaining Capacity" shall have the meaning attributed to it in subsection 2.3;
- (g) "Service Period" shall have the meaning attributed to it in subsection 2.3;
- (h) "ST-SN" shall mean Short Term Short Notice;
- (i) "ST-SN Allocation Price" shall mean the daily weighted average of the product obtained by multiplying the ST-SN Bid Percentage by the applicable Daily Demand Tolls for FT-SN service for the requested term;
- (j) "ST-SN Bid Floor" shall have the meaning attributed to it in subsection 3.3(b);
- (k) "ST-SN Bid Percentage" shall have the meaning attributed to in subsection 3.3(b);
- (l) "ST-SN Contract" shall have the meaning attributed to it in subsection 2.1(a);
- (m) "ST-SN Price" shall have the meaning attributed to it in subsection 4.1;
- ~~(n) "Summer Period" shall mean the period of time from April 1 of a calendar year to October 31 of the same calendar year;~~

**Transportation Tariff**

## ST-SN TOLL SCHEDULE

(en) "System Capacity" shall mean TransCanada's pipeline facilities and TransCanada's contractual entitlement on the pipeline systems of the Great Lakes Gas Transmission Limited Partnership, Union Gas Limited and Trans Quebec and Maritimes Pipeline Inc.;

(po) "System Segment" shall have the meaning attributed to it in subsection 2.3;

~~(q) "Winter Period" shall mean the period of time from November 1 of a calendar year to March 31 of the following calendar year.~~

**2. AVAILABILITY****2.1 Availability of Service**

Any Shipper shall be eligible to receive service pursuant to this ST-SN Toll Schedule provided such Shipper:

- (a) has entered into a Short Term Short Notice service contract (the "ST-SN Contract") with TransCanada or has obtained an Order of the NEB, pursuant to subsection 71(2) of the National Energy Board Act, as amended from time to time ("71(2) Order"), requiring TransCanada to transport gas for Shipper subject to the provisions of this ST-SN Toll Schedule and to the terms and conditions contained in the 71(2) Order;
- (b) has provided TransCanada with financial assurances as required by TransCanada pursuant to Section XXIII of the General Terms and Conditions referred to in Section 7 hereof; and
- (c) Service pursuant to this ST-SN Toll Schedule is only available at a delivery point that:
  - (i) has flow control facilities that are operated by TransCanada; and
  - (ii) is not grouped with any other delivery point or meter station for purposes of transportation service contracts and nominations; and
  - (iii) is exclusively for delivery of gas under Contracts for Short Notice Services.

for service hereunder for a quantity of gas equal to or less than the Maximum Daily Quantity as set out in Shipper's ST-SN Contract (Shipper's "Reservation Entitlement"). Nominations for service shall be made pursuant to Section XXII of the General Terms and Conditions. Service hereunder shall not be subject to curtailment or interruption except as provided in this ST-SN Toll Schedule, the ST-SN Contract, and Section XI, Section XIV and Section XV of the General Terms and Conditions; provided however, that if Shipper fails to provide on an ongoing and timely basis to TransCanada satisfactory evidence of its right to remove from the province or country of production all or any part of the quantities of gas to be transported by TransCanada under the ST-SN Contract, Shipper shall be in default hereunder (a "Default") to the extent of the daily quantity not authorized for removal from the province or country of production as aforesaid (the "Default Quantity"). TransCanada shall be entitled to immediately suspend service for a quantity up to, and including, the Default Quantity until such time as Shipper remedies the Default, when TransCanada shall terminate any such suspension and resume service as to that part of the Default Quantity in respect of which the Default has been remedied.

- (b) Shipper shall not, without TransCanada's consent, deliver gas to the receipt point or receive gas from the delivery point, each as specified in the ST-SN Contract, at an hourly rate of flow in excess of five percent of Reservation Entitlement.

### 3.2 Notification of Available Short Term Capacity

~~TransCanada shall post Available Short Term Capacity for a period of 5 Banking Days (the "Posting Period"). If some or all of the Available Short Term Capacity has not been allocated at the end of a Posting Period, TransCanada may, in its sole discretion, at any time post on TransCanada's website Available Short Term Capacity for a period determined by TransCanada at the time of posting ("Posting Period"), provided however TransCanada will post on or before 16:00 hours CCT on the Day of posting and the Posting Period shall not be less than seventeen (17) consecutive hours from the time of posting. continue to post Available Short Term Capacity on a daily basis. At the end of the Posting Period and any daily posting, TransCanada shall allocate Available Short Term Capacity among Shipper bids received by TransCanada.~~

~~The Available Short Term Capacity shall be posted on TransCanada's electronic bulletin board and web site as follows:~~

**Transportation Tariff**

## ST-SN TOLL SCHEDULE

- ~~(a) During the period of January 1-15 for the Summer Period and during the period of July 1-15 for the Winter Period;~~
- ~~(b) If Available Short Term Capacity is not posted on a daily basis, TransCanada will post Available Short Term Capacity on or before the 7<sup>th</sup> day of each month; or~~
- ~~(c) At any time TransCanada determines in its sole discretion that there is Available Short Term Capacity.~~

Available Short Term Capacity shall be allocated in accordance with Section 3.3 hereunder.

**3.3 Allocation of Available Short Term Capacity****(a) Shipper Bids**

For each combination of System Segment and Service Period in which Shipper wishes to request service under this ST-SN Toll Schedule, Shipper shall submit a written bid to TransCanada's Contracts and Billing Department by telecopier or through TransCanada's electronic bulletin board during the bid period. No Shipper bid shall be accepted by TransCanada if received after the bid deadline specified in the posting of Available Short Term Capacity. Each Shipper bid shall be in the form of an Exhibit "A" Addendum to the ST-SN Contract, duly completed with the information described below and executed by Shipper.

Each Shipper bid shall contain the following information:

- Shipper name and address
- Shipper contact, telephone number and telecopier number
- System Segment for which bid is being made pursuant to subsection 3.3 (b)
- Receipt point and delivery point or delivery area
- Service Period
- Maximum Daily Quantity (in GJ)
- Minimum Daily Quantity pursuant to subsection 3.3 (c) (ii)
- ST-SN Bid Percentage determined pursuant to subsection 3.3 (b)

Shipper must submit separate Shipper bids for each separate combination of System Segment and Service Period. Shipper shall be entitled to submit more than one Shipper

**Transportation Tariff**

MFP TOLL SCHEDULE

amount equal to the applicable Union Dawn Receipt Point Daily Demand Toll multiplied by the difference between the quantity of gas which TransCanada actually transported from the Union Dawn Receipt Point on such day and the quantity which such Shipper in good faith nominated for transport on such day.

**7. ALTERNATE RECEIPT AND DIVERSION OF GAS**

7.1 (a) TransCanada may in its sole discretion determine and post on its website from time to time the eligible Alternate Receipt and/or Diversion point(s) or delivery area(s) for System Segments.

(ab) Subject to the provisions herein, Shipper shall have the right to nominate an Alternate Receipt and/or a Diversion under Shipper's Contract in the manner provided herein. Provided however, Shipper shall not be entitled to nominate an Alternate Receipt and/or a Diversion from/to a point or delivery area unless such Alternate Receipt and/or Diversion point or delivery area has been posted by TransCanada pursuant to Section 7.1(a) hereof for the applicable System Segment and is within the Shipper's contract path as defined by the receipt point and delivery point specified in the Shipper's Contract.

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

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

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

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

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

7.3 TransCanada shall have the right to not accept a nomination made pursuant to Section 7.2 hereof or to accept only a portion of the quantities so nominated if the Alternate

**Transportation Tariff****TransCanada PipeLines Limited**

Exhibit J4.1

GENERAL TERMS and CONDITIONS

Attachment 1

- a) 5% of the aggregate daily Contract Demand for all of Shipper's service pursuant to FT, FT-NR, STFT, STS, STS-L and MFP Contracts which specify delivery of gas to such delivery point or area (excluding deliveries pursuant to STS and STS-L Contracts that are on a best efforts basis) minus all Diversions under such Contracts on such Day; and
- b) 5% of the aggregate Shipper's Authorized Quantity for deliveries to such delivery point or area under all of Shipper's IT and ECR Contracts, ~~STS Overrun~~, Diversions on such Day and deliveries which are on a best effort basis pursuant to STS and STS-L Contracts.
- "Short Notice Service" shall mean service pursuant to a FT-SN Toll Schedule, SNB Toll Schedule or ST-SN Toll Schedule.
  - "Storage Injection Point" shall have the meaning ascribed in Exhibit "A" of the STS Contract or the STS-L Contract as the case may be.
  - "Storage Withdrawal Point" shall have the meaning ascribed in Exhibit "A" of the STS Contract or the STS-L Contract as the case may be.
  - "Subsidiary" shall mean a company in which 50% or more of the issued share capital (having full voting rights under all circumstances) is owned or controlled directly or indirectly by another company, by one or more subsidiaries of such other company, or by such other company and one or more of its subsidiaries.
  - "Title Transfer" shall mean the transfer of title to gas between two (2) Shippers at a Title Transfer Point.
  - "Title Transfer Point" shall be those points and areas where the quantity of gas allocated to each Shipper is established each day and is not subject to reallocation.
  - "TransCanada" shall mean "TransCanada PipeLines Limited" and its successors.
  - "Transportation Service Contract" shall mean "Firm Transportation Service Contract", "FT Contract", "Firm Transportation Short Notice Contract", "FT-SN Contract", "Non Renewable Firm Transportation Contract", "FT-NR Contract", "Interruptible Service Transportation Contract",

**Transportation Tariff**

GENERAL TERMS and CONDITIONS

not controlled by the party having the difficulty and any other similar causes not within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome.

The settlement of strikes, lockouts or other labour disputes shall be entirely within the discretion of the party having the difficulty. Under no circumstances will lack of finances be construed to constitute force majeure.

In the event of an occurrence of a force majeure, TransCanada shall curtail delivery of gas to Shipper in accordance with Section XV hereof.

**XV IMPAIRED DELIVERIES**

On each day TransCanada shall determine in respect of all Contracts:

- (i) the total quantities which all Shippers have requested to be delivered on that day, and
- (ii) its available system capacity, including the maximum transportation on TransCanada's behalf under agreements that it has with Great Lakes Gas Transmission Limited Partnership, Union Gas Limited and Trans Québec and Maritimes Pipeline Inc.

If due to any cause whatsoever TransCanada is unable on any day to deliver the quantities of gas Shippers would have received if such disability did not exist, then TransCanada shall order curtailment by all Shippers affected thereby in the following manner to the extent necessary to remove the effect of the disability.

If TransCanada estimates that, notwithstanding its then inability to deliver, it nevertheless will be able to meet its total minimum obligations to deliver under all Contracts TransCanada shall order daily curtailment in the following order of priority:

- (a) First under interruptible service provided pursuant to the IT Toll Schedule.

~~The toll for STS Overrun is the Daily Demand Toll for STS service. Therefore when STS Overrun is tolled at an equal or higher price than IT, then the priority of STS Overrun is higher; when the STS Overrun Toll is at a lower price than IT, then the priority of STS Overrun is lower.~~

**Attachment 1 - Tab 2**  
**TransCanada PipeLines Limited**  
**Application for Approval of Tariff Proposals**

**Mainline Tariff Amendments**  
**Clean Copy**

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**FIRM TRANSPORTATION SERVICE**

**FT TOLL SCHEDULE**

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FT TOLL SCHEDULE

**1. AVAILABILITY**

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

- (a) has entered into a Firm Transportation Service Contract with TransCanada having a minimum term of one (1) year; or has obtained an Order of the NEB, pursuant to subsection 71(2) of the National Energy Board Act as amended from time to time ("71(2) Order"), requiring TransCanada to transport gas for Shipper subject to the provisions of this Toll Schedule and to the terms and conditions contained in the 71(2) Order; and
- (b) has pipeline facilities interconnecting with TransCanada's facilities at the delivery point(s) specified in the Contract, or which has provided TransCanada with adequate assurances that arrangements have been made to have an authorized gas distribution or transmission company act as Shipper's agent in receiving from TransCanada the gas to be delivered pursuant to this Toll Schedule; and
- (c) has provided TransCanada with financial assurances as required by TransCanada pursuant to Section XXIII of the General Terms and Conditions referred to in Section 11 hereof.

**1.2 Facilities Construction Policy**

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

- (a) there is reasonable expectation of a long term requirement for the increase in the Combined Capacity; and
- (b) the NEB approves the additional facilities and/or transportation services necessary to increase the Combined Capacity; and

**Transportation Tariff**

FT TOLL SCHEDULE

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

**2. APPLICABILITY AND CHARACTER OF SERVICE**

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

**3. MONTHLY BILL**

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

(a) **Demand Charge**

For each month, the demand charge for transportation service shall be equal to the applicable Monthly Demand Toll multiplied by Shipper's Contract Demand. If Shipper's Contract Demand changes during a month, then a weighted average daily Contract Demand shall be determined for such month and shall be used to calculate the demand charge for such month. The said demand charge is payable by Shipper notwithstanding any failure by Shipper during such month, for any

**Transportation Tariff**

FT TOLL SCHEDULE

reason whatsoever including force majeure or a default by Shipper under Section 2.1 hereof, to deliver Shipper's Authorized Quantity to TransCanada at the receipt point.

(b) **Delivery Pressure Service**

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

(c) **Union Dawn Receipt Point Surcharge**

Each month, Shipper shall pay the Union Dawn Receipt Point Surcharge for service from the Union Dawn Receipt Point notwithstanding any failure by Shipper during such month, for any reason whatsoever including force majeure or a default by Shipper under subsection 2.1 hereof, to deliver Shipper's Authorized Quantity to TransCanada at the Union Dawn Receipt Point.

(d) **Fuel**

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

**4. MINIMUM BILL**

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

**Transportation Tariff**

FT TOLL SCHEDULE

**5. DEMAND CHARGE ADJUSTMENTS**

- 5.1 If during any day, TransCanada fails to deliver the quantity of gas requested by Shipper up to the Contract Demand, for any reason related solely to TransCanada's operations, including an event of force majeure occurring on any of the pipeline systems of TransCanada, Great Lakes Gas Transmission Company ("GLGT"), Union Gas Limited ("Union") and Trans Québec & Maritimes Pipeline Inc. ("TQM"), then the monthly demand charge shall be reduced by an amount equal to the applicable Daily Demand Toll multiplied by the difference between the quantity of gas which TransCanada actually delivered to Shipper on such day, and the quantity of gas which such Shipper in good faith nominated hereunder on such day. If TransCanada refuses to accept deliveries of Shipper's gas or curtails receipts from or deliveries to Shipper pursuant to Paragraph 8 (Energy Imbalance Recovery) of Section XXII of the General Terms and Conditions, then there shall be no corresponding reduction in the monthly demand charge to Shipper. Notwithstanding the foregoing, if the quantity of gas which TransCanada fails to deliver is the subject of an accepted nomination for a Diversion and/or an Alternate Receipt, then TransCanada shall only be obligated to reduce the monthly demand charge if such Diversion is a Diversion and/or such Alternate Receipt is of the nature described in subsection (e)(ii) in Section XV of the General Terms and Conditions and in all other cases there shall be no reduction in the monthly demand charge.
- 5.2 For any day on which transportation service charges are adjusted pursuant to subsection 5.1 above, the Union Dawn Receipt Point Surcharge payable by Shipper pursuant to subsection 3.1(c) hereof shall also be adjusted. Such surcharge shall be reduced by an amount equal to the applicable Union Dawn Receipt Point Daily Demand Toll multiplied by the difference between the quantity of gas which TransCanada actually transported from the Union Dawn Receipt Point on such day and the quantity which such Shipper in good faith nominated for transport on such day.

**6. ALTERNATE RECEIPT AND DIVERSION OF GAS**

- 6.1 (a) TransCanada may in its sole discretion determine and post on its website from time to time the eligible Alternate Receipt and/or Diversion point(s) or delivery area(s) for System Segments.

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- (b) Subject to the provisions herein, Shipper shall have the right to nominate an Alternate Receipt and/or a Diversion under Shipper's Contract in the manner provided herein. Provided however, Shipper shall not be entitled to nominate an Alternate Receipt and/or a Diversion from/to a point or delivery area unless such Alternate Receipt and/or Diversion point or delivery area has been posted by TransCanada pursuant to Section 6.1(a) hereof for the applicable System Segment and is within the Shipper's contract path as defined by the receipt point and delivery point specified in the Shipper's Contract.
- (c) The aggregate of all nominations for delivery hereunder shall not exceed the Contract Demand under Shippers Contract.
- (d) For the purpose of Section XVI of the General Terms and Conditions, Alternate Receipts and Diversions shall be equivalent to service under an STS Contract.
- 6.2 Any nomination by Shipper for an Alternate Receipt and/or a Diversion under Shipper's Contract must be received by TransCanada's Gas Control Department in Calgary at the time specified pursuant to Section XXII of the General Terms and Conditions.
- 6.3 TransCanada shall have the right to not accept a nomination made pursuant to Section 6.2 hereof or to accept only a portion of the quantities so nominated if the Alternate Receipt and/or the Diversion nominated would negatively impact TransCanada's ability to provide those transportation services which, pursuant to Section XV of the General Terms and Conditions, have a priority of service which is higher than that of the Alternate Receipt and/or the Diversion nominated by Shipper or if such Alternate Receipt and /or Diversion would otherwise be immediately curtailed pursuant to Paragraph (c) of Section XV of the General Terms and Conditions. TransCanada shall have the right to curtail Alternate Receipts, and/or Diversions in accordance with Section XV of the General Terms and Conditions.
- 6.4. **Alternate Receipt and Diversions Return Home**
- In the event that TransCanada does not accept a nomination for an Alternate Receipt and/or a Diversion pursuant to Sections 6.2 and 6.3 hereof, or accepts only a portion of the quantity so nominated, then TransCanada shall exercise reasonable efforts to allow Shipper to re-nominate the receipt point and/or delivery point or delivery area specified in Shipper's Contract. TransCanada shall have the right to reject any such re-nomination, or to accept only a portion of the quantity so re-nominated, if the re-

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nomination would negatively impact any other authorized transportation service. In any event, Shipper shall pay the Daily Demand Toll based on the receipt point and delivery point or area specified in Shipper's Contract for the entire quantity set out in an Alternate Receipt and/or Diversion nomination which was rejected by TransCanada pursuant to Section 6.3 hereof.

- (a) In addition to the charges payable pursuant to Section 3.1(a) and (d) above, Shipper shall pay TransCanada for all Alternate Receipts and Diversions, a charge equal to the aggregate of:
- (i) the product obtained by multiplying the amount, if any, by which the Daily Demand Toll, applicable from the Alternate Receipt point to the delivery point or area specified in Shipper's Contract, exceeds the applicable Daily Demand Toll from the receipt point to the delivery point or area which are specified in Shipper's Contract by Shippers Authorized Quantity, and
  - (ii) the product obtained by multiplying the amount, if any, by which the Daily Demand Toll, applicable from the receipt point specified in the Shipper's Contract to the Diversion point, exceeds the applicable Daily Demand Toll from the receipt point to the delivery point or area which are specified in the Shipper's Contract, by Shippers Authorized Quantity.
- (b) If the gas is diverted hereunder to a Delivery Point at which a delivery pressure charge has been approved by the NEB and no delivery pressure charge exists for the Delivery Point specified in Shipper's Contract, then Shipper shall pay TransCanada, in addition to the charges provided above, an amount equal to the applicable Delivery Pressure Toll multiplied by Shipper's total Diversion quantity at such Delivery Point for such month (a "Point Diversion Delivery Pressure Charge"). If a delivery pressure charge exists at the delivery point specified in Shipper's Contract, then Shipper shall pay TransCanada, in addition to the delivery pressure charge described in Section 3.1(b) above, an amount (a "Point Diversion Delivery Charge") equal to the product obtained by multiplying Shipper's total Diversion quantity at the delivery point which is the subject of the Diversion multiplied by that amount, if any, by which the Delivery Pressure Toll at the delivery point which is the subject of the Diversion exceeds the delivery pressure toll at the delivery point specified in Shipper's Contract.

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

- (c) If Shipper nominates Union Dawn Receipt Point as an Alternate Receipt point, then Shipper shall pay to TransCanada, in addition to any other applicable charges, the Union Dawn Receipt Point Surcharge for service from the Union Dawn Receipt Point.

**7. ASSIGNMENT**

- 7.1 Any company which shall succeed by purchase, merger or consolidation to the properties, substantially or in entirety, of Shipper or of TransCanada, as the case may be, shall be entitled to the rights and shall be subject to the obligations of its predecessor in title under any Contract into which this Toll Schedule is incorporated and any related contracts. Further, either Shipper or TransCanada may, without relieving itself of its obligations under any Contract into which this Toll Schedule is incorporated (unless consented to by the other party which consent shall not be unreasonably withheld), assign any of its rights and obligations thereunder to another party. Nothing herein shall in any way prevent either party to such Contract from pledging or mortgaging its rights thereunder as security for its indebtedness. Such Contract shall be binding upon and shall inure to the benefit of the respective successors and assigns of the parties thereto. No assignment hereunder in respect of a service which has already resulted in a reduction of the affected distributor's Contract Demand shall entitle such distributor to any further reduction in its Contract Demand.
- 7.2 Assignments at a discount negotiated between assignors and assignees are permitted, provided that the approved toll continues to be paid to TransCanada.
- 7.3 Prior to the effective date of any assignment of any Contract subject to subsection XXIII(3)(b) of the General Terms and Conditions of TransCanada's Tariff, assignee shall as requested by TransCanada, execute an assignment of any related Financial Assurances Agreements (as defined in Section 4.4(c)(ii) of the Transportation Access Procedure) or execute a new Financial Assurances Agreement.
- 7.4 Save as herein provided, assignments of any Contracts into which this Toll Schedule is incorporated are expressly prohibited.

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**8. RENEWAL RIGHTS**

8.1 Subject to Sections 8.4, 8.5, 8.6, 8.7 and 8.8 and pursuant to any Contract into which this FT Toll Schedule is incorporated and which Contract has been determined by TransCanada to be serving a long term market, and subject to the following conditions, Shipper shall have the option (the "Renewal Option") of extending the existing term (the "Existing Term") of the Contract for a period of no less than one (1) year (the "Renewal Term") and revising the Contract Demand to a level no greater than the Contract Demand set out in the Contract (the "Renewal OD") provided that the following conditions are met:

- (a) TransCanada receives written notice from Shipper of Shipper's election to exercise the Renewal Option which sets out the term and Contract Demand of such renewal (the "Renewal Provisions") no less than six (6) months before the termination date which would otherwise prevail under the Contract; and
- (b) Shipper supplies TransCanada at the time of such notice with evidence satisfactory to TransCanada that Shipper will meet the availability provisions of the FT Toll Schedule in respect of the Renewal Provisions prior to the commencement of the Renewal Term.

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

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

- (c) Notwithstanding Sections 8.1(a), 8.1(b) and 8.2, TransCanada may in its sole discretion reject the exercise by Shipper of any Renewal Option to extend the Existing Term of a Contract if Shipper:

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- (i) exercises the Renewal Option more than seven (7) months prior to the termination date of the Existing Term; and/or
  - (ii) requests a Renewal Term of more than one (1) year.
  
- 8.2 Provided TransCanada has either received timely notice as provided in Section 8.1(a) above from Shipper of Shipper's election to exercise the Renewal Option, or accepted late notice from Shipper of his election to exercise the Renewal Option, and provided that Shipper has met the availability provisions of the FT Toll Schedule in respect of the Renewal Provisions, the Contract shall be amended as follows:
  - (a) the Contract Demand set out in the Contract shall be revised to the level specified in the Renewal Provisions, effective as of the commencement of the Renewal Term; and
  - (b) the term of the Contract shall be extended to that specified in the Renewal Provisions, effective as of the expiry of the Existing Term.
  
- 8.3 All renewals shall be stated in GJ.
  
- 8.4 If at any time TransCanada determines that:
  - (a) additional costs may be required for Mainline facilities; or
  - (b) Mainline facilities may be used for other purposes;

TransCanada may provide an Early Renewal Notice as provided in Section 8.5, to Shippers whose Contract Demand, if not renewed, could be utilized to reduce such additional costs as referred to in Section 8.4(a), or to determine the appropriate facilities that may be used for other purposes as referred to in Section 8.4(b), such Shippers to be determined by TransCanada in its sole discretion.
  
- 8.5 An Early Renewal Notice shall include:
  - (a) Contract number;
  - (b) Contract Demand;
  - (c) receipt point;
  - (d) delivery point;
  - (e) expiry date of the Existing Term;

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- (f) a description of the additional costs as referred to in Section 8.4(a) or other use of facilities as referred to in Section 8.4(b);
  - (g) the date upon which TransCanada requires a response to its Early Renewal Notice (“Response Date”), which date shall be at least 30 days from the date of the Early Renewal Notice;
  - (h) the latest date, as determined by TransCanada in its sole discretion, to which a Shipper who has not exercised an Early Long Term Renewal Option as described in Section 8.5(i) may extend all or a portion of its Contract Demand (“Final Renewal Termination Date”);
  - (i) the earliest termination date, as determined by TransCanada in its sole discretion (the “Early Long Term Renewal Option Date”), to which Shipper must extend all or a portion of its Contract Demand in order to retain that capacity subject to a further Renewal Right as provided in Section 8.1 (“Early Long Term Renewal Option”), which date shall not be greater than: (i) ten (10) years from the Final Renewal Termination Date for Contracts with a receipt point west of Emerson and a delivery point east of, but not including, Emerson; or (ii) fifteen (15) years from the Final Renewal Termination Date for all other Contracts.
- 8.6 Shipper’s response shall state whether it is electing the Early Long Term Renewal Option and, if so, the date Shipper intends for its Contract to terminate on or after the Early Long Term Renewal Option Date.
- 8.7 If Shipper does not respond by the Response Date, Shipper shall be deemed not to have exercised the Early Long Term Renewal Option.
- 8.8 If Shipper does not exercise the Early Long Term Renewal Option:
- (a) For any Contract with an Existing Term that expires prior to the Final Renewal Termination Date, Shipper may renew its Contract for all or a portion of its Contract Demand pursuant to Section 8.1, up to the Final Renewal Termination Date provided in the Early Renewal Notice; or
  - (b) For any Contract with an Existing Term that expires after the Final Renewal Termination Date, such Contract shall expire at the end of the Existing Term and Section 8.1 shall no longer apply.

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

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

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

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

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

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

as the case may be:

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

(c) the Union Dawn Receipt Point Monthly Surcharge, provided however:

- (i) if Shipper temporarily changes all or a portion of its Contract Demand from the Union Dawn Receipt Point to any other Receipt Point, the Contract Demand for the purposes of determining the Union Dawn Receipt Point Surcharge shall be Shipper's original Contract Demand at

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the Union Dawn Receipt Point notwithstanding any temporary changes of all or a portion of such Contract Demand to any other Receipt Point; and

- (ii) if Shipper temporarily changes all or a portion of its Contract Demand from a Receipt Point other than the Union Dawn Receipt Point to the Union Dawn Receipt Point, the Contract Demand for the purposes of determining the Union Dawn Receipt Point Surcharge shall be the portion of such Contract Demand temporarily changed to the Union Dawn Receipt Point.

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

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

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

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

**10. CONVERSION RIGHTS**

10.1 Shipper may convert all or a portion of its service pursuant to an FT Contract to:

- (a) service pursuant to an FT-SN Contract provided that:

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

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- (ii) all the availability conditions set out in Section 1 of the FT-SN Toll Schedule have been satisfied; and
  - (iii) TransCanada determines, in its sole discretion, it is able to accommodate the conversion to FT-SN with consideration for any operational matters including, but not limited to, flow control valves, meter capacity, changes in delivery patterns and transient effects.
- (b) service pursuant to a MFP Contract provided that:
- (i) Shipper submits a written request during the MFP Bid Period (as defined in the MFP Toll Schedule) to TransCanada for conversion to a MFP Block and System Segment;
  - (ii) all the availability conditions set out in subsection 2.1 of the MFP Toll Schedule have been satisfied;
  - (iii) Shipper requests conversion for the same receipt and delivery points specified in such FT Contract;
  - (iv) Shipper's MFP Contract term meets the conditions set out in subsection 3.2 of the MFP Toll Schedule.
  - (v) If at the time of conversion the term of the applicable MFP Contract will expire prior to the term of the Shipper's FT Contract, upon expiry of the MFP Contract, the service shall continue under the FT Contract.

**11. MISCELLANEOUS PROVISIONS**

- 11.1 The General Terms and Conditions and the List of Tolls of TransCanada's Transportation Tariff, as amended from time to time, are applicable to this Toll Schedule and are hereby made a part hereof. If there is any conflict between the provisions of this Toll Schedule and the General Terms and Conditions, the provisions of this Toll Schedule shall prevail.
- 11.2 This Toll Schedule, the List of Tolls and the General Terms and Conditions are subject to the provisions of the National Energy Board Act or any other legislation passed in amendment thereof or substitution therefor.

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FT TOLL SCHEDULE

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Exhibit J4.1

Attachment 1

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

**STORAGE TRANSPORTATION SERVICE**

**STS TOLL SCHEDULE**

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**1. AVAILABILITY**

1.1 Any Shipper shall be eligible to receive service pursuant to this Storage Transportation Service ("STS") Toll Schedule, provided such Shipper:

- (a) has entered into a Firm Transportation Service Contract(s) (the "FT Contract(s)") or a Multi-Year Fixed Price Service Contract(s) (the "MFP Contract(s)") with TransCanada with a receipt point at Empress, Alberta or in the province of Saskatchewan and such FT Contracts or MFP Contracts have been identified in Shippers STS Contract;
- (b) has entered into a STS Contract having a minimum term of one (1) year with TransCanada incorporating this Toll Schedule and providing for transportation service between the delivery point in the FT Contract(s) or MFP Contract(s) (the "Market Point") and the Storage Injection Point(s), and between the Storage Withdrawal Point and the Market Point
- (c) has not executed a STS-L Contract with the same Market Point as specified in the STS Contract;
- (d) has its own gas storage facilities, or has entered into a gas storage contract with any company having gas storage facilities which are connected by gas transmission pipeline facilities to TransCanada's gas transmission system at the Storage Injection Point(s) and the Storage Withdrawal Point located downstream of the Alberta/ Saskatchewan border ;
- (e) has entered into a gas transportation contract(s) with the company(ies) operating gas transmission pipeline facilities connecting the gas storage facilities with TransCanada's gas transmission system at the Storage Injection Point(s) and Storage Withdrawal Point (the "other Transporters"); and
- (f) has provided TransCanada with financial assurances as required by TransCanada pursuant to Section XXIII of the General Terms and Conditions referred to in Section 7 hereof.

**1.2 Facilities Construction Policy**

In order to provide service pursuant to this STS Toll Schedule, TransCanada utilizes capacity available from its own gas transmission system and from its firm transportation service entitlement on the Great Lakes Gas Transmission Company system, the Union Gas Limited system, and the Trans Quebec & Maritimes Pipeline Inc. system (the "Combined Capacity"). If a request for service pursuant to this STS Toll Schedule (the "Requested Service") requires an increase to the

Combined Capacity, TransCanada is prepared to use all reasonable efforts to enable it to increase the Combined Capacity to the extent necessary provided that:

- (a) there is reasonable expectation of a long term requirement for the increase in the Combined Capacity; and
- (b) the NEB approves the additional facilities and/or transportation services necessary to increase the Combined Capacity; and
- (c) the availability provisions of subsection 1.1 hereof are satisfied with respect to the Requested Service.

## **2. APPLICABILITY AND CHARACTER OF SERVICE**

2.1 On each day during the term of the STS Contract, Shipper shall be entitled to request service hereunder by placing a nomination with TransCanada. Nominations shall be made pursuant to Section XXII of the General Terms and Conditions referred to in Section 7 hereof. Service hereunder shall not be subject to curtailment or interruption except as provided in Sections XI, XIV, and XV of the General Terms and Conditions.

Subject to the foregoing, TransCanada shall provide firm transportation service hereunder consistent with the provisions of the General Terms and Conditions; PROVIDED HOWEVER, that

- (a) deliveries hereunder by TransCanada to Shipper on any day at the Storage Injection Point(s) shall not exceed the difference between the total of the Contract Demands under the FT Contracts or MFP Contracts and the total quantities delivered on such day to Shipper under the FT Contracts or the MFP Contracts at the Market Point; and
- (b) if there is more than one Storage Injection Point under Shipper's STS Contract and these Storage Injection Points are also included under any other Shippers' STS and/or STS-L Contracts, deliveries on any day to Shipper at each such Storage Injection Point shall be Shipper's pro rata share of the total STS and STS-L deliveries at each such Storage Injection Point for all STS and STS-L Shippers on such day determined on the basis of the fraction which Shipper's STS nomination bears to the total of the STS and STS-L nominations of all STS and STS-L Shippers, unless TransCanada, Shipper and all the other STS and STS-L Shippers at each such Storage Injection Point otherwise agree.

2.2 For the purpose of the application of the provisions of Sections II, III, and IV of the General Terms and Conditions to service hereunder:

- (a) when Shipper requests transportation service hereunder for delivery at the Storage Injection Point(s), the terms "delivery point", "receipt point", and "Shipper's Authorized Quantity" in TransCanada's General Terms & Conditions shall mean herein, respectively, the 'Storage Injection Point(s)', 'the Market Point', and 'the quantity of gas which Shipper requests and TransCanada has agreed to deliver to the Storage Injection Point(s) subject to subsection 2.1 hereof (the "Daily Injection Quantity")';
- (b) when Shipper requests transportation service hereunder from the Storage Withdrawal Point to the Market Point, the terms "delivery point", "receipt point", and "Shipper's Authorized Quantity" in the General Terms and Conditions shall mean, respectively, 'the Market Point', 'the Storage Withdrawal Point', and 'the quantity of gas which Shipper shall cause to be delivered by the other Transporter to TransCanada at the Storage Withdrawal Point (the "Daily Withdrawal Quantity")'; and
- (c) if the STS Contract specifies a Storage Withdrawal Point located upstream of the Market Point, the STS Contract shall set out a Contract Demand in respect of transportation from the upstream Storage Withdrawal Point to the Market Point or; if the STS Contract specifies Storage Injection Point(s) located downstream of the Market Point, the STS Contract shall set out a Contract Demand in respect of transportation from the Market Point to the downstream Storage Injection Point(s).

TransCanada shall not be obligated to transport, on any day, a quantity of gas under the STS Contract in excess of the applicable Contract Demand.

- 2.3 Notwithstanding any other provision hereof, the Daily Injection Quantity shall be deemed to be delivered on such day at the Market Point, and Shipper shall pay for such quantities pursuant to the FT Contracts or the MFP Contracts. Such payment shall be in addition to all payments hereunder.

### 3. MONTHLY BILL

- 3.1 The monthly bill payable by Shipper to TransCanada for service hereunder shall include the demand charge for transportation service, plus, where applicable, a delivery pressure charge, the Union Dawn Receipt Point Surcharge, and an excess withdrawal charge in effect during the billing month and shall be calculated by applying the applicable tolls as approved by the NEB (as set forth in the List of Tolls referred to in Section 7 hereof), as follows:

(a) **Demand Charge**

For each month of a Contract Year, the demand charge for transportation service hereunder shall be equal to the applicable Monthly Demand Toll multiplied by Shipper's Contract Demand. The said demand charge is payable by Shipper notwithstanding any failure by Shipper during such month, for any reason whatever, including an event of force majeure, to receive or deliver Shipper's full Contract Demand.

(b) **Delivery Pressure Charge**

A delivery pressure charge shall be due if a portion or all of Shipper's Daily Injection Quantity or Daily Withdrawal Quantity for such month was delivered at any point(s) having a delivery pressure charge for deliveries thereto. The monthly delivery pressure charge at each such point having a delivery pressure charge shall be the product of the applicable Delivery Pressure Toll (expressed in \$/GJ) and the total of such quantities delivered at that point during such month. The total monthly delivery pressure charge shall be the sum of the monthly delivery pressure charges at all applicable points.

(c) **Union Dawn Receipt Point Surcharge**

Each month, Shipper shall pay the Union Dawn Receipt Point Surcharge for service from the Union Dawn Receipt Point.

(d) **Excess Withdrawal Charge**

- i) The "Daily Excess Withdrawal Quantity" shall mean, for any Day, the quantity by which Shipper's cumulative Daily Withdrawal Quantity, determined from the Date of Commencement (as defined in the STS Contract) exceeds the sum of the cumulative Daily Injection Quantity from the Date of Commencement, the cumulative Daily STFT Quantity from the Date of Commencement, the cumulative Daily IT Quantity from the Date of Commencement, and the cumulative Daily Diversion Quantity from the Date of Commencement, provided however:

- a. for STS Contracts entered into before January 1, 2005, the cumulative Daily Withdrawal Quantity, the cumulative Daily Injection Quantity, the cumulative Daily STFT Quantity, the cumulative Daily IT Quantity, and the cumulative Daily Diversion Quantity shall each be deemed to be

zero GJ effective April 1, 2003, April 1, 2004, or April 1, 2005 as elected in writing by Shipper to TransCanada. Shipper shall have deemed to have elected April 1, 2003 if TransCanada has not received such election by May 1, 2005; and

- b. Shipper's cumulative Daily Withdrawal Quantity shall not include any Daily Excess Withdrawal Quantities from any previous day.

Where:

"Daily STFT Quantity" shall mean the quantity of gas that is delivered each Day by the STS Shipper pursuant to such Shipper's STFT Contract from the Market Point to the Storage Injection Point;

"Daily IT Quantity" shall mean the quantity of gas that is delivered each Day by the STS Shipper pursuant to such Shipper's IT Contract from the Market Point to the Storage Injection Point; and

"Daily Diversion Quantity" shall mean diversion to the Storage Injection Point by Shipper pursuant to FT Contracts or the MFP Contracts and diversion by Shipper pursuant to any other Firm Transportation Service Contracts having a receipt point that is Empress or a receipt point in the province of Saskatchewan and have a delivery point which is the same as the Market Point in the Shipper's STS Contract.

On any Day, the sum of the Daily STFT Quantity and the Daily IT Quantity shall not exceed the Shipper's pro-rata share of the total Contract Demand, on that Day, of FT Contracts or the MFP Contracts that;

- a) are not identified in any STS or STS-L Contract;
- b) have a receipt point that is Empress or a receipt point in the province of Saskatchewan; and
- c) have a delivery point which is the same as the Market Point in the Shipper's STS Contract

The pro-rata share shall be based on Shipper's STS Contract Demand at that Market Point, relative to the total STS and STS-L Contract Demand applicable to that Market Point.

- ii) For each month Shipper shall pay to TransCanada an excess withdrawal charge as follows:
- a) If the STS Contract specifies a Storage Withdrawal Point located downstream of the Market Point, the excess withdrawal charge shall be:
- the total Daily Excess Withdrawal Quantity for such month; multiplied by
  - 1.25 x the Daily Demand Toll for FT service from the Storage Withdrawal Point to the Market Point; or
- b) If the STS Contract specifies a Storage Withdrawal Point located upstream of the Market Point, the excess withdrawal charge shall be:
- total Daily Excess Withdrawal Quantity for such month; multiplied by
  - the difference between 1.25 x the Daily Demand Toll for FT service from the Storage Withdrawal Point to the Market Point and the STS Toll.

(e) Fuel

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

#### 4. MINIMUM BILL

- 4.1 The minimum monthly bill for service hereunder shall be the demand charge determined in paragraph 3.1(a) hereof.

#### 5. RENEWAL RIGHTS

- 5.1 Subject to Sections 5.3, 5.4, 5.5, 5.6 and 5.7 and pursuant to any Contract into which this STS Toll Schedule is incorporated and which Contract has been determined by TransCanada to be serving a long term market, and subject to the following conditions, Shipper shall have the option (the "Renewal Option") of extending the existing term (the "Existing Term") of the Contract for a

period of no less than one (1) year (the "Renewal Term") and revising the Contract Demand to a level no greater than the Contract Demand set out in the Contract provided that the following conditions are met:

- (a) TransCanada receives written notice from Shipper of Shipper's election to exercise the Renewal Option which sets out the term and Contract Demand of such renewal (the "Renewal Provisions" no less than six (6) months before the termination date which would otherwise prevail under the Contract; and
- (b) Shipper supplies TransCanada at the time of such notice with evidence satisfactory to TransCanada that Shipper will meet the availability provisions of the STS Toll Schedule in respect of the Renewal Provisions prior to the commencement of the Renewal Term.

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

Shipper may exercise the Renewal Option more than one time provided that the conditions found in this Section 5.1 and in Section 5.2 hereof are met upon each and every exercise of the Renewal Option.

- (c) Notwithstanding Sections 5.1(a), 5.1(b) and 5.2, TransCanada may in its sole discretion reject the exercise by Shipper of any Renewal Option to extend the Existing Term of a Contract if Shipper:
  - (i) exercises the Renewal Option more than seven (7) months prior to the termination date of the Existing Term; and/or
  - (ii) requests a Renewal Term of more than one (1) year.

5.2 Provided TransCanada has either received time notice as provided in Section 5.1(a) above from Shipper of Shipper's election to exercise the Renewal Option, or accepted late notice from Shipper of his election to exercise the Renewal Option, and provided that Shipper has met the availability

provisions of the STS Toll Schedule in respect of the Renewal Provision, the Contract shall be amended as follows:

- (a) the Contract Demand set out in the Contract shall be revised to the level specified in the Renewal Provisions, effective as of the commencement of the Renewal Term; and
- (b) the term of the contract shall be extended to that specified in the Renewal Provision, effective as of the expiry of the Existing Term.

5.3 If at any time TransCanada determines that:

- (a) additional costs may be required for Mainline facilities; or
- (b) Mainline facilities may be used for other purposes;

TransCanada may provide an Early Renewal Notice as provided in Section 5.4, to Shippers whose Contract Demand, if not renewed, could be utilized to reduce such additional costs as referred to in Section 5.3(a), or to determine the appropriate facilities that may be used for other purposes as referred to in Section 5.3(b), such Shippers to be determined by TransCanada in its sole discretion.

5.4 An Early Renewal Notice shall include:

- (a) Contract number;
- (b) Contract Demand;
- (c) receipt point;
- (d) delivery point;
- (e) expiry date of the Existing Term;
- (f) a description of the additional costs as referred to in Section 5.3(a) or other use of facilities as referred to in Section 5.3(b);
- (g) the date upon which TransCanada requires a response to its Early Renewal Notice ("Response Date"), which date shall be at least 30 days from the date of the Early Renewal Notice;
- (h) the latest date, as determined by TransCanada in its sole discretion, to which a Shipper who has not exercised an Early Long Term Renewal Option as described in Section 5.4(i) may extend all or a portion of its Contract Demand ("Final Renewal Termination Date");
- (i) the earliest termination date, as determined by TransCanada in its sole discretion (the "Early Long Term Renewal Option Date"), to which Shipper must extend all or a portion of

its Contract Demand in order to retain that capacity subject to a further Renewal Right as provided in Section 5.1 ("Early Long Term Renewal Option"), which date shall not be greater than: (i) ten (10) years from the Final Renewal Termination Date for Contracts with a receipt point west of Emerson and a delivery point east of, but not including, Emerson; or (ii) fifteen (15) years from the Final Renewal Termination Date for all other Contracts.

- 5.5 Shipper's response shall state whether it is electing the Early Long Term Renewal Option and, if so, the date Shipper intends for its Contract to terminate on or after the Early Long Term Renewal Option Date.
- 5.6 If Shipper does not respond by the Response Date, Shipper shall be deemed not to have exercised the Early Long Term Renewal Option.
- 5.7 If Shipper does not exercise the Early Long Term Renewal Option:
- (a) For any Contract with an Existing Term that expires prior to the Final Renewal Termination Date, Shipper may renew its Contract for all or a portion of its Contract Demand pursuant to Section 5.1, up to the Final Renewal Termination Date provided in the Early Renewal Notice; or
  - (b) For any Contract with an Existing Term that expires after the Final Renewal Termination Date, such Contract shall expire at the end of the Existing Term and Section 5.1 shall no longer apply.

## 6. CONVERSION RIGHTS

- 6.1 Shipper shall have the right to convert all but not a portion of Shipper's STS Contracts that have the same Market Point to service pursuant to an STS-L Contract provided that TransCanada has determined that the following conditions have been satisfied:
- (a) Shipper shall provide TransCanada with at least 60 days of written notice prior to the requested conversion date, which shall be the first day of a calendar month;
  - (b) Shipper shall execute an STS-L Contract and the Shipper's STS Contract shall terminate on the Date of Commencement of the STS-L Contract;
  - (c) the aggregate Contract Demand, Storage Injection Point(s), Storage Withdrawal Point, and Market Point specified in Shipper's STS-L Contract shall be the same as those specified in the Shipper's STS Contract(s);

- (d) Shipper's aggregate cumulative Daily Injection Quantity plus cumulative Daily Diversion Quantity, cumulative Daily STFT Quantity, cumulative Daily IT Quantity, cumulative Daily Withdrawal Quantity, and the aggregate Daily Excess Withdrawal Quantity pursuant to the STS Contract(s), each determined in accordance with subsection 3.1(d), shall be deemed to be, respectively, the cumulative Daily Injection Quantity, cumulative Daily STFT Quantity, cumulative Daily IT Quantity, cumulative Daily Withdrawal Quantity, and aggregate Daily Excess Withdrawal Quantity under the STS-L Contract.

## 7. DEMAND CHARGE ADJUSTMENTS

- 7.1 If during any Day, TransCanada fails to deliver the quantity of gas requested by Shipper up to the applicable Contract Demand, for any reason related solely to TransCanada's operations, including an event of force majeure occurring on any of the pipeline systems of TransCanada, Great Lakes Gas Transmission Company ("GLGT"), Union Gas Limited ("Union") and Trans Québec & Maritimes Pipeline Inc. ("TQM"), then the monthly demand charge shall be reduced by an amount equal to the applicable Daily Demand Toll multiplied by the difference between the quantity of gas which TransCanada actually delivered to Shipper on such Day, and the quantity of gas which such Shipper in good faith nominated hereunder on such Day. If TransCanada refuses to accept deliveries of Shipper's gas or curtails receipts from or deliveries to Shipper pursuant to Paragraph 8 (Energy Imbalance Recovery) of Section XXII of the General Terms and Conditions, then there shall be no corresponding reduction in the monthly demand charge to Shipper. Provided however:

- a) If the Market Point is downstream of the Storage Injection Point, and if on such Day Shipper's Cumulative Storage Balance is not greater than zero, or if such Day is within the summer period, then the reduction in the monthly demand charge for such Day shall be zero; and
- b) If the Market Point is upstream of the Storage Injection Point, and if such Day is within the winter period, then the reduction in the monthly demand charge for such Day shall be zero.

## 8. MISCELLANEOUS PROVISIONS

- 8.1 The General Terms and Conditions and the List of Tolls of TransCanada's Transportation Tariff as amended from time to time are applicable to this Toll Schedule and are hereby made a part hereof.

If there is any conflict between the provisions of this Toll Schedule and the General Terms and Conditions, the provisions of this Toll Schedule shall prevail.

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

**STORAGE TRANSPORTATION SERVICE-LINKED**

**STS-L TOLL SCHEDULE**

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## STS-L TOLL SCHEDULE

**1. AVAILABILITY**

1.1 Any Shipper shall be eligible to receive service pursuant to this Storage Transportation Service-Linked ("STS-L") Toll Schedule, provided such Shipper:

- (a) has entered into a STS-L Contract having a minimum term of one (1) year with TransCanada incorporating this STS-L Toll Schedule and providing for transportation service between the Market Point and the Storage Injection Point(s) and for transportation service between the Storage Withdrawal Point and the Market Point
- (b) has not executed a STS Contract with the same Market Point as specified in the STS-L Contract;
- (c) has its own gas storage facilities, or has entered into a gas storage contract with any company having gas storage facilities which are connected by gas transmission pipeline facilities to TransCanada's gas transmission system at the Storage Injection Point(s) and the Storage Withdrawal Point located downstream of the Alberta/Saskatchewan border;
- (d) has entered into a gas transportation contract(s) with the company(ies) operating gas transmission pipeline facilities connecting such gas storage facilities with TransCanada's gas transmission system at the Storage Injection Point(s) and the Storage Withdrawal Point (the "other Transporters"); and
- (e) has provided TransCanada with financial assurances as required by TransCanada pursuant to Section XXIII of the General Terms and Conditions referred to in Section 7 hereof.

**1.2 Facilities Construction Policy**

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

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

STS-L TOLL SCHEDULE

- (b) the NEB approves the additional facilities and/or transportation services necessary to increase the Combined Capacity; and
- (c) the availability provisions of subsection 1.1 hereof are satisfied with respect to the Requested Service.

**2. APPLICABILITY AND CHARACTER OF SERVICE**

2.1 On each day during the term of the STS-L Contract, Shipper shall be entitled to request service hereunder by placing a nomination with TransCanada. Nominations shall be made pursuant to Section XXII of the General Terms and Conditions referred to in Section 7 hereof. Service hereunder shall not be subject to curtailment or interruption except as provided in Sections XI, XIV, and XV of the General Terms and Conditions.

Subject to the foregoing, TransCanada shall provide firm transportation service hereunder consistent with the provisions of the General Terms and Conditions; PROVIDED HOWEVER, that

- (a) deliveries hereunder by TransCanada to Shipper on any day from the Market Point to the Storage Injection Point(s) shall not exceed the Daily Operational Injection Quantity;
- (b) deliveries hereunder by TransCanada to Shipper on any day from the Storage Withdrawal Point to the Market Point shall not exceed the Daily Contract Withdrawal Quantity;
- (c) Daily Operational Injection Quantity shall be established on a monthly basis provided that new or revised Exhibit "B" of the STS-L Contract are received 10 business days prior to the 1<sup>st</sup> day of the applicable month; and
- (d) if there is more than one Storage Injection Point under Shipper's STS-L Contract and these points are also included under any other Shippers STS-L and/or STS Contracts, deliveries on any day to Shipper at each such Storage Injection Point shall be Shipper's pro rata share of the total STS-L and STS deliveries at such Storage Injection Point for all STS-L and STS Shippers on such day determined on the basis of the fraction which Shipper's STS-L nomination bears to the total STS-L and STS nominations of all STS-L and STS Shippers', unless TransCanada, Shipper and all the other STS-L and STS Shippers at each such Storage Injection Point otherwise agree.

2.2 For the purpose of the application of the provisions of Sections II, III, and IV of the General Terms and Conditions to service hereunder:

- (a) when Shipper requests transportation service hereunder from the Market Point for delivery to the Storage Injection Point, the terms "delivery point", "receipt point", and "Shipper's Authorized Quantity" in TransCanada's General Terms & Conditions shall mean herein, respectively, the 'Storage Injection Point(s)', 'the Market Point', and 'the quantity of gas which Shipper requests and that TransCanada has agreed to deliver to the Storage Injection Point(s) subject to subsection 2.1 hereof (the "Daily Injection Quantity")';
- (b) when Shipper requests transportation service hereunder from the Storage Withdrawal Point for delivery to the Market Point, the terms "delivery point", "receipt point", and "Shipper's Authorized Quantity" shall mean, respectively, 'the Market Point', 'the Storage Withdrawal Point', and 'the quantity of gas which Shipper requests and TransCanada has agreed to deliver to the Market Point subject to subsection 2.1 hereof (the "Daily Withdrawal Quantity")'; and
- (c) if the STS-L Contract specifies a Storage Withdrawal Point located upstream of the Market Point, the Contract Demand shall be the Daily Contract Withdrawal Quantity; and, if the STS-L Contract specifies a Storage Injection Point(s) located downstream of the Market Point, the Contract Demand shall be the Daily Contract Injection Quantity.

### 3. MONTHLY BILL

3.1 The monthly bill payable by Shipper to TransCanada for service hereunder shall include the demand charge for transportation service, plus, where applicable, an excess withdrawal charge, a delivery pressure charge and the Union Dawn Receipt Point Surcharge in effect during the billing month; such charges shall be calculated by applying the applicable tolls as approved by the NEB (as set forth in the List of Tolls referred to in Section 7 hereof), as follows:

(a) **Demand Charge**

For each month of a Contract Year, the demand charge for transportation service hereunder shall be equal to the applicable Monthly Demand Toll multiplied by Shipper's Contract Demand. The said demand charge is payable by Shipper notwithstanding any failure by Shipper during such month, for any reason whatever, including an event of force majeure, to receive or deliver Shipper's full Contract Demand.

(b) **Excess Withdrawal Charge**

The “Daily Excess Withdrawal Quantity” shall mean, for any Day, the quantity by which Shipper’s cumulative Daily Withdrawal Quantity, determined from the Date of Commencement (as defined in the STS-L Contract) exceeds the sum of the cumulative Daily Injection Quantity from the Date of Commencement, the cumulative Daily STFT Quantity from the Date of Commencement, and the cumulative Daily IT Quantity from the Date of Commencement.

Where:

Shipper’s cumulative Daily Withdrawal Quantity shall not include any Daily Excess Withdrawal Quantities from any previous Day;

“Daily STFT Quantity” shall mean the quantity of gas that is delivered each Day by the STS Shipper pursuant to such Shipper’s STFT Contract from the Market Point to the Storage Injection Point; and

“Daily IT Quantity” shall mean the quantity of gas that is delivered each Day by the STS Shipper pursuant to such Shipper’s IT Contract from the Market Point to the Storage Injection Point.

On any Day, the sum of the Daily STFT Quantity and the Daily IT Quantity shall not exceed the Shipper’s pro-rata share of the total Contract Demand, on that Day, of FT Contracts or the MFP Contracts that:

- (i.) are not identified in a STS or STS-L Contract;
- (ii.) have a receipt point that is Empress or a receipt point in the province of Saskatchewan; and
- (iii.) have a delivery point which is the same as the Market Point in the Shipper’s STS-L Contract.

The pro-rata share shall be based on Shipper’s STS-L Contract Demand at that Market Point, relative to the total STS and STS-L Contract Demand applicable to that Market Point.

For each month Shipper shall pay to TransCanada an excess withdrawal charge as follows:

- i. If the STS-L Contract specifies a Storage Withdrawal Point located downstream of the Market Point, the excess withdrawal charge shall be:
  - the total Daily Excess Withdrawal Quantity for such month; multiplied by
  - 1.25 x the Daily Demand Toll for FT service from the Storage Withdrawal Point to the Market Point ; or
- ii. If the STS-L Contract specifies a Storage Withdrawal Point located upstream of the Market Point, the excess withdrawal charge shall be:
  - the total Daily Excess Withdrawal Quantity for such month; multiplied by
  - the difference between 1.25 x the Daily Demand Toll for FT service from the Storage Withdrawal Point to the Market Point and the STS-L Toll.

(c) **Delivery Pressure Charge**

A delivery pressure charge shall be due if a portion or all of Shipper's Daily Injection Quantity or Daily Withdrawal Quantity for such month was delivered at a Storage point(s) having a delivery pressure charge for deliveries thereto. The monthly delivery pressure charge at each point having a delivery pressure charge shall be the product of the applicable Delivery Pressure Toll (expressed in \$/GJ) and the total of such quantities delivered at that point during such month. The total monthly delivery pressure charge shall be the sum of the monthly delivery pressure charges at all applicable points.

(d) **Union Dawn Receipt Point Surcharge**

Each month, Shipper shall pay the Union Dawn Receipt Point Surcharge for service from the Union Dawn Receipt Point.

(e) **Fuel**

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

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#### 4. MINIMUM BILL

- 4.1 The minimum monthly bill for service hereunder shall be the demand charge determined in paragraph 3.1(a) hereof.

#### 5 ASSIGNMENT

- 5.1 Subject to subsection 5.2, any company which shall succeed by purchase, merger or consolidation to the properties, substantially or in entirety, of Shipper or of TransCanada, as the case may be, shall be entitled to the rights and shall be subject to the obligations of its predecessor in title under any Contract into which this Toll Schedule is incorporated and any related contracts. Further, either Shipper or TransCanada may, without relieving itself of its obligations under any Contract into which this Toll Schedule is incorporated (unless consented to by the other party which consent shall not be unreasonably withheld), assign any of its rights and obligations thereunder to another party. Nothing herein shall in any way prevent either party to such Contract from pledging or mortgaging its rights thereunder as security for its indebtedness. Such Contract shall be binding upon and shall inure to the benefit of the respective successors and assigns of the parties thereto. No assignment hereunder in respect of a service which has already resulted in a reduction of the affected distributor's Contract Demand shall entitle such distributor to any further reduction in its Contract Demand.

- 5.2 Any assignment by Shipper is subject to the following conditions:

- (a) the assignment shall be for the remaining term of the STS-L Contract;
- (b) Shipper shall provide TransCanada with at least 60 days written notice of such assignment prior to the requested assignment date, which shall be the first day of a calendar month;
- (c) assignee and assignor shall execute TransCanada's assignment agreement; and
- (d) if the assignment is for total Contract Demand, assignor's cumulative Daily Injection Quantity, cumulative Daily STFT Quantity, cumulative Daily IT Quantity, cumulative Daily Withdrawal Quantity and aggregate Daily Excess Withdrawal Quantity shall as of the effective date of the assignment be transferred to the assignee; or

if the assignment is for a portion of the Contract Demand, assignor's cumulative Daily Injection Quantity, cumulative Daily STFT Quantity, cumulative Daily IT Quantity, cumulative Daily Withdrawal Quantity, and aggregate Daily Excess Withdrawal Quantity shall as of the effective date of the assignment shall be transferred to the assignee on a pro-rata basis relative to the STS-L Contract Demand prior to such assignment.

- 5.3 Assignments at a discount negotiated between assignors and assignees are permitted, provided that the approved toll continues to be paid to TransCanada.
- 5.4 Save as herein provided, assignments of any Contracts into which this Toll Schedule is incorporated are expressly prohibited.
- 5.5 Prior to the effective date of any assignment of any Contract subject to subsection XXIII (3)(b) of the General Terms and Conditions of TransCanada's Tariff, assignee shall as requested by TransCanada, execute an assignment of any related Financial Assurances Agreements (as defined in Section 4.4(c)(ii) of the Transportation Access Procedure) or execute a new Financial Assurances Agreement.

## **6. RENEWAL RIGHTS**

- 6.1 Subject to Sections 6.3, 6.4, 6.5, 6.6 and 6.7 and pursuant to any Contract into which this STS-L Toll Schedule is incorporated and which contract has been determined by TransCanada to be serving a long term market, and subject to the following conditions, Shipper shall have the option (the "Renewal Option") of extending the existing term (the "Existing Term") of the Contract for a period of no less than one (1) year (the "Renewal Term") and revising the Contract Demand to a level no greater than the Contract Demand set out in the Contract provided that the following conditions are met:
- (a) TransCanada receives written notice from Shipper of Shipper's election to exercise the Renewal Option which sets out the term and Contract Demand of such renewal (the "Renewal Provisions" no less than six (6) months before the termination date which would otherwise prevail under the Contract; and
- (b) Shipper supplies TransCanada at the time of such notice with evidence satisfactory to TransCanada that Shipper will meet the availability provisions of the STS-L Toll Schedule in respect of the Renewal Provisions prior to the commencement of the Renewal Term.

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

Shipper may exercise the Renewal Option more than one time provided that the conditions found in this Section 6.1 and in Section 6.2 hereof are met upon each and every exercise of the Renewal Option.

- (c) Notwithstanding Sections 6.1(a), 6.1(b) and 6.2, TransCanada may in its sole discretion reject the exercise by Shipper of any Renewal Option to extend the Existing Term of a Contract if Shipper:
  - (i) exercises the Renewal Option more than seven (7) months prior to the termination date of the Existing Term; and/or
  - (ii) requests a Renewal Term of more than one (1) year.

6.2 Provided TransCanada has either received time notice as provided in Section 6.1(a) above from Shipper of Shipper's election to exercise the Renewal Option, or accepted late notice from Shipper of his election to exercise the Renewal Option, and provided that Shipper has met the availability provisions of the STS-L Toll Schedule in respect of the Renewal Provision, the Contract shall be amended as follows:

- (a) the Contract Demand set out in the Contract shall be revised to the level specified in the Renewal Provisions, effective as of the commencement of the Renewal Term; and
- (b) the term of the contract shall be extended to that specified in the Renewal Provision, effective as of the expiry of the Existing Term.

6.3 If at any time TransCanada determines that:

- (a) additional costs may be required for Mainline facilities; or
- (b) Mainline facilities may be used for other purposes;

## STS-L TOLL SCHEDULE

TransCanada may provide an Early Renewal Notice as provided in Section 6.4, to Shippers whose Contract Demand, if not renewed, could be utilized to reduce such additional costs as referred to in Section 6.3(a), or to determine the appropriate facilities that may be used for other purposes as referred to in Section 6.3(b), such Shippers to be determined by TransCanada in its sole discretion.

6.4 An Early Renewal Notice shall include:

- (a) Contract number;
- (b) Contract Demand;
- (c) receipt point;
- (d) delivery point;
- (e) expiry date of the Existing Term;
- (f) a description of the additional costs as referred to in Section 6.3(a) or other use of facilities as referred to in Section 6.3(b);
- (g) the date upon which TransCanada requires a response to its Early Renewal Notice ("Response Date"), which date shall be at least 30 days from the date of the Early Renewal Notice;
- (h) the latest date, as determined by TransCanada in its sole discretion, to which a Shipper who has not exercised an Early Long Term Renewal Option as described in Section 6.4(i) may extend all or a portion of its Contract Demand ("Final Renewal Termination Date");
- (i) the earliest termination date, as determined by TransCanada in its sole discretion (the "Early Long Term Renewal Option Date"), to which Shipper must extend all or a portion of its Contract Demand in order to retain that capacity subject to a further Renewal Right as provided in Section 6.1 ("Early Long Term Renewal Option"), which date shall not be greater than: (i) ten (10) years from the Final Renewal Termination Date for Contracts with a receipt point west of Emerson and a delivery point east of, but not including, Emerson; or (ii) fifteen (15) years from the Final Renewal Termination Date for all other Contracts.

6.5 Shipper's response shall state whether it is electing the Early Long Term Renewal Option and, if so, the date Shipper intends for its Contract to terminate on or after the Early Long Term Renewal Option Date.

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## STS-L TOLL SCHEDULE

- 6.6 If Shipper does not respond by the Response Date, Shipper shall be deemed not to have exercised the Early Long Term Renewal Option.
- 6.7 If Shipper does not exercise the Early Long Term Renewal Option:
- (a) For any Contract with an Existing Term that expires prior to the Final Renewal Termination Date, Shipper may renew its Contract for all or a portion of its Contract Demand pursuant to Section 6.1, up to the Final Renewal Termination Date provided in the Early Renewal Notice; or
  - (b) For any Contract with an Existing Term that expires after the Final Renewal Termination Date, such Contract shall expire at the end of the Existing Term and Section 6.1 shall no longer apply.

**7. DEMAND CHARGE ADJUSTMENTS**

- 7.1 If during any Day, TransCanada fails to deliver the quantity of gas requested by Shipper up to the applicable Contract Demand, for any reason related solely to TransCanada's operations, including an event of force majeure occurring on any of the pipeline systems of TransCanada, Great Lakes Gas Transmission Company ("GLGT"), Union Gas Limited ("Union") and Trans Québec & Maritimes Pipeline Inc. ("TQM"), then the monthly demand charge shall be reduced by an amount equal to the applicable Daily Demand Toll multiplied by the difference between the quantity of gas which TransCanada actually delivered to Shipper on such Day, and the quantity of gas which such Shipper in good faith nominated hereunder on such Day. If TransCanada refuses to accept deliveries of Shipper's gas or curtails receipts from or deliveries to Shipper pursuant to Paragraph 8 (Energy Imbalance Recovery) of Section XXII of the General Terms and Conditions, then there shall be no corresponding reduction in the monthly demand charge to Shipper. Provided however:
- a) If the Market Point is downstream of the Storage Injection Point, and if on such Day Shipper's Cumulative Storage Balance is not greater than zero, or if such Day is within the summer period, then the reduction in the monthly demand charge for such Day shall be zero; and

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- b) If the Market Point is upstream of the Storage Injection Point, and if such Day is within the winter period, then the reduction in the monthly demand charge for such Day shall be zero.

**8. MISCELLANEOUS PROVISIONS**

- 8.1 The General Terms and Conditions and the List of Tolls of TransCanada's Transportation Tariff as amended from time to time are applicable to this Toll Schedule and are hereby made a part hereof. If there is any conflict between the provisions of this Toll Schedule and the General Terms and Conditions, the provisions of this Toll Schedule shall prevail.
- 8.2 This Toll Schedule the List of Tolls and the General Terms and Conditions are subject to the provisions of the National Energy Board Act or any other legislation passed in amendment thereof or substitution therefor.

**Transportation Tariff**

STFT TOLL SCHEDULE

**SHORT TERM FIRM TRANSPORTATION SERVICE**

**TOLL SCHEDULE**

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**Transportation Tariff**

## STFT TOLL SCHEDULE

**1. DEFINITIONS**

1.1. For the purposes of the STFT Toll Schedule, the following terms shall be defined as:

- (a) "Available Short Term Capacity" shall have the meaning attributed to it in subsection 2.3;
- (b) "Block Period" shall have the meaning attributed to it in subsection 2.3;
- (c) "Maximum Daily Quantity" shall mean for any shipper the Maximum Daily Quantity set out on such shipper's bid or the Maximum Daily Quantity as amended by TransCanada pursuant to subsection 3.3(d);
- (d) "Minimum Daily Quantity" shall mean for any shipper the Minimum Daily Quantity set out on such shipper's bid;
- (e) "Posting Period" shall have the meaning attributed to it in subsection 3.2;
- (f) "Remaining Capacity" shall have the meaning attributed to it in subsection 2.3;
- (g) "Service Period" shall have the meaning attributed to it in subsection 2.3;
- (h) "STFT" shall mean Short Term Firm Transportation;
- (i) "STFT Allocation Price" shall mean the daily weighted average of the product obtained by multiplying the STFT Bid Percentage by the applicable Daily Demand Tolls for FT service for the requested term;
- (j) "STFT Bid Floor" shall have the meaning attributed to it in subsection 3.3(b);
- (k) "STFT Bid Percentage" shall have the meaning attributed to in subsection 3.3(b);
- (l) "STFT Contract" shall have the meaning attributed to it in subsection 2.1(a);
- (m) "STFT Price" shall have the meaning attributed to it in subsection 4.1;
- (n) "System Capacity" shall mean TransCanada's pipeline facilities and TransCanada's contractual entitlement on the pipeline systems of the Great Lakes Gas Transmission Limited Partnership, Union Gas Limited and Trans Quebec and Maritimes Pipeline Inc.;
- (o) "System Segment" shall have the meaning attributed to it in subsection 2.3;

**2. AVAILABILITY****2.1 Availability of Service**

Any Shipper shall be eligible to receive service pursuant to this STFT Toll Schedule provided such Shipper:

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## STFT TOLL SCHEDULE

- (a) has entered into a Short Term Firm Transportation service contract (the "STFT Contract") with TransCanada or has obtained an Order of the NEB, pursuant to subsection 71(2) of the National Energy Board Act, as amended from time to time ("71(2) Order"), requiring TransCanada to transport gas for Shipper subject to the provisions of this STFT Toll Schedule and to the terms and conditions contained in the 71(2) Order; and
- (b) has provided TransCanada with financial assurances as required by TransCanada pursuant to Section XXIII of the General Terms and Conditions referred to in Section 7 hereof.

**2.2 Facilities Construction Policy**

In order to provide service pursuant to this STFT Toll Schedule, TransCanada utilizes capacity available from its System Capacity. It is understood that TransCanada shall not construct additional facilities for the purpose of providing service hereunder.

**2.3 Capacity Available for STFT**

The total capacity available to Shippers under this STFT Toll Schedule shall be TransCanada's transportation capacity remaining, as determined by TransCanada in its sole discretion, after having made provision for all firm obligations with Shipper and all other Shippers (the "Remaining Capacity").

Remaining Capacity made available for Shippers under this STFT Toll Schedule shall be offered in respect of certain segments of TransCanada's System Capacity, each such segment being defined by reference to the receipt point and the delivery point or delivery area applicable thereto (a "System Segment"). Service under this STFT Toll Schedule shall be offered for a specific period of time (a "Service Period") which may consist of a specified number of days not less than seven (7) consecutive days, a separate monthly period or any combination of consecutive monthly periods (such combination of consecutive monthly periods hereinafter called a "Block Period"). TransCanada shall notify Shippers of the Remaining Capacity offered for each combination of System Segments and Service Periods (the "Available Short Term Capacity").

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## STFT TOLL SCHEDULE

**2.4 Short Term Availability Periods**

TransCanada, in its sole discretion, may offer Available Short Term Capacity in any combination of System Segments, for a specified number of days not less than seven (7) consecutive days, monthly periods and Block Periods for a period extending up to one (1) year less one (1) day.

**3. APPLICABILITY AND CHARACTER OF SERVICE****3.1 Definition of STFT Service**

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

**3.2 Notification of Available Short Term Capacity**

TransCanada may, in its sole discretion, at any time post on TransCanada's website Available Short Term Capacity for a period determined by TransCanada at the time of posting ("Posting Period"), provided however TransCanada will post on or before 16:00 hours CCT on the Day of posting and the Posting Period shall not be less than seventeen (17) consecutive hours from the time of posting.

Available Short Term Capacity shall be allocated in accordance with Section 3.3 hereunder.

### 3.3 Allocation of Available Short Term Capacity

#### (a) Shipper Bids

For each combination of System Segment and Service Period in which Shipper wishes to request service under this STFT Toll Schedule, Shipper shall submit a written bid to TransCanada's Contracts and Billing Department by telecopier or through TransCanada's electronic bulletin board during the bid period. No Shipper bid shall be accepted by TransCanada if received after the bid deadline specified in the posting of Available Short Term Capacity. Each Shipper bid shall be in the form of an Exhibit "A" Addendum to the STFT Contract, duly completed with the information described below and executed by Shipper.

Each Shipper bid shall contain the following information:

- Shipper name and address
- Shipper contact, telephone number and telecopier number
- System Segment for which bid is being made pursuant to subsection 3.3 (b)
- Receipt point and delivery point or delivery area
- Service Period
- Maximum Daily Quantity (in GJ)
- Minimum Daily Quantity pursuant to subsection 3.3 (c) (ii)
- STFT Bid Percentage determined pursuant to subsection 3.3 (b)
- A statement whether such bid is conditional on another STFT bid being accepted by TransCanada

Shipper must submit separate Shipper bids for each separate combination of System Segment and Service Period. Shipper shall be entitled to submit more than one Shipper bid for any combination of System Segment and Service Period, but Shipper bids for the same System Segment shall not have the same STFT Bid Percentage. Shipper shall not be entitled to submit multiple Shipper bids for any System Segment where the aggregate Maximum Daily Quantity of the multiple Shipper bids is greater than the Available Short Term Capacity being offered for that System Segment. Shipper bids which do not conform to these requirements shall be rejected and TransCanada shall be under no obligation to notify Shipper of any such rejection or to provide Shipper with any opportunity to correct or complete its Shipper bid.

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## STFT TOLL SCHEDULE

**(b) STFT Bid Percentage**

The bid floor for Available Short Term Capacity under this STFT Toll Schedule shall be a percentage determined by TransCanada in its sole discretion and posted by TransCanada from time to time on TransCanada's website ("STFT Bid Floor"). Provided however, the STFT Bid Floor shall not be less than 100 percent of the Daily Demand Toll for FT service over the applicable System Segment listed in the List of Tolls referred to in Section 7 hereof in effect at the time service is provided for the Service Period and/or Block Period determined by TransCanada.

Bids for Available Short Term Capacity shall be expressed as a percentage of the Daily Demand Toll for FT service in effect at the time service is provided. Bids shall not be less than the STFT Bid Floor for the applicable System Segment and shall be subject to minimum increments of 0.01% per bid (each a "STFT Bid Percentage").

Bids for Available Short Term Capacity must identify the System Segment offered by TransCanada for which the Shipper is bidding. The Shipper's requested receipt point and delivery point for Available Short Term Capacity must be contained wholly within the requested System Segment.

**(c) Allocation of Available Short Term Capacity**

All Available Short Term Capacity for each combination of System Segment and Service Period offered by TransCanada shall be allocated among Shipper bids pursuant to this STFT Toll Schedule and Shipper bids pursuant to the ST-SN Toll Schedule. For purposes of allocation hereunder the ST-SN Allocation Price as defined in ST-SN Toll Schedule for bids for service pursuant to the ST-SN Toll Schedule shall be divided by 1.1. Such allocation process is as follows:

- (i) Subject to subsection 3.3(c)(ii), for all Shipper bids for System Segments which compete for the same capacity and:
  - A. have the same Service Period, TransCanada shall rank Shipper bids in descending order from the highest to lowest STFT Allocation Price and TransCanada shall allocate Available Short Term Capacity to the Shipper bids resulting in the highest aggregate transportation revenue; or

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## STFT TOLL SCHEDULE

- B. have a different Service Period, for each different Service Period, TransCanada shall rank Shipper bids Available Short Term Capacity in descending order from the highest to lowest STFT Allocation Price and TransCanada shall allocate Available Short Term Capacity to the Shipper bids resulting in the highest aggregate transportation revenue.
- (ii) If 2 or more Shipper bids result in the same aggregate transportation revenue and the Available Short Term Capacity is not sufficient to provide service for the quantities requested in such Shipper bids, the Available Short Term Capacity shall be allocated pro-rata among such Shipper bids.

If such pro-rata share falls below the Minimum Daily Quantity specified by a Shipper in its Shipper bid, such pro-rata share allocated shall be deemed to be rejected, and TransCanada will reallocate among the remaining Shipper bids.

(d) **Notification to Shippers**

Within three (3) Banking Days of the end of any applicable bid period for Available Short Term Capacity TransCanada shall notify, in the manner set forth in the STFT of ST-SN Contract or through TransCanada's electronic bulletin board, all Shippers who have been allocated any of the Available Short Term Capacity. The daily capacity allocated to each Shipper shall be such Shipper's allocated Maximum Daily Quantity. If Shipper is allocated service hereunder, TransCanada will, if necessary, and is hereby authorized to, amend the Exhibit "A" Addendum submitted by Shipper as its Shipper bid to reflect the allocation of Available Short Term Capacity to such Shipper. The Exhibit "A" Addendum shall then be executed by TransCanada and forwarded to Shipper. Each executed Exhibit "A" Addendum shall be binding on TransCanada and Shipper.

**Transportation Tariff**

## STFT TOLL SCHEDULE

**4. MONTHLY BILL****4.1 Transportation Service**

The monthly bill payable by Shipper to TransCanada for transportation service hereunder shall be equal to the STFT Bid Percentage set out in each Exhibit "A" Addendum multiplied by the Daily Demand Toll for FT service in effect at the time the service is provided ("STFT Price"), multiplied by Shipper's STFT allocated Maximum Daily Quantity and the number of days of STFT Service during the month. These transportation service charges are payable by Shipper notwithstanding any failure by Shipper during such month, for any reason whatsoever, including force majeure or Default by Shipper under subsection 3.1 hereof, to deliver Shipper's Receipt Volume to TransCanada at the receipt point.

**4.2 Delivery Pressure Service**

Shipper shall also pay monthly to TransCanada a charge for delivery pressure provided that deliveries hereunder are made to a delivery point at which a charge for delivery pressure has been approved by the NEB (and set forth in the List of Tolls referred to in Section 8 hereof). The monthly delivery pressure charge at each such delivery point shall be the product of the applicable Delivery Pressure Daily Demand Toll and the total of Shipper's quantities to be delivered hereunder at that delivery point during such month determined as the STFT allocated Maximum Daily Quantity multiplied by the number of days of STFT Service during such month. The said delivery pressure demand charge is payable by Shipper notwithstanding any failure by Shipper during such month, for any reason whatsoever including force majeure or a Default by Shipper under subsection 3.1 hereof, to deliver Shipper's Authorized Quantity to TransCanada at the receipt point.

4.3 Each month, Shipper shall pay the Union Dawn Receipt Point Surcharge for service from the Union Dawn Receipt Point.

**4.4 Fuel**

For each month, Shipper shall provide, on a daily basis, a quantity of fuel based on a monthly fuel ratio to be established by TransCanada from time to time.

**Transportation Tariff**

STFT TOLL SCHEDULE

**5. TRANSPORTATION AND DELIVERY PRESSURE CHARGE ADJUSTMENTS****5.1 Transportation Charge Adjustments**

If during any day, TransCanada fails to deliver the quantity of gas requested by Shipper up to the Maximum Daily Quantity, for any reason related solely to TransCanada's operations, including an event of force majeure occurring on any of the pipeline systems of TransCanada, Great Lakes Gas Transmission Company, Union Gas Limited, and Trans Quebec & Maritimes Pipeline Inc., then the transportation service charges payable pursuant to subsection 4.1 hereof shall be reduced by an amount equal to the STFT Price multiplied by the difference between the quantity of gas which TransCanada actually delivered to Shipper on such day, and the quantity of gas which such Shipper in good faith nominated for delivery on such day.

**5.2 Delivery Pressure Charge Adjustments**

For any day on which transportation service charges are adjusted pursuant to subsection 5.1 above, the delivery pressure charge payable by Shipper pursuant to subsection 4.2 hereof shall also be adjusted. The delivery pressure charge shall be reduced by an amount equal to the applicable Daily Equivalent Delivery Pressure Demand Toll multiplied by the difference between the quantity of gas which TransCanada actually delivered to Shipper on such day and the quantity which such Shipper in good faith nominated for delivery on such day.

**5.3 Shipper's Receipt or Delivery Failure**

If TransCanada refuses to accept deliveries of Shipper's gas or curtails receipts from or deliveries to Shipper pursuant to subsection 1(b) of Section II of the General Terms and Conditions, then there shall be no corresponding reduction in transportation service or delivery pressure charges to Shipper.

**6. ASSIGNMENTS**

6.1 Assignments of any STFT Contracts into which this STFT Toll Schedule is incorporated are expressly prohibited without TransCanada's prior written consent.

**Transportation Tariff**STFT TOLL SCHEDULE

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**7. MISCELLANEOUS PROVISIONS**

- 7.1 The General Terms and Conditions and the List of Tolls of TransCanada's Transportation Tariff, as amended from time to time, are applicable to this STFT Toll Schedule and are hereby made a part hereof. If there is any conflict between the provisions of this STFT Toll Schedule and the General Terms and Conditions, the provisions of this STFT Toll Schedule shall prevail.
- 7.2 This STFT Toll Schedule, the List of Tolls and the General Terms and Conditions are subject to the provisions of the *National Energy Board Act* or any other legislation passed in amendment thereof or substitution therefor.

**NON RENEWABLE FIRM TRANSPORTATION SERVICE**

**FT-NR TOLL SCHEDULE**

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**Transportation Tariff**

FT-NR TOLL SCHEDULE

**1. AVAILABILITY****1.1 Availability of Service**

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

- (a) has entered into a Non-Renewable Firm Transportation Service Contract with TransCanada having a minimum term of one (1) year; or has obtained an Order of the NEB, pursuant to subsection 71(2) of the National Energy Board Act as amended from time to time ("71(2) Order"), requiring TransCanada to transport gas for Shipper subject to the provisions of this Toll Schedule and to the terms and conditions contained in the 71(2) Order; and
- (b) has pipeline facilities interconnecting with TransCanada's facilities at the delivery point(s) specified in the Contract, or which has provided TransCanada with adequate assurances that arrangements have been made to have an authorized gas distribution or transmission company act as Shipper's agent in receiving from TransCanada the gas to be delivered pursuant to this Toll Schedule; and
- (c) has provided TransCanada with financial assurances as required by TransCanada pursuant to Section XXIII of the General Terms and Conditions referred to in Section 10 hereof.

**1.2 Capacity Available for FT-NR**

Capacity made available for Shippers under this Toll Schedule is capacity that is available on a firm basis for a specific period of time as a result of:

- (a) such capacity being previously contracted to other Shippers to commence on a future specified date; or
- (b) TransCanada determines in its sole discretion that such capacity may not be available after such future specified date.

This capacity shall be offered in respect of certain segments of TransCanada's Combined Capacity, each such segment being defined by reference to the receipt point and the delivery point or delivery area applicable thereto.

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**2. APPLICABILITY AND CHARACTER OF SERVICE**

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

**3. MONTHLY BILL**

- 3.1 The monthly bill payable to TransCanada for service hereunder shall include the demand charge in effect during the billing month for transportation service and, where applicable, for delivery pressure service and the Union Dawn Receipt Point Surcharge shall be calculated by applying, as follows, the applicable tolls as approved by the NEB (as set forth in the List of Tolls referred to in Section 10 hereof):

**(a) Demand Charge**

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

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**(b) Delivery Pressure Service**

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

**(c) Union Dawn Receipt Point Surcharge**

Each month, Shipper shall pay the Union Dawn Receipt Point Surcharge for service from the Union Dawn Receipt Point notwithstanding any failure by Shipper during such month, for any reason whatsoever including force majeure or a default by Shipper under subsection 2.1 hereof, to deliver Shipper's Authorized Quantity to TransCanada at the Union Dawn Receipt Point.

**(d) Fuel**

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

**4. MINIMUM BILL**

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

**5. DEMAND CHARGE ADJUSTMENTS**

- 5.1 If during any day, TransCanada fails to deliver the quantity of gas requested by Shipper up to the Contract Demand, for any reason related solely to TransCanada's operations, including an event of Force Majeure occurring on any of the pipeline systems of TransCanada, Great Lakes Gas Transmission Company ("GLGT"), Union Gas Limited ("Union") and Trans Quebec & Maritimes Pipeline Inc. ("TQM"), then the monthly

**Transportation Tariff**FT-NR TOLL SCHEDULE

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demand charge shall be reduced by an amount equal to the applicable FT Daily Demand Toll multiplied by the difference between the quantity of gas which TransCanada actually delivered to Shipper on such day, and the quantity of gas which such Shipper in good faith nominated hereunder on such day. If TransCanada refuses to accept deliveries of Shipper's gas or curtails receipts from or deliveries to Shipper pursuant to Section 8 (Energy Imbalance Recovery) of Section XXII of the General Terms and Conditions, then there shall be no corresponding reduction in the monthly demand charge to Shipper. Notwithstanding the foregoing, if the quantity of gas which TransCanada fails to deliver is the subject of an accepted nomination for a Diversion and/or an Alternate Receipt, then TransCanada shall only be obligated to reduce the monthly demand charge if such Diversion and/or such Alternate Receipt is of the nature described in subsection (e)(ii) in Section XV of the General Terms and Conditions and in all other cases there shall be no reduction in the monthly demand charge.

- 5.2 For any day on which transportation service charges are adjusted pursuant to subsection 5.1 above, the Union Dawn Receipt Point Surcharge payable by Shipper pursuant to subsection 3.1(c) hereof shall also be adjusted. Such surcharge shall be reduced by an amount equal to the applicable Union Dawn Receipt Point Daily Demand Toll multiplied by the difference between the quantity of gas which TransCanada actually transported from the Union Dawn Receipt Point on such day and the quantity which such Shipper in good faith nominated for transport on such day.

**6. ALTERNATE RECEIPT AND DIVERSION OF GAS**

- 6.1 (a) TransCanada may in its sole discretion determine and post on its website from time to time the eligible Alternate Receipt and/or Diversion point(s) or delivery area(s) for System Segments.
- (b) Subject to the provisions herein, Shipper shall have the right to nominate an Alternate Receipt and/or a Diversion under Shipper's Contract in the manner provided herein. Provided however, Shipper shall not be entitled to nominate an Alternate Receipt and/or a Diversion from/to a point or delivery area unless such Alternate Receipt and/or Diversion point or delivery area has been posted by TransCanada pursuant to Section 6.1(a) hereof for the applicable System Segment and is within the Shipper's contract path as defined by the receipt point and delivery point specified in the Shipper's Contract.

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- (c) The aggregate of all nominations for delivery hereunder shall not exceed the Contract Demand under Shippers Contract.
- (d) For the purpose of Section XVI of the General Terms and Conditions, Alternate Receipts and Diversions shall be equivalent to service under an STS Contract.
- 6.2 Any nomination by Shipper for an Alternate Receipt and/or a Diversion under Shipper's Contract must be received by TransCanada's Gas Control Department in Calgary at the time specified pursuant to Section XXII of the General Terms and Conditions.
- 6.3 TransCanada shall have the right to not accept a nomination made pursuant to subsection 6.2 hereof or to accept only a portion of the quantities so nominated if the Alternate Receipt and/or Diversion nominated would negatively impact TransCanada's ability to provide those transportation services which, pursuant to Section XV of the General Terms and Conditions, have a priority of service which is higher than that of the Alternate Receipt and/or the Diversion nominated by Shipper or if such Alternate Receipt and/or Diversion would otherwise be immediately curtailed pursuant to subsection (c) of Section XV of the General Terms and Conditions. TransCanada shall have the right to curtail Alternate Receipts and/or Diversions in accordance with Section XV of the General Terms and Conditions.
- 6.4. **Alternate Receipt and Diversions Return Home**
- In the event that TransCanada does not accept a nomination for an Alternate Receipt and/or a Diversion pursuant to subsections 6.2 and 6.3 hereof, or accepts only a portion of the quantity so nominated, then TransCanada shall exercise reasonable efforts to allow Shipper to renominate the receipt point and/or delivery point or delivery area specified in Shipper's Contract. TransCanada shall have the right to reject any such renomination, or to accept only a portion of the quantity so renominated, if the renomination would negatively impact any other authorized transportation service.

**Transportation Tariff**FT-NR TOLL SCHEDULE

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In any event, Shipper shall pay the Daily Demand Toll based on the receipt point and delivery point or area specified in Shipper's Contract for the entire quantity set out in an Alternate Receipt and/or a Diversion nomination which was rejected by TransCanada pursuant to subsection 6.3 hereof.

- (a) In addition to the charges payable pursuant to subsection 3.1(a) and (d) above, Shipper shall pay TransCanada for all Alternate Receipts and Diversions, a charge equal to the aggregate of:
  - (i) the product obtained by multiplying the amount, if any, by which the Daily Demand Toll, applicable from the Alternate Receipt point to the delivery point or delivery area specified in Shipper's Contract, exceeds the applicable Daily Demand Toll from the receipt point to the delivery point or area which are specified in Shipper's Contract, by shipper's Authorized Quantity; and
  - (ii) the product obtained by multiplying the amount, if any, by which the Daily Demand Toll, applicable from the receipt point specified in the Shipper's Contract to the Diversion point, exceeds the applicable Daily Demand Toll from the receipt point to the delivery point or area which are specified in Shipper's Contract, by Shipper's Authorized Quantity.
  
- (b) If the gas is diverted hereunder to a Delivery Point at which a delivery pressure charge has been approved by the NEB and no delivery pressure charge exists for the Delivery Point specified in Shipper's Contract, then Shipper shall pay TransCanada, in addition to the charges provided above, an amount equal to the applicable Delivery Pressure Toll multiplied by Shipper's total Diversion quantity at such Delivery Point for such month (a "Point Diversion Delivery Pressure Charge"). If a delivery pressure charge exists at the delivery point specified in Shipper's Contract, then Shipper shall pay TransCanada, in addition to the delivery pressure charge described in subsection 3.1(b) above, an amount (a "Point Diversion Delivery Charge") equal to the product obtained by multiplying Shipper's total Diversion quantity at the delivery point which is the subject of the Diversion multiplied by that amount, if any, by which the Delivery Pressure Toll at the delivery point which is the subject of the Diversion exceeds the delivery pressure toll at the delivery point specified in Shipper's Contract.

**Transportation Tariff**FT-NR TOLL SCHEDULE

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

- (c) If Shipper nominates Union Dawn Receipt Point as an Alternate Receipt point, then Shipper shall pay to TransCanada, in addition to any other applicable charges, the Union Dawn Receipt Point Surcharge for service from the Union Dawn Receipt Point.

**7. ASSIGNMENT**

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

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

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

**8. RENEWAL RIGHTS**

8.1 Shipper shall not be entitled to renew any Non-Renewable Firm Transportation Service Contract or any portion of service thereunder.

**Transportation Tariff**

FT-NR TOLL SCHEDULE

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

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

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

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

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

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

as the case may be:

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

(c) the Union Dawn Receipt Point Monthly Surcharge, provided however:

- (i) if Shipper temporarily changes all or a portion of its Contract Demand from the Union Dawn Receipt Point to any other Receipt Point, the Contract Demand for the purposes of determining the Union Dawn Receipt Point Surcharge shall be Shipper's original Contract Demand at

**Transportation Tariff**FT-NR TOLL SCHEDULE

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the Union Dawn Receipt Point notwithstanding any temporary changes of all or a portion of such Contract Demand to any other Receipt Point; and

- (ii) if Shipper temporarily changes all or a portion of its Contract Demand from a Receipt Point other than the Union Dawn Receipt Point to the Union Dawn Receipt Point, the Contract Demand for the purposes of determining the Union Dawn Receipt Point Surcharge shall be the portion of such Contract Demand temporarily changed to the Union Dawn Receipt Point.

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

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

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

**10. MISCELLANEOUS PROVISIONS**

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

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

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

**FIRM TRANSPORTATION SHORT NOTICE SERVICE**

**FT-SN TOLL SCHEDULE**

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**Transportation Tariff**

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**FT-SN TOLL SCHEDULE****1. AVAILABILITY**

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

- (a) Shipper has entered into a Firm Transportation Short Notice (FT-SN) Service Contract (the "Contract") with TransCanada having a minimum term of 1 year; or has obtained an Order of the NEB, pursuant to subsection 71(2) of the National Energy Board Act as amended from time to time ("71(2) Order"), requiring TransCanada to transport gas for Shipper subject to the provisions of this Toll Schedule and to the terms and conditions contained in the 71(2) Order; and
- (b) Shipper has pipeline facilities interconnecting with TransCanada's facilities at the delivery point specified in the Contract, or has provided TransCanada with adequate assurances that arrangements have been made to have an authorized gas distribution or transmission company act as Shipper's agent in receiving from TransCanada the gas to be delivered pursuant to this Toll Schedule;
- (c) the delivery point specified in the Contract has flow control facilities that are operated by TransCanada;
- (d) the delivery point specified in the Contract is in a distributor delivery area or is an export delivery point that is available only for transportation service pursuant to Short Notice Service; and
- (e) Shipper has provided TransCanada with financial assurances as required by TransCanada pursuant to Section XXIII of the General Terms and Conditions referred to in Section 11 hereof.

**1.2 Facilities Construction Policy**

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

**Transportation Tariff**

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**FT-SN TOLL SCHEDULE**

use all reasonable efforts to enable it to increase the Combined Capacity to the extent necessary provided that:

- (a) there is reasonable expectation of a long term requirement for the increase in the Combined Capacity;
- (b) the NEB approves the additional facilities and/or transportation services necessary to increase the Combined Capacity; and
- (c) the availability provisions of subsection 1.1 hereof are satisfied with respect to the Requested Service.

**2. APPLICABILITY AND CHARACTER OF SERVICE**

- 2.1 On each Day during the term of the Contract, Shipper shall be entitled to request service for a quantity of gas equal to or less than the Contract Demand less any quantity of gas nominated for such Day for a Diversion and/or Alternate Receipt (Shipper's "Reservation Entitlement") hereunder. Nominations for service shall be made pursuant to Section XXII of the General Terms & Conditions. Service hereunder shall not be subject to curtailment or interruption except as provided in Section XI and Section XIV of the General Terms and Conditions; provided however, that if Shipper fails to provide on an ongoing and timely basis to TransCanada satisfactory evidence of its right to remove from the province of production all or any part of the quantities of gas to be transported by TransCanada under the Contract, Shipper shall be in default hereunder (the "Default") to the extent of the daily quantity not authorized for removal from the province of production as aforesaid (the "Default Quantity"), and TransCanada shall be entitled to immediately suspend service for a quantity up to, and including, the Default Quantity until such time as Shipper remedies the Default. TransCanada shall terminate any such suspension and resume service as to that part of the Default Quantity in respect of which the Default has been remedied.
- 2.2 Shipper shall not, without TransCanada's consent, deliver gas to the receipt point or receive gas from the delivery point, each as specified in the Contract, at an hourly rate of flow in excess of five percent (5%) of Reservation Entitlement.

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FT-SN TOLL SCHEDULE**3. MONTHLY BILL**

3.1 The monthly bill payable to TransCanada for service hereunder shall include the demand charge in effect during the billing month for transportation service and, where applicable, for delivery pressure service and the Union Dawn Receipt Point Surcharge and shall be calculated by applying, as follows, the applicable tolls as approved by the NEB (as set forth in the List of Tolls referred to in Section 10 hereof):

**(a) Demand Charge**

For each month, the demand charge for transportation service shall be equal to the applicable monthly FT-SN Demand Toll multiplied by Shipper's Contract Demand. If Shipper's Contract Demand changes during a month, then a weighted average daily Contract Demand shall be determined for such month and shall be used to calculate the demand charge for such month. The said demand charge is payable by Shipper notwithstanding any failure by Shipper during such month, for any reason whatsoever including force majeure or a Default by Shipper under subsection 2.1 hereof, to deliver quantities of gas authorized to TransCanada at the receipt point.

**(b) Delivery Pressure Service**

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

**Transportation Tariff**

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**FT-SN TOLL SCHEDULE****(c) Union Dawn Receipt Point Surcharge**

Each month, Shipper shall pay the Union Dawn Receipt Point Surcharge for service from the Union Dawn Receipt Point notwithstanding any failure by Shipper during such month, for any reason whatsoever including force majeure or a default by Shipper under subsection 2.1 hereof, to deliver Shipper's Authorized Quantity to TransCanada at the receipt point.

**(d) Fuel**

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

**4. MINIMUM BILL**

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

**5. DEMAND CHARGE ADJUSTMENTS**

- 5.1 If during any Day, TransCanada fails to deliver the quantity of gas requested by Shipper up to the Contract Demand, for any reason related solely to TransCanada's operations, including an event of force majeure occurring on any of the pipeline systems of TransCanada, Great Lakes Gas Transmission Company ("GLGT"), Union Gas Limited ("Union") and Trans Québec & Maritimes Pipeline Inc. ("TQM"), then the monthly demand charge shall be reduced by an amount equal to the applicable Daily Demand Toll multiplied by the difference between the quantity of Reservation Entitlement that Shipper would otherwise have, and the Reservation Entitlement for such Day. If TransCanada refuses to accept deliveries of Shipper's gas or curtails receipts from or deliveries to Shipper pursuant to Paragraph 8 (Energy Imbalance Recovery) of Section XXII of the General Terms and Conditions, then there shall be no corresponding reduction in the monthly demand charge to Shipper. Notwithstanding the foregoing, if the quantity of gas which TransCanada fails to deliver is the subject of an accepted nomination for a Diversion and/or an Alternate Receipt, then TransCanada shall only be

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FT-SN TOLL SCHEDULE

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obligated to reduce the monthly demand charge if such Diversion is a Diversion and/or such Alternate Receipt is of the nature described in subsection (e)(ii) in Section XV of the General Terms and Conditions and in all other cases there shall be no reduction in the monthly demand charge.

- 5.2 For any day on which transportation service charges are adjusted pursuant to subsection 5.1 above, the Union Dawn Receipt Point Surcharge payable by Shipper pursuant to subsection 3.1(c) hereof shall also be adjusted. Such surcharge shall be reduced by an amount equal to the applicable Union Dawn Receipt Point Daily Demand Toll multiplied by the difference between the quantity of gas which TransCanada actually transported from the Union Dawn Receipt Point on such day and the quantity which such Shipper in good faith nominated for transport on such day.

## 6. ALTERNATE RECEIPT AND DIVERSION OF GAS

- 6.1 (a) TransCanada may in its sole discretion determine and post on its website from time to time the eligible Alternate Receipt and/or Diversion point(s) or delivery area(s) for System Segments.
- (b) Subject to the provisions herein, Shipper shall have the right to nominate an Alternate Receipt and/or Diversion under Shipper's Contract in the manner provided herein. Provided however, Shipper shall not be entitled to nominate an Alternate Receipt and/or a Diversion from/to a point or delivery area unless such Alternate Receipt and/or Diversion point or delivery area has been posted by TransCanada pursuant to Section 6.1(a) hereof for the applicable System Segment and is within the Shipper's contract path as defined by the receipt point and delivery point specified in the Shipper's Contract.
- (c) The aggregate of all nominations for delivery under this toll schedule shall not exceed the Contract Demand under Shippers Contract.
- (d) For the purpose of Section XVI of the General Terms and Conditions, Alternate Receipts and Diversions shall be equivalent to service under an STS Contract.

**Transportation Tariff**

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**FT-SN TOLL SCHEDULE**

- 6.2 Any nomination by Shipper for an Alternate Receipt and/or a Diversion under Shipper's Contract must be received by TransCanada's Gas Control Department in Calgary at the time specified pursuant to Section XXII of the General Terms and Conditions.
- 6.3 TransCanada shall have the right to not accept a nomination made pursuant to subsection 6.2 hereof or to accept only a portion of the quantities so nominated if the Alternate Receipt and/or Diversion requested would negatively impact TransCanada's ability to provide those transportation services which, pursuant to Section XV of the General Terms and Conditions, have a priority of service which is higher than that of the Alternate Receipt and/or Diversion nominated by Shipper or if such Alternate Receipt and/or Diversion would otherwise be immediately curtailed pursuant to subsection (c) of Section XV of the General Terms and Conditions. TransCanada shall have the right to curtail Alternate Receipts and/or Diversions in accordance with Section XV of the General Terms and Conditions.
- 6.4 **Alternate Receipts and Diversions Return Home**

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

- (a) In addition to the charges payable pursuant to Section 3.1(a), (b) and (c) above, Shipper shall pay TransCanada for all Alternate Receipts and Diversions, a charge equal to the aggregate of:
- (i) the product obtained by multiplying the amount, if any, by which the FT Daily Demand Toll, applicable from the Alternate Receipt point to the delivery point or area specified in Shipper's Contract, exceeds the applicable FT Daily Demand Toll from the receipt point to the delivery

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FT-SN TOLL SCHEDULE

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point or area which are specified in Shipper's Contract by Shippers Authorized Quantity, and

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

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

- (c) If Shipper nominates Union Dawn Receipt Point as an Alternate Receipt point, then Shipper shall pay to TransCanada, in addition to any other applicable charges, the Union Dawn Receipt Point Surcharge for service from the Union Dawn Receipt Point.

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**FT-SN TOLL SCHEDULE****7. ASSIGNMENT**

- 7.1 Any company which shall succeed by purchase, merger or consolidation to the properties, substantially or in entirety, of Shipper or of TransCanada, as the case may be, shall be entitled to the rights and shall be subject to the obligations of its predecessor in title under any Contract into which this Toll Schedule is incorporated and any related contracts. Further, either Shipper or TransCanada may, without relieving itself of its obligations under any Contract into which this Toll Schedule is incorporated (unless consented to by the other party which consent shall not be unreasonably withheld), assign any of its rights and obligations thereunder to another party. Nothing herein shall in any way prevent either party to such Contract from pledging or mortgaging its rights thereunder as security for its indebtedness. Such Contract shall be binding upon and shall inure to the benefit of the respective successors and assigns of the parties thereto. No assignment hereunder in respect of a service which has already resulted in a reduction of the affected distributor's Contract Demand shall entitle such distributor to any further reduction in its Contract Demand.
- 7.2 Assignments at a discount negotiated between assignors and assignees are permitted, provided that the approved toll continues to be paid to TransCanada.
- 7.3 Prior to the effective date of any assignment of any Contract subject to subsection XXIII(3)(b) of the General Terms and Conditions of TransCanada's Tariff, assignee shall as requested by TransCanada, execute an assignment of any related Financial Assurances Agreements (as defined in subsection 4.4(c)(ii) of the Transportation Access Procedure) or execute a new Financial Assurances Agreement.
- 7.4 Save as herein provided, assignments of any Contracts into which this Toll Schedule is incorporated are expressly prohibited.

**8. RENEWAL RIGHTS**

- 8.1 Subject to Sections 8.4, 8.5, 8.6, 8.7 and 8.8 and pursuant to any Contract into which this FT-SN Toll Schedule is incorporated and which Contract has been determined by TransCanada to be serving a long term market, and subject to the following conditions, Shipper shall have the option (the "Renewal Option") of extending the existing term (the "Existing Term") of the Contract for a period of no less than one (1) year (the "Renewal Term") and revising the Contract Demand to a level no greater than the Contract

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FT-SN TOLL SCHEDULE

Demand set out in the Contract (the "Renewal OD") provided that the following conditions are met:

- (a) TransCanada receives written notice from Shipper of Shipper's election to exercise the Renewal Option which sets out the term and Contract Demand of such renewal (the "Renewal Provisions") no less than six (6) months before the termination date which would otherwise prevail under the Contract; and
- (b) Shipper supplies TransCanada at the time of such notice with evidence satisfactory to TransCanada that Shipper will meet the availability provisions of the FT-SN Toll Schedule in respect of the Renewal Provisions prior to the commencement of the Renewal Term.

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

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

- (c) Notwithstanding Sections 8.1(a), 8.1(b) and 8.2, TransCanada may in its sole discretion reject the exercise by Shipper of any Renewal Option to extend the Existing Term of a Contract if Shipper:
  - (i) exercises the Renewal Option more than seven (7) months prior to the termination date of the Existing Term; and/or
  - (ii) requests a Renewal Term of more than one (1) year.

**Transportation Tariff**

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**FT-SN TOLL SCHEDULE**

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

- (a) the Contract Demand set out in the Contract shall be revised to the level specified in the Renewal Provisions, effective as of the commencement of the Renewal Term; and
- (b) the term of the Contract shall be extended to that specified in the Renewal Provisions, effective as of the expiry of the Existing Term.

8.3 All renewals shall be stated in GJ.

8.4 If at any time TransCanada determines that:

- (a) additional costs may be required for Mainline facilities; or
- (b) Mainline facilities may be used for other purposes;

TransCanada may provide an Early Renewal Notice as provided in Section 8.5, to Shippers whose Contract Demand, if not renewed, could be utilized to reduce such additional costs as referred to in Section 8.4(a), or to determine the appropriate facilities that may be used for other purposes as referred to in Section 8.4(b), such Shippers to be determined by TransCanada in its sole discretion.

8.5 An Early Renewal Notice shall include:

- (a) Contract number;
- (b) Contract Demand;
- (c) receipt point;
- (d) delivery point;
- (e) expiry date of the Existing Term;
- (f) a description of the additional costs as referred to in Section 8.4(a) or other use of facilities as referred to in Section 8.4(b);

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FT-SN TOLL SCHEDULE

- (g) the date upon which TransCanada requires a response to its Early Renewal Notice (“Response Date”), which date shall be at least 30 days from the date of the Early Renewal Notice;
  - (h) the latest date, as determined by TransCanada in its sole discretion, to which a Shipper who has not exercised an Early Long Term Renewal Option as described in Section 8.5(i) may extend all or a portion of its Contract Demand (“Final Renewal Termination Date”);
  - (i) the earliest termination date, as determined by TransCanada in its sole discretion (the “Early Long Term Renewal Option Date”), to which Shipper must extend all or a portion of its Contract Demand in order to retain that capacity subject to a further Renewal Right as provided in Section 8.1 (“Early Long Term Renewal Option”), which date shall not be greater than: (i) ten (10) years from the Final Renewal Termination Date for Contracts with a receipt point west of Emerson and a delivery point east of, but not including, Emerson; or (ii) fifteen (15) years from the Final Renewal Termination Date for all other Contracts.
- 8.6 Shipper’s response shall state whether it is electing the Early Long Term Renewal Option and, if so, the date Shipper intends for its Contract to terminate on or after the Early Long Term Renewal Option Date.
- 8.7 If Shipper does not respond by the Response Date, Shipper shall be deemed not to have exercised the Early Long Term Renewal Option.
- 8.8 If Shipper does not exercise the Early Long Term Renewal Option:
- (a) For any Contract with an Existing Term that expires prior to the Final Renewal Termination Date, Shipper may renew its Contract for all or a portion of its Contract Demand pursuant to Section 8.1, up to the Final Renewal Termination Date provided in the Early Renewal Notice; or
  - (b) For any Contract with an Existing Term that expires after the Final Renewal Termination Date, such Contract shall expire at the end of the Existing Term and Section 8.1 shall no longer apply.

**Transportation Tariff**

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**FT-SN TOLL SCHEDULE****9. TEMPORARY RECEIPT AND/OR DELIVERY POINT**

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

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

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

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

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

as the case may be;

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

(c) the Union Dawn Receipt Point Monthly Surcharge, provided however:

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FT-SN TOLL SCHEDULE

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- (i) if Shipper temporarily changes all or a portion of its Contract Demand from the Union Dawn Receipt Point to any other Receipt Point, the Contract Demand for the purposes of determining the Union Dawn Receipt Point Surcharge shall be Shipper's original Contract Demand at the Union Dawn Receipt Point notwithstanding any temporary changes of all or a portion of such Contract Demand to any other Receipt Point; and
  - (ii) if Shipper temporarily changes all or a portion of its Contract Demand from a Receipt Point other than the Union Dawn Receipt Point to the Union Dawn Receipt Point, the Contract Demand for the purposes of determining the Union Dawn Receipt Point Surcharge shall be the portion of such Contract Demand temporarily changed to the Union Dawn Receipt Point.
- 9.4 The demand charges set out in subsections 9.3 a), b) and c) above are payable by Shipper notwithstanding any failure by Shipper during such month, for any reason whatsoever, including force majeure or a Default by Shipper under subsection 2.1 hereof, to deliver Shipper's Receipt Gas to TransCanada at the temporary receipt point.
- 9.5 Shipper shall pay for or provide, on a daily basis, a quantity of fuel based on the applicable monthly fuel ratio established by TransCanada for transportation for the quantity of gas delivered after giving effect to the temporary receipt and/or delivery point.
- 9.6 Upon acceptance by TransCanada of Shipper's request for a temporary receipt or delivery point, transportation service hereunder shall be firm in accordance with subsection 2.1 of this FT-SN Toll Schedule.

**10. MISCELLANEOUS PROVISIONS**

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

**Transportation Tariff**

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**FT-SN TOLL SCHEDULE**

- 10.2 This Toll Schedule, the List of Tolls and the General Terms and Conditions are subject to the provisions of the National Energy Board Act or any other legislation passed in amendment thereof or substitution therefor.
- 10.3 This Toll Schedule together with the provisions of the General Terms and Conditions supercedes and replaces all previous Toll Schedules applicable to the Contract.

**SHORT NOTICE BALANCING SERVICE  
(SNB) TOLL SCHEDULE**

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**1. DEFINITIONS**

1.1 For the purposes of this SNB Toll Schedule the following terms shall be defined as follows:

- (a) "Combined Capacity" shall mean capacity available from TransCanada's gas transmission system and TransCanada's firm transportation entitlement on the Great Lakes Gas Transmission Company system, the Union Gas Limited system, and the Trans Quebec & Maritimes Pipeline Inc. system;
- (b) "Contract" shall mean an SNB Contract;
- (c) "Contract Quantity" shall mean the quantity authorized by TransCanada pursuant to the Transportation Access Procedures of TransCanada's Transportation Tariff for service pursuant to this SNB Toll Schedule which shall not exceed the Contract Demand of the FT-SN Contract;
- (d) "Contract Term" shall mean the term of the Contract which shall not to be less than 1 year in length;
- (e) "Deposit" shall mean the quantity expressed in GJs nominated by Shipper as a credit to Shipper's SNB Account;
- (f) "FT-SN Contract" shall mean Shipper's executed Firm Transportation Short Notice Contract that is identified in Exhibit "A" of the Contract;
- (g) "Renewal Option" shall have the meaning attributed to it in sub-section 6.1 herein;
- (h) "Renewal Term" shall have the meaning attributed to it in sub-section 6.1 herein;
- (i) "SNB Account" shall mean the account that holds the cumulative balance of Withdrawals and Deposits beginning from the Date of Commencement specified in the Contract where the absolute value of the cumulative balance of the SNB Account shall not at any time exceed 50% of the Contract Quantity;
- (j) "SNB Demand Toll" shall mean the applicable monthly demand toll as approved by the NEB and as set forth in the List of Tolls referred to in Section 8 herein; and
- (k) "Withdrawal" shall mean the quantity expressed in GJs nominated by Shipper as a debit from Shipper's SNB Account;

**2. AVAILABILITY**

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

- (a) there is only 1 FT-SN Contract identified in Exhibit "A" of the Contract and such FT-SN Contract is not identified in any other Contract; and
- (b) Shipper:
  - (i) has entered into a Contract with TransCanada or, has obtained a 71(2) Order requiring TransCanada to transport gas for Shipper subject to the provisions of this Toll Schedule and to the terms and conditions contained in the 71(2) Order;
  - (ii) has a Contract Term or Renewal Term equal to or less than the remaining term of the FT-SN Contract;
  - (iii) has pipeline facilities interconnecting with TransCanada's facilities at the receipt and delivery point specified in the Contract, or has provided TransCanada with adequate assurances that arrangements have been made to have an authorized gas distribution or transmission company act as Shipper's agent in delivering to or receiving from TransCanada the gas to be received or delivered pursuant to this Toll Schedule; and
  - (iv) prior to commencement and at any time during the term of the Contract, Shipper shall provide TransCanada with sufficient financial information to assess their creditworthiness. Based on its assessment, TransCanada, in its sole discretion, may request from Shipper financial assurances in an amount, form and on terms satisfactory to TransCanada prior to commencement or continuation of service pursuant to this SNB Toll Schedule. TransCanada will not be obligated to provide and Shipper shall not be entitled to receive service pursuant to this SNB Toll Schedule until the requested financial assurances are received by TransCanada.

## 2.2 Facilities Construction Policy

In order to provide service pursuant to this SNB Toll Schedule, TransCanada utilizes its Combined Capacity. If a request for service pursuant to this SNB Toll Schedule requires an increase to the Combined Capacity, TransCanada is prepared to use all reasonable efforts to enable it to increase the Combined Capacity to the extent provided that:

- (a) there is a reasonable expectation of a long term requirement for the increase in the Combined Capacity;
- (b) the NEB approves the additional facilities and/or services necessary to increase the Combined Capacity; and

(c) the availability provisions of sub-section 2.1 herein are satisfied.

### **3. APPLICABILITY AND CHARACTER OF SERVICE**

- 3.1 Shipper shall be entitled to nominate a Deposit from the FT-SN Contract to Shipper's SNB Account or a Withdrawal from Shipper's SNB Account to the FT-SN Contract.
- 3.2 Shipper shall only be entitled to nominate a Deposit or a Withdrawal through a nomination pursuant to the FT-SN Contract and such nomination will be in accordance with Section XXII of the General Terms and Conditions.

### **4. MONTHLY BILL**

- 4.1 The monthly bill payable to TransCanada for service pursuant to this SNB Toll Schedule shall be the demand charge and shall be equal to the applicable monthly SNB Demand Toll multiplied by Shipper's Contract Quantity. The demand charge is payable by Shipper notwithstanding any failure by Shipper during such month, for any reason whatsoever including Force Majeure, to deliver or receive quantities of gas authorized by TransCanada.

### **5. DEMAND CHARGE ADJUSTMENTS**

- 5.1 If during any Day, TransCanada curtails the Contract Quantity for any reason related solely to TransCanada's operations, including an event of force majeure occurring on any of the pipeline systems of TransCanada's Combined Capacity, then the monthly demand charge shall be reduced by an amount equal to the Daily Demand Toll for service pursuant to this SNB Toll Schedule multiplied by the amount the Contract Quantity has been curtailed by TransCanada on such Day.

### **6. RENEWAL RIGHTS**

- 6.1 Subject to Sections 6.3, 6.4, 6.5, 6.6 and 6.7 and if TransCanada determines in its sole discretion that the Contract is serving a long term market, Shipper shall have the option to renew (the "Renewal Option") the Contract for a renewal term (the "Renewal Term") of no less than 1 year, subject to the following conditions:
- (a) the Contract Quantity for the Renewal Term shall not be greater than, but may be less than, the Contract Quantity set out in the Contract;
  - (b) TransCanada receives written notice from Shipper of Shipper's election to exercise the Renewal Option which specifies the Renewal Term and Contract Quantity no less than 6 months prior to the termination of the Contract; and

- (c) Shipper supplies TransCanada at the time of such notice with evidence satisfactory to TransCanada that Shipper will meet the availability provisions of Section 2 herein.

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

Shipper may exercise the Renewal Option each year provided the conditions set out in sub-section 6.1 and 6.2 herein have been satisfied.

- (d) Notwithstanding Sections 6.1(a), 6.1(b), 6.1(c) and 6.2, TransCanada may in its sole discretion reject the exercise by Shipper of any Renewal Option to extend the Existing Term of a Contract if Shipper:

- (i) exercises the Renewal Option more than seven (7) months prior to the termination date of the Existing Term; and/or
- (ii) requests a Renewal Term of more than one (1) year.

6.2 Provided TransCanada has either received timely notice as provided in sub-section 6.1(b) herein from Shipper of Shipper's election to exercise the Renewal Option, or accepted late notice from Shipper of its election to exercise the Renewal Option, and provided that Shipper has met the availability provisions of Section 2 herein, the Contract shall be amended as follows:

- (a) the Contract Quantity set out in the Contract shall be revised to the level specified in Shipper's written notice, effective as of the commencement of the Renewal Term; and
- (b) the term of the Contract shall be extended to that specified in Shipper's written notice, effective as of the commencement of the Renewal Term.

6.3 If at any time TransCanada determines that:

- (a) additional costs may be required for Mainline facilities; or
- (b) Mainline facilities may be used for other purposes;

TransCanada may provide an Early Renewal Notice as provided in Section 6.4, to Shippers whose Contract Demand, if not renewed, could be utilized to reduce such

- additional costs as referred to in Section 6.3(a), or to determine the appropriate facilities that may be used for other purposes as referred to in Section 6.3(b), such Shippers to be determined by TransCanada in its sole discretion.
- 6.4 An Early Renewal Notice shall include:
- (a) Contract number;
  - (b) Contract Demand;
  - (c) receipt point;
  - (d) delivery point;
  - (e) expiry date of the Existing Term;
  - (f) a description of the additional costs as referred to in Section 6.3(a) or other use of facilities as referred to in Section 6.3(b);
  - (g) the date upon which TransCanada requires a response to its Early Renewal Notice ("Response Date"), which date shall be at least 30 days from the date of the Early Renewal Notice;
  - (h) the latest date, as determined by TransCanada in its sole discretion, to which a Shipper who has not exercised an Early Long Term Renewal Option as described in Section 6.4(i) may extend all or a portion of its Contract Demand ("Final Renewal Termination Date");
  - (i) the earliest termination date, as determined by TransCanada in its sole discretion (the "Early Long Term Renewal Option Date"), to which Shipper must extend all or a portion of its Contract Demand in order to retain that capacity subject to a further Renewal Right as provided in Section 6.1 ("Early Long Term Renewal Option"), which date shall not be greater than: (i) ten (10) years from the Final Renewal Termination Date for Contracts with a receipt point west of Emerson and a delivery point east of, but not including, Emerson; or (ii) fifteen (15) years from the Final Renewal Termination Date for all other Contracts.
- 6.5 Shipper's response shall state whether it is electing the Early Long Term Renewal Option and, if so, the date Shipper intends for its Contract to terminate on or after the Early Long Term Renewal Option Date.
- 6.6 If Shipper does not respond by the Response Date, Shipper shall be deemed not to have exercised the Early Long Term Renewal Option.

- 6.7 If Shipper does not exercise the Early Long Term Renewal Option:
- (a) For any Contract with an Existing Term that expires prior to the Final Renewal Termination Date, Shipper may renew its Contract for all or a portion of its Contract Demand pursuant to Section 6.1, up to the Final Renewal Termination Date provided in the Early Renewal Notice; or
  - (b) For any Contract with an Existing Term that expires after the Final Renewal Termination Date, such Contract shall expire at the end of the Existing Term and Section 6.1 shall no longer apply.

## **7. ASSIGNMENT**

- 7.1 Any company which shall succeed by purchase, merger or consolidation to the properties, substantially or in entirety, of Shipper or of TransCanada, as the case may be, shall be entitled to the rights and shall be subject to the obligations of its predecessor in title under any Contract into which this Toll Schedule is incorporated and any related contracts. Further, either Shipper or TransCanada may, without relieving itself of its obligations under any Contract into which this Toll Schedule is incorporated (unless consented to by the other party which consent shall not be unreasonably withheld), assign any of its rights and obligations thereunder to another party. Nothing herein shall in any way prevent either party to such Contract from pledging or mortgaging its rights thereunder as security for its indebtedness. Such Contract shall be binding upon and shall inure to the benefit of the respective successors and assigns of the parties thereto. No assignment hereunder in respect of a service which has already resulted in a reduction of the affected distributor's Contract Quantity shall entitle such distributor to any further reduction in its Contract Quantity.
- 7.2 Any assignment by Shipper is subject to the following conditions:
- (a) the assignment shall be for the remaining term of the Contract;
  - (b) Shipper shall provide TransCanada with at least 60 days written notice of such assignment prior to the requested assignment date, which shall be the first day of a calendar month;
  - (c) the FT-SN Contract has also been assigned to the same assignee as the Contract; and
  - (d) assignee and assignor shall execute TransCanada's assignment agreement.
- 7.3 Assignments at a discount negotiated between assignors and assignees are permitted, provided that the approved toll continues to be paid to TransCanada.

**Transportation Tariff**

SNB TOLL SCHEDULE

Exhibit J4.1

Attachment 1

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

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

**8. MISCELLANEOUS PROVISIONS**

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

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

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

**SHORT TERM SHORT NOTICE SERVICE**

**TOLL SCHEDULE**

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**Transportation Tariff**

ST-SN TOLL SCHEDULE

Attachment 1

**1. DEFINITIONS**

1.1. For the purposes of the ST-SN Toll Schedule, the following terms shall be defined as:

- (a) "Available Short Term Capacity" shall have the meaning attributed to it in subsection 2.3;
- (b) "Block Period" shall have the meaning attributed to it in subsection 2.3;
- (c) "Maximum Daily Quantity" shall mean for any shipper the Maximum Daily Quantity set out on such shipper's bid or the Maximum Daily Quantity as amended by TransCanada pursuant to subsection 3.3(d);
- (d) "Minimum Daily Quantity" shall mean for any shipper the Minimum Daily Quantity set out on such shipper's bid;
- (e) "Posting Period" shall have the meaning attributed to it in subsection 3.2;
- (f) "Remaining Capacity" shall have the meaning attributed to it in subsection 2.3;
- (g) "Service Period" shall have the meaning attributed to it in subsection 2.3;
- (h) "ST-SN" shall mean Short Term Short Notice;
- (i) "ST-SN Allocation Price" shall mean the daily weighted average of the product obtained by multiplying the ST-SN Bid Percentage by the applicable Daily Demand Tolls for FT-SN service for the requested term;
- (j) "ST-SN Bid Floor" shall have the meaning attributed to it in subsection 3.3(b);
- (k) "ST-SN Bid Percentage" shall have the meaning attributed to in subsection 3.3(b);
- (l) "ST-SN Contract" shall have the meaning attributed to it in subsection 2.1(a);
- (m) "ST-SN Price" shall have the meaning attributed to it in subsection 4.1;
- (n) "System Capacity" shall mean TransCanada's pipeline facilities and TransCanada's contractual entitlement on the pipeline systems of the Great Lakes Gas Transmission Limited Partnership, Union Gas Limited and Trans Quebec and Maritimes Pipeline Inc.;

**Transportation Tariff**

## ST-SN TOLL SCHEDULE

- (o) "System Segment" shall have the meaning attributed to it in subsection 2.3;

**2. AVAILABILITY****2.1 Availability of Service**

Any Shipper shall be eligible to receive service pursuant to this ST-SN Toll Schedule provided such Shipper:

- (a) has entered into a Short Term Short Notice service contract (the "ST-SN Contract") with TransCanada or has obtained an Order of the NEB, pursuant to subsection 71(2) of the National Energy Board Act, as amended from time to time ("71(2) Order"), requiring TransCanada to transport gas for Shipper subject to the provisions of this ST-SN Toll Schedule and to the terms and conditions contained in the 71(2) Order;
- (b) has provided TransCanada with financial assurances as required by TransCanada pursuant to Section XXIII of the General Terms and Conditions referred to in Section 7 hereof; and
- (c) Service pursuant to this ST-SN Toll Schedule is only available at a delivery point that:
- (i) has flow control facilities that are operated by TransCanada; and
  - (ii) is not grouped with any other delivery point or meter station for purposes of transportation service contracts and nominations; and
  - (iii) is exclusively for delivery of gas under Contracts for Short Notice Services.

**2.2 Facilities Construction Policy**

In order to provide service pursuant to this ST-SN Toll Schedule, TransCanada utilizes capacity available from its System Capacity. It is understood that TransCanada shall not construct additional facilities for the purpose of providing service hereunder.

**Transportation Tariff**

ST-SN TOLL SCHEDULE

Attachment 1

**2.3 Capacity Available for ST-SN**

The total capacity available to Shippers under this ST-SN Toll Schedule shall be TransCanada's transportation capacity remaining, as determined by TransCanada in its sole discretion, after having made provision for all firm obligations with Shipper and all other Shippers (the "Remaining Capacity").

Remaining Capacity made available for Shippers under this ST-SN Toll Schedule shall be offered in respect of certain segments of TransCanada's System Capacity, each such segment being defined by reference to the receipt point and the delivery point or delivery area applicable thereto (a "System Segment"). Service under this ST-SN Toll Schedule shall be offered for a specific period of time (a "Service Period") which may consist of a specified number of days not less than seven (7) consecutive days, a separate monthly period or any combination of consecutive monthly periods (such combination of consecutive monthly periods hereinafter called a "Block Period"). TransCanada shall notify Shippers of the Remaining Capacity offered for each combination of System Segments and Service Periods (the "Available Short Term Capacity").

**2.4 Short Term Availability Periods**

TransCanada, in its sole discretion, may offer Available Short Term Capacity in any combination of System Segments, for a specified number of days not less than seven (7) consecutive days, monthly periods and Block Periods for a period extending up to one (1) year less one (1) day.

**3. APPLICABILITY AND CHARACTER OF SERVICE****3.1 Definition of ST-SN Service**

- (a) On each Day during the term of the ST-SN Contract that Shipper has been allocated Available Short Term Capacity, Shipper shall be entitled to nominate for service hereunder for a quantity of gas equal to or less than the Maximum Daily Quantity as set out in Shipper's ST-SN Contract (Shipper's "Reservation Entitlement"). Nominations for service shall be made pursuant to Section XXII of the General Terms and Conditions. Service hereunder shall not be subject to curtailment or interruption except as provided in this ST-SN Toll Schedule, the ST-SN Contract, and Section XI, Section XIV and Section XV of the General

**Transportation Tariff**

## ST-SN TOLL SCHEDULE

Terms and Conditions; provided however, that if Shipper fails to provide on an ongoing and timely basis to TransCanada satisfactory evidence of its right to remove from the province or country of production all or any part of the quantities of gas to be transported by TransCanada under the ST-SN Contract, Shipper shall be in default hereunder (a "Default") to the extent of the daily quantity not authorized for removal from the province or country of production as aforesaid (the "Default Quantity"). TransCanada shall be entitled to immediately suspend service for a quantity up to, and including, the Default Quantity until such time as Shipper remedies the Default, when TransCanada shall terminate any such suspension and resume service as to that part of the Default Quantity in respect of which the Default has been remedied.

- (b) Shipper shall not, without TransCanada's consent, deliver gas to the receipt point or receive gas from the delivery point, each as specified in the ST-SN Contract, at an hourly rate of flow in excess of five percent of Reservation Entitlement.

**3.2 Notification of Available Short Term Capacity**

TransCanada may, in its sole discretion, at any time post on TransCanada's website Available Short Term Capacity for a period determined by TransCanada at the time of posting ("Posting Period"), provided however TransCanada will post on or before 16:00 hours CCT on the Day of posting and the Posting Period shall not be less than seventeen (17) consecutive hours from the time of posting.

Available Short Term Capacity shall be allocated in accordance with Section 3.3 hereunder.

**3.3 Allocation of Available Short Term Capacity****(a) Shipper Bids**

For each combination of System Segment and Service Period in which Shipper wishes to request service under this ST-SN Toll Schedule, Shipper shall submit a written bid to TransCanada's Contracts and Billing Department by telecopier or through TransCanada's electronic bulletin board during the bid period. No Shipper bid shall be accepted by TransCanada if received after the bid deadline specified in the posting of Available Short Term Capacity. Each Shipper bid shall be in the form of an Exhibit "A" Addendum to the ST-SN Contract, duly completed with the information described below and executed by Shipper.

**Transportation Tariff**

ST-SN TOLL SCHEDULE

Attachment 1

Each Shipper bid shall contain the following information:

- Shipper name and address
- Shipper contact, telephone number and telecopier number
- System Segment for which bid is being made pursuant to subsection 3.3 (b)
- Receipt point and delivery point or delivery area
- Service Period
- Maximum Daily Quantity (in GJ)
- Minimum Daily Quantity pursuant to subsection 3.3 (c) (ii)
- ST-SN Bid Percentage determined pursuant to subsection 3.3 (b)

Shipper must submit separate Shipper bids for each separate combination of System Segment and Service Period. Shipper shall be entitled to submit more than one Shipper bid for any combination of System Segment and Service Period, but Shipper bids for the same System Segment shall not have the same ST-SN Bid Percentage. Shipper shall not be entitled to submit multiple Shipper bids for any System Segment where the aggregate Maximum Daily Quantity of the multiple Shipper bids is greater than the Available Short Term Capacity being offered for that System Segment. Shipper bids which do not conform to these requirements shall be rejected and TransCanada shall be under no obligation to notify Shipper of any such rejection or to provide Shipper with any opportunity to correct or complete its Shipper bid.

(b) **ST-SN Bid Percentage**

The bid floor for Available Short Term Capacity under this ST-SN Toll Schedule shall be a percentage determined by TransCanada in its sole discretion and posted by TransCanada from time to time on TransCanada's website ("ST-SN Bid Floor"). Provided however, the ST-SN Bid Floor shall not be less than 100 percent of the Daily Demand Toll for FT-SN service over the applicable System Segment listed in the List of Tolls referred to in Section 7 hereof in effect at the time service is provided for the Service Period and/or Block Period determined by TransCanada.

Bids for Available Short Term Capacity shall be expressed as a percentage of the Daily Demand Toll for FT-SN service in effect at the time service is provided. Bids shall not be less than the ST-SN Bid Floor for the applicable System

**Transportation Tariff**

## ST-SN TOLL SCHEDULE

Segment and shall be subject to minimum increments of 0.01% per bid (each a "ST-SN Bid Percentage").

Bids for Available Short Term Capacity must identify the System Segment offered by TransCanada for which the Shipper is bidding. The Shipper's requested receipt point and delivery point for Available Short Term Capacity must be contained wholly within the requested System Segment.

(c) **Allocation of Available Short Term Capacity**

All Available Short Term Capacity for each combination of System Segment and Service Period offered by TransCanada shall be allocated among Shipper bids pursuant to this ST-SN Toll Schedule and Shipper bids pursuant to the STFT Toll Schedule. For purposes of allocation hereunder the ST-SN Allocation Price for bids for service pursuant to the ST-SN Toll Schedule shall be divided by 1.1. Such allocation process is as follows:

- (i) Subject to subsections 3.3(c)(ii), for all Shipper bids for System Segments which compete for the same capacity and:
  - A. have the same Service Period, TransCanada shall rank Shipper bids in descending order from the highest to lowest ST-SN Allocation Price and TransCanada shall allocate Available Short Term Capacity to the Shipper bids resulting in the highest aggregate transportation revenue; or
  - B. have a different Service Period, for each different Service Period, TransCanada shall rank Shipper bids Available Short Term Capacity in descending order from the highest to lowest ST-SN Allocation Price and TransCanada shall allocate Available Short Term Capacity to the Shipper bids resulting in the highest aggregate transportation revenue.
- (ii) If 2 or more Shipper bids result in the same aggregate transportation revenue and the Available Short Term Capacity is not sufficient to provide service for the quantities requested in such Shipper bids, the Available Short Term Capacity shall be allocated pro-rata among such Shipper bids.

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ST-SN TOLL SCHEDULE

If such pro-rata share falls below the Minimum Daily Quantity specified by a Shipper in its Shipper bid, such pro-rata share allocated shall be deemed to be rejected, and TransCanada will reallocate among the remaining Shipper bids.

(d) **Notification to Shippers**

Within three (3) Banking Days of the end of any applicable bid period for Available Short Term Capacity TransCanada shall notify, in the manner set forth in the ST-SN Contract or through TransCanada's electronic bulletin board, all Shippers who have been allocated any of the Available Short Term Capacity. The daily capacity allocated to each Shipper shall be such Shipper's allocated Maximum Daily Quantity. If Shipper is allocated service hereunder, TransCanada will, if necessary, and is hereby authorized to, amend the Exhibit "A" Addendum submitted by Shipper as its Shipper bid to reflect the allocation of Available Short Term Capacity to such Shipper. The Exhibit "A" Addendum shall then be executed by TransCanada and forwarded to Shipper. Each executed Exhibit "A" Addendum shall be binding on TransCanada and Shipper.

**4. MONTHLY BILL**

**4.1 Transportation Service**

The monthly bill payable by Shipper to TransCanada for transportation service hereunder shall be equal to the ST-SN Bid Percentage set out in each Exhibit "A" Addendum multiplied by the Daily Demand Toll for FT-SN service in effect at the time service is provided ("ST-SN Price"), multiplied by Shipper's ST-SN allocated Maximum Daily Quantity and the number of days of ST-SN Service during the month. These transportation service charges are payable by Shipper notwithstanding any failure by Shipper during such month, for any reason whatsoever, including force majeure or Default by Shipper under subsection 3.1 hereof, to deliver Shipper's Receipt Volume to TransCanada at the receipt point.

**4.2 Delivery Pressure Service**

Shipper shall also pay monthly to TransCanada a charge for delivery pressure provided that deliveries hereunder are made to a delivery point at which a charge for delivery

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## ST-SN TOLL SCHEDULE

pressure has been approved by the NEB (and set forth in the List of Tolls referred to in Section 8 hereof). The monthly delivery pressure charge at each such delivery point shall be the product of the applicable Delivery Pressure Daily Demand Toll and the total of Shipper's quantities to be delivered hereunder at that delivery point during such month determined as the ST-SN allocated Maximum Daily Quantity multiplied by the number of days of ST-SN Service during such month. The said delivery pressure demand charge is payable by Shipper notwithstanding any failure by Shipper during such month, for any reason whatsoever including force majeure or a Default by Shipper under Section 3.1 hereof, to deliver Shipper's Authorized Quantity to TransCanada at the receipt point.

**4.3 Union Dawn Receipt Point Surcharge**

Each month, Shipper shall pay the Union Dawn Receipt Point Surcharge for service from the Union Dawn Receipt Point.

**4.4 Fuel**

For each month, Shipper shall provide, on a daily basis, a quantity of fuel based on a monthly fuel ratio to be established by TransCanada from time to time.

**5. TRANSPORTATION AND DELIVERY PRESSURE CHARGE ADJUSTMENTS****5.1 Transportation Charge Adjustments**

If during any day, TransCanada fails to deliver the quantity of gas requested by Shipper up to the Reservation Entitlement, for any reason related solely to TransCanada's operations, including an event of force majeure occurring on any of the pipeline systems of TransCanada, Great Lakes Gas Transmission Company, Union Gas Limited, and Trans Quebec & Maritimes Pipeline Inc., then the transportation service charges payable pursuant to Section 4.1 hereof shall be reduced by an amount equal to the ST-SN Price multiplied by the difference between the quantity of gas which TransCanada actually delivered to Shipper on such day, and the quantity of gas which such Shipper in good faith nominated for delivery on such day.

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## ST-SN TOLL SCHEDULE

**5.2 Delivery Pressure Charge Adjustments**

For any day on which transportation service charges are adjusted pursuant to Section 5.1 above, the delivery pressure charge payable by Shipper pursuant to Section 4.2 hereof shall also be adjusted. The delivery pressure charge shall be reduced by an amount equal to the applicable Daily Equivalent Delivery Pressure Demand Toll multiplied by the difference between the quantity of gas which TransCanada actually delivered to Shipper on such day and the quantity which such Shipper in good faith nominated for delivery on such day.

**5.3 Shipper's Receipt or Delivery Failure**

If TransCanada refuses to accept deliveries of Shipper's gas or curtails receipts from or deliveries to Shipper pursuant to subsection 1(b) of Section II of the General Terms and Conditions, then there shall be no corresponding reduction in transportation service or delivery pressure charges to Shipper.

**6. ASSIGNMENTS**

6.1 Assignments of any ST-SN Contracts into which this ST-SN Toll Schedule is incorporated are expressly prohibited without TransCanada's prior written consent.

**7. MISCELLANEOUS PROVISIONS**

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

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

**MULTI-YEAR FIXED PRICE SERVICE**

**MFP TOLL SCHEDULE**

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**Transportation Tariff**

## MFP TOLL SCHEDULE

**1. DEFINITIONS**

1.1 For the purpose of the MFP Toll Schedule, the following terms shall be defined:

- (a) "Conversion Date" shall have the meaning attributed to it in subsection 9.1(c);
- (b) "Conversion Option" shall have the meaning attributed to it in subsection 9.1;
- (c) "Conversion Provisions" shall have the meaning attributed to it in subsection 9.1(b);
- (d) "Conversion Term" shall have the meaning attributed to it in subsection 9.1;
- (e) "Date of Commencement" shall mean the date Shipper's MFP contract begins, as set out in subparagraph 1.1 of Shipper's MFP Contract, which must occur within the MFP Commencement Period;
- (f) "MFP Bid Period" shall mean the period of time during which Shipper may bid for service for an MFP Block(s), and shall be set out by TransCanada in an Existing Capacity Open Season posting that includes MFP service;
- (g) "MFP Block" shall mean a period of three (3), four (4) or five (5) calendar years for which MFP service may be made available;
- (h) "MFP Commencement Period" shall mean the first calendar year of an MFP Block;
- (i) "MFP End Date" shall mean the date Shipper's MFP Contract ends, as set of in subparagraph 5.1 of Shipper's MFP Contract, which must occur within the MFP End Period; and
- (f) "MFP End Period" shall mean the period of time between October 31 up to and including December 31 of the last calendar year of an MFP Block.

**2. AVAILABILITY**

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

- (a) has entered into a Multi-Year Fixed Price Transportation Service Contract with TransCanada as established by TransCanada through an open season process; or has obtained an Order of the NEB, pursuant to subsection 71(2) of the

**Transportation Tariff**

## MFP TOLL SCHEDULE

National Energy Board Act as amended from time to time ("71(2) Order"), requiring TransCanada to transport gas for Shipper subject to the provisions of this Toll Schedule and to the terms and conditions contained in the 71(2) Order; and

- (b) has pipeline facilities interconnecting with TransCanada's facilities at the delivery point(s) specified in the Contract, or which has provided TransCanada with adequate assurances that arrangements have been made to have an authorized gas distribution or transmission company act as Shipper's agent in receiving from TransCanada the gas to be delivered pursuant to this Toll Schedule; and
- (c) has provided TransCanada with financial assurances as required by TransCanada pursuant to Section XXIII of the General Terms and Conditions referred to in Section 12 hereof.

**2.2 Facilities Construction Policy**

In order to provide service pursuant to this MFP Toll Schedule, TransCanada utilizes capacity available from its System Capacity. It is understood that TransCanada shall not construct additional facilities for providing service hereunder.

**3. APPLICABILITY AND CHARACTER OF SERVICE**

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

**Transportation Tariff**

## MFP TOLL SCHEDULE

3.2 The term of the Shipper's MFP Contract shall start on the Date of Commencement and shall end on the MFP End Date,

**4. MONTHLY BILL**

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

(a) **Demand Charge**

For each month, the demand charge for transportation service shall be equal to the applicable Monthly Demand Toll for MFP Service multiplied by Shipper's Contract Demand. If Shipper's Contract Demand changes during a month, then a weighted average daily Contract Demand shall be determined for such month and shall be used to calculate the demand charge for such month. The said demand charge is payable by Shipper notwithstanding any failure by Shipper during such month, for any reason whatsoever including force majeure or a default by Shipper under Section 3.1 hereof, to deliver Shipper's Authorized Quantity to TransCanada at the receipt point.

(b) **Delivery Pressure Service**

For each month, the demand charge for delivery pressure service at each delivery point at which a toll for delivery pressure has been set shall be equal to the applicable Delivery Pressure Monthly Demand Toll multiplied by Shipper's Contract Demand in effect at each such delivery point. If Shipper's Contract Demand changes during a month, then a weighted average daily Contract Demand shall be determined for such month and shall be used to calculate the demand charge for such month. The said demand charge is payable by Shipper notwithstanding any failure by Shipper during such month, for any reason whatsoever including force majeure or a default by Shipper under Section 3.1 hereof, to deliver Shipper's Authorized Quantity to TransCanada at the receipt point.

(c) **Union Dawn Receipt Point Surcharge**

Each month, Shipper shall pay the Union Dawn Receipt Point Surcharge for service from the Union Dawn Receipt Point notwithstanding any failure by

**Transportation Tariff**

MFP TOLL SCHEDULE

Shipper during such month, for any reason whatsoever including force majeure or a default by Shipper under subsection 3.1 hereof, to deliver Shipper's Authorized Quantity to TransCanada at the Union Dawn Receipt Point.

(d) **Fuel**

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

**5. MINIMUM BILL**

5.1 The minimum monthly bill for service hereunder shall be the demand charges determined in Paragraphs 4.1 (a) and (if applicable) 4.1 (b) and 4.1 (c) hereof, after giving effect to any adjustment pursuant to Section 6 hereof.

**6. DEMAND CHARGE ADJUSTMENTS**

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

6.2 For any day on which transportation service charges are adjusted pursuant to subsection 6.1 above, the Union Dawn Receipt Point Surcharge payable by Shipper pursuant to subsection 4.1(c) hereof shall also be adjusted. Such surcharge shall be reduced by an

**Transportation Tariff**

MFP TOLL SCHEDULE

amount equal to the applicable Union Dawn Receipt Point Daily Demand Toll multiplied by the difference between the quantity of gas which TransCanada actually transported from the Union Dawn Receipt Point on such day and the quantity which such Shipper in good faith nominated for transport on such day.

**7. ALTERNATE RECEIPT AND DIVERSION OF GAS**

- 7.1 (a) TransCanada may in its sole discretion determine and post on its website from time to time the eligible Alternate Receipt and/or Diversion point(s) or delivery area(s) for System Segments.
- (b) Subject to the provisions herein, Shipper shall have the right to nominate an Alternate Receipt and/or a Diversion under Shipper's Contract in the manner provided herein. Provided however, Shipper shall not be entitled to nominate an Alternate Receipt and/or a Diversion from/to a point or delivery area unless such Alternate Receipt and/or Diversion point or delivery area has been posted by TransCanada pursuant to Section 7.1(a) hereof for the applicable System Segment and is within the Shipper's contract path as defined by the receipt point and delivery point specified in the Shipper's Contract.
- (c) The aggregate of all nominations for delivery hereunder shall not exceed the Contract Demand under Shippers Contract.
- (d) For the purpose of Section XVI of the General Terms and Conditions, Alternate Receipts and Diversions shall be equivalent to service under an STS Contract.
- 7.2 Any nomination by Shipper for an Alternate Receipt and/or a Diversion under Shipper's Contract must be received by TransCanada's Gas Control Department in Calgary at the time specified pursuant to Section XXII of the General Terms and Conditions.
- 7.3 TransCanada shall have the right to not accept a nomination made pursuant to Section 7.2 hereof or to accept only a portion of the quantities so nominated if the Alternate Receipt and/or the Diversion nominated would negatively impact TransCanada's ability to provide those transportation services which, pursuant to Section XV of the General Terms and Conditions, have a priority of service which is higher than that of the Alternate Receipt and/or the Diversion nominated by Shipper or if such Alternate Receipt and /or Diversion would otherwise be immediately curtailed pursuant to Paragraph 1(c) of Section XV of the General Terms and Conditions. TransCanada shall have the right to

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MFP TOLL SCHEDULE

curtail Alternate Receipts, and/or Diversions in accordance with Section XV of the General Terms and Conditions.

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

In the event that TransCanada does not accept a nomination for an Alternate Receipt and/or a Diversion pursuant to Sections 7.2 and 7.3 hereof, or accepts only a portion of the quantity so nominated, then TransCanada shall exercise reasonable efforts to allow Shipper to re-nominate the receipt point and/or delivery point or delivery area specified in Shipper's Contract. TransCanada shall have the right to reject any such re-nomination, or to accept only a portion of the quantity so re-nominated, if the re-nomination would negatively impact any other authorized transportation service. In any event, Shipper shall pay the Daily Demand Toll based on the receipt point and delivery point or area specified in Shipper's Contract for the entire quantity set out in an Alternate Receipt and/or Diversion nomination which was rejected by TransCanada pursuant to Section 7.3 hereof.

- (a) In addition to the charges payable pursuant to Section 4.1(a), (b) and (c) above, Shipper shall pay TransCanada for all Alternate Receipts and Diversions, a charge equal to the aggregate of:
- (i) the product obtained by multiplying the amount, if any, by which the Daily Demand Toll for FT service, applicable from the Alternate Receipt point to the delivery point or area specified in Shipper's Contract, exceeds the applicable Daily Demand Toll for FT service from the receipt point to the delivery point or area which are specified in Shipper's Contract by Shippers Authorized Quantity, and
  - (ii) the product obtained by multiplying the amount, if any, by which the Daily Demand Toll for FT service, applicable from the receipt point specified in the Shipper's Contract to the Diversion point, exceeds the applicable Daily Demand Toll for FT service from the receipt point to the delivery point or area which are specified in the Shipper's Contract, by Shippers Authorized Quantity.
- (b) If the gas is diverted hereunder to a Delivery Point at which a delivery pressure charge has been approved by the NEB and no delivery pressure charge exists for the Delivery Point specified in Shipper's Contract, then Shipper shall pay

**Transportation Tariff**

## MFP TOLL SCHEDULE

TransCanada, in addition to the charges provided above, an amount equal to the applicable Delivery Pressure Toll multiplied by Shipper's total Diversion quantity at such Delivery Point for such month (a "Point Diversion Delivery Pressure Charge"). If a delivery pressure charge exists at the delivery point specified in Shipper's Contract, then Shipper shall pay TransCanada, in addition to the delivery pressure charge described in Section 3.1(b) above, an amount (a "Point Diversion Delivery Charge") equal to the product obtained by multiplying Shipper's total Diversion quantity at the delivery point which is the subject of the Diversion multiplied by that amount, if any, by which the Delivery Pressure Toll at the delivery point which is the subject of the Diversion exceeds the delivery pressure toll at the delivery point specified in Shipper's Contract.

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

- (c) If Shipper nominates Union Dawn Receipt Point as an Alternate Receipt point, then Shipper shall pay to TransCanada, in addition to any other applicable charges, the Union Dawn Receipt Point Surcharge for service from the Union Dawn Receipt Point.

**8. ASSIGNMENT**

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

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## MFP TOLL SCHEDULE

- 8.2 Assignments at a discount negotiated between assignors and assignees are permitted, provided that the approved toll continues to be paid to TransCanada.
- 8.3 Prior to the effective date of any assignment of any Contract subject to subsection XXIII(3)(b) of the General Terms and Conditions of TransCanada's Tariff, assignee shall as requested by TransCanada, execute an assignment of any related Financial Assurances Agreements (as defined in the Transportation Access Procedure) or execute a new Financial Assurances Agreement.
- 8.4 Save as herein provided, assignments of any Contracts into which this Toll Schedule is incorporated are expressly prohibited.

**9. CONVERSION RIGHTS**

- 9.1 Pursuant to any Contract into which this MFP Toll Schedule is incorporated and which Contract has been determined by TransCanada to be serving a long term market, and subject to the following conditions, Shipper shall have the option to convert all or a portion of its MFP service to FT service (the "Conversion Option") for a period of no less than one (1) year (the "Conversion Term") provided that the following conditions are met:
- (a) the FT Contract Demand shall not be greater than the MFP Contract Demand set out in the MFP Contract (the "Conversion CD");
  - (b) TransCanada receives written notice from Shipper of Shipper's election to exercise the Conversion Option which sets out the Conversion Term and Conversion CD of such conversion (the "Conversion Provisions") no less than six (6) months before the MFP End Date which would otherwise prevail under the MFP Contract;
  - (c) The effective date of such conversion shall be the day after the MFP End Date ("Conversion Date"); and
  - (d) Shipper supplies TransCanada at the time of such notice with evidence satisfactory to TransCanada that Shipper will meet the availability provisions of the FT Toll Schedule in respect of the Conversion Provisions prior to the commencement of the Conversion Term.
- 9.2 TransCanada may accept late notice of Shipper's election to exercise the Conversion Option if TransCanada, in its sole discretion, determines that TransCanada will have the required capacity available after providing capacity for all of TransCanada's obligations pursuant to prior outstanding requests from Shipper and/or others, that such conversion

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will not adversely impact TransCanada's system operations and that all of the costs for providing this service will be covered by TransCanada's tolls.

- 9.3 Provided TransCanada has either received timely notice as provided in Section 9.1(b) above from Shipper of Shipper's election to exercise the Conversion Option, or accepted late notice from Shipper of his election to exercise the Conversion Option, and provided that Shipper has met the availability provisions of the FT Toll Schedule in respect of the Conversion Provisions, a new FT Contract shall be executed by Shipper incorporating the Conversion Provisions.
- 9.4 Notwithstanding the foregoing, the Conversion Option is not available to a Shipper who has MFP service and subsection 10.1(b)(v) of the FT Toll Schedule applies.
- 9.5 All conversions shall be stated in GJ.

**10. MISCELLANEOUS PROVISIONS**

- 10.1 The General Terms and Conditions and the List of Tolls of TransCanada's Transportation Tariff, as amended from time to time, are applicable to this Toll Schedule and are hereby made a part hereof. If there is any conflict between the provisions of this Toll Schedule and the General Terms and Conditions, the provisions of this Toll Schedule shall prevail.
- 10.2 This Toll Schedule, the List of Tolls and the General Terms and Conditions are subject to the provisions of the National Energy Board Act or any other legislation passed in amendment thereof or substitution therefor.
- 10.3 This Toll Schedule together with the provisions of the General Terms and Conditions supercedes and replaces all previous Toll Schedules applicable to the Contract.

## GENERAL TERMS AND CONDITIONS

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## I DEFINITIONS

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

- "Alternate Receipt" shall mean the receipt of quantities of gas at a receipt point not specified in Shipper's FT, FT-SN, FT-NR, or MFP Contract.
- "Banking Day" shall mean any day that the Royal Bank of Canada, Main Branch, Calgary, Canada or other financial institutions agreed to by TransCanada for payment pursuant to Section XI herein, conducts business.
- "Contract" shall mean a transportation service contract or a contract pursuant to the SNB Toll Schedule and shall also mean an Order of the NEB pursuant to Section 71(2) of the National Energy Board Act, as amended from time to time requiring TransCanada to provide transportation service.
- "Contract Demand" shall mean:
  - (i) with respect to transportation service contracts entered into prior to November 1, 1998, the contract demand, maximum daily quantity, annual contract quantity or maximum quantity as stated in a transportation service contract, converted to GJ by multiplying such contract demand, maximum daily quantity, annual contract quantity or maximum quantity by GHV-97 for the relevant delivery point as more particularly set out in the HV-97 Schedule attached to these General Terms and Conditions subject to variance pursuant to a Shipper election to restate its contract demand within the range from 99% of GHV-97 to 101% of GHV-97, which was received by TransCanada on or before February 13, 1998; and,
  - (ii) with respect to transportation service contracts entered into on or after November 1, 1998, that quantity of gas expressed in GJ specified in Shipper's transportation service contract as Shipper's daily or seasonal entitlement, as the case may be, to transportation capacity.
- "Contract Year" shall mean a period of 12 consecutive months beginning on a first day of November.

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### GENERAL TERMS and CONDITIONS

- "Cubic Metre" or "m<sup>3</sup>" shall mean the volume of gas which occupies one cubic metre when such gas is at a temperature of fifteen degrees (15°) Celsius, and at a pressure of 101.325 kilopascals absolute.
- "Cumulative Storage Balance" for a Shipper's STS or STS-L Contract on any Day shall be equal to: **A + B + C + D – E**

Where:

"**A**" = the cumulative Daily Injection Quantity on such Day;

"**B**" = the cumulative Daily STFT Quantity on such Day;

"**C**" = the cumulative Daily IT Quantity on such Day;

"**D**" = the cumulative Daily Diversion Quantity on such Day; and

"**E**" = the cumulative Daily Withdrawal Quantity on such Day;

all as defined in subsection 3.1(e) of the STS Toll Schedule for STS Contracts or 3.1(b) of the STS-L Toll Schedule for STS-L Contracts.

- "Daily Contract Injection Quantity" shall, for the purposes of the STS-L Contracts, mean the quantity of gas specified in the STS-L Contract for delivery from the Market Point to the Storage Injection Point(s).
- "Daily Contract Withdrawal Quantity" shall, for the purposes of the STS-L Contracts, mean 75% of the Daily Contract Injection Quantity, for delivery from the Storage Withdrawal Point to the Market Point.
- "Daily Diversion Quantity" shall have the meaning ascribed in subsection 3.1(e)(i) of the STS Toll Schedule.
- "Daily Excess Withdrawal Quantity" shall be as defined in subsection 3.1(e) of the STS Toll Schedule for STS Contracts and subsection 3.1(b) of the STS-L Toll Schedule for STS-L Contracts.

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Exhibit J4.1

Attachment 1

## GENERAL TERMS and CONDITIONS

- "Daily Injection Quantity" shall be as defined in subsection 2.2(a) of the STS Toll Schedule for STS Contracts or STS-L Toll Schedule for STS-L Contracts.
- "Daily IT Quantity" shall be as defined in subsection 3.1(e) of the STS Toll Schedule for STS Contracts and in subsection 3.1(b) of the STS-L Toll Schedule for STS-L Contracts.
- "Daily Operational Injection Quantity" shall, for the purposes of STS-L Contracts, mean the least of the aggregate of the Contract Demand(s) of the Linked FT Contract(s) and the Daily Contract Injection Quantity from the Market Point to the Storage Injection Point(s).
- "Daily STFT Quantity" shall be as defined in subsection 3.1 (e) of the STS Toll Schedule for STS Contracts and in subsection 3.1(b) of the STS-L Toll Schedule for STS-L Contracts.
- "Daily Withdrawal Quantity" shall be as defined in subsection 2.2(b) of the STS Toll Schedule for STS Contracts and subsection 2.2(b) STS-L Toll Schedule for STS-L Contracts.
- "Daily Demand Toll" shall mean the toll determined by multiplying the Monthly Demand Toll for the applicable transportation service, as approved by the NEB (as set forth in the List of Tolls referred to in Section III hereof), by twelve (12) and dividing the result by the number of days in the Year.
- "Day" shall mean a period of 24 consecutive hours, beginning and ending at 09:00 hours Central Clock Time, or at such other time as may be mutually agreed upon by Shipper and TransCanada. The reference date for any day shall be the calendar date upon which the 24 hour period shall commence.
- "Delivery Areas" shall mean the delivery areas set out in Section XX of the General Terms and Conditions.
- "Delivery Pressure Daily Demand Toll" shall mean the toll determined by multiplying the Delivery Pressure Monthly Demand Toll, as approved by the NEB (as set forth in the List of Tolls referred to in Section III hereof), by twelve (12) and dividing the result by the number of days in the Year.
- "Diversion" shall mean the delivery of quantities of gas at a delivery point and/or delivery area not specified in Shipper's FT, FT-SN, FT-NR, or MFP Contract.

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Exhibit J4.1

GENERAL TERMS and CONDITIONS

Attachment 1

- "EDI" means Electronic Data Interchange being the direct computer-to-computer transfer of information using ANSI ASC X12 protocol and a specific definition assigned by TransCanada under standards agreed to by a consensus of the natural gas industry (through standard-setting committees).
- "EDI format" shall mean a file format compliant with the ANSI ASC X12 protocol used for EDI and according to the specific definition assigned by TransCanada under standards agreed to by a consensus of the natural gas industry (through standard-setting committees).
- "Financial Assurance" shall have the meaning attributed to it in subsection XXIII(1) hereof.
- "Fuel Quantity" shall mean the quantity of gas expressed in gigajoules which is to be used by TransCanada as fuel for transporting Shipper's Authorized Quantity.
- "GJ" shall mean gigajoule being 1,000,000,000 joules and include the plural as the context requires.
- "GHV-97" shall mean the gross heating value for each delivery point as set out in the HV-97 Schedule attached to these general terms and conditions as adjusted in accordance with any Shipper election given to TransCanada prior to February 13, 1998.
- "GHV" shall mean gross heating value.
- "Gas" shall mean: (i) any hydrocarbons or mixture of hydrocarbons that, at a temperature of 15° C and a pressure of 101.325 kPa, is in a gaseous state, or (ii) any substance designated as a gas product by regulations made under section 130 of the National Energy Board Act.
- "Gross Heating Value" shall mean the total joules expressed in megajoules per cubic metre (MJ/m<sup>3</sup>) produced by the complete combustion at constant pressure of one (1) cubic metre of gas with air, with the gas free of water vapour and the temperature of the gas, air and products of combustion to be at standard temperature and all water formed by combustion reaction to be condensed to the liquid state.
- "Joule" (J) shall mean the work done when the point of application of a force of one (1) newton is displaced a distance of one (1) metre in the direction of the force.

**Transportation Tariff****TransCanada Pipelines Limited**

Exhibit J4.1

GENERAL TERMS and CONDITIONS

Attachment 1

- “Linked FT Contract” or “Linked MFP Contract” shall mean the FT or MFP Contract(s) identified in Exhibit “B” of Shipper’s STS-L Contract and such FT or MFP Contract shall satisfy the following:
  - i. the delivery point shall be the same as the Market Point specified in Exhibit “A” of Shippers STS-L Contract;
  - ii. is not identified in any other STS Contract or any Exhibit “B” of any other STS-L Contract;
  - iii. has a minimum Linked Term of 1 month, and shall commence on the first day of a month and shall end on the last day of a month;
  - iv. has a receipt point that is Empress or in the province of Saskatchewan.
- “Linked Term” shall have the meaning ascribed in Exhibit “B” of the STS-L Toll Schedule
- “Market Point” shall have the meaning ascribed in Exhibit “A” of the STS Contract or STS-L Contract as the case may be.
- “Month” shall mean the period beginning on the first day of the calendar month and ending at the beginning of the first day of the next succeeding calendar month.
- “Natural Gas Interchangeability Indices” shall have the meaning ascribed in section 5(iv).
- “CCT” shall mean Central Clock Time, representing the time in effect in the Central Time Zone of Canada at the time a transaction occurs, regardless of whether that time may be Standard Time or Daylight Savings Time as those terms are commonly known and understood.
- “NEB” shall mean the National Energy Board or any regulatory or government authority hereafter having a similar jurisdiction in substitution therefor.
- “Shipper” shall mean a customer of transportation service.
- “Shipper’s Authorized Quantity” shall be as defined in subsection 1 of Section XXII.
- “Shipper’s Maximum Hourly Flow Rate” shall mean, on any Day, the maximum hourly rate of flow of Gas Shipper may receive at a delivery point or area and which shall be equal to the sum of:

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Exhibit J4.1

GENERAL TERMS and CONDITIONS

Attachment 1

- a) 5% of the aggregate daily Contract Demand for all of Shipper's service pursuant to FT, FT-NR, STFT, STS, STS-L and MFP Contracts which specify delivery of gas to such delivery point or area (excluding deliveries pursuant to STS and STS-L Contracts that are on a best efforts basis) minus all Diversions under such Contracts on such Day; and
- b) 5% of the aggregate Shipper's Authorized Quantity for deliveries to such delivery point or area under all of Shipper's IT and ECR Contracts, Diversions on such Day and deliveries which are on a best effort basis pursuant to STS and STS-L Contracts.
- "Short Notice Service" shall mean service pursuant to a FT-SN Toll Schedule, SNB Toll Schedule or ST-SN Toll Schedule.
  - "Storage Injection Point" shall have the meaning ascribed in Exhibit "A" of the STS Contract or the STS-L Contract as the case may be.
  - "Storage Withdrawal Point" shall have the meaning ascribed in Exhibit "A" of the STS Contract or the STS-L Contract as the case may be.
  - "Subsidiary" shall mean a company in which 50% or more of the issued share capital (having full voting rights under all circumstances) is owned or controlled directly or indirectly by another company, by one or more subsidiaries of such other company, or by such other company and one or more of its subsidiaries.
  - "Title Transfer" shall mean the transfer of title to gas between two (2) Shippers at a Title Transfer Point.
  - "Title Transfer Point" shall be those points and areas where the quantity of gas allocated to each Shipper is established each day and is not subject to reallocation.
  - "TransCanada" shall mean "TransCanada PipeLines Limited" and its successors.
  - "Transportation Service Contract" shall mean "Firm Transportation Service Contract", "FT Contract", "Firm Transportation Short Notice Contract", "FT-SN Contract", "Non Renewable Firm Transportation Contract", "FT-NR Contract", "Interruptible Service Transportation Contract", "IT Contract", "Storage Transportation Service Contract", "STS Contract", "STS-L Contract",

**Transportation Tariff**

## GENERAL TERMS and CONDITIONS

- "Short Term Firm Transportation Service Contract", "STFT Contract", "Short Term Short Notice Service Contract", "ST-SN Contract", "Enhanced Capacity Release Service Contract", "ECR Contract", "Multi-Year Fixed Price Service Contract", "MFP Contract",
- "Union Dawn Receipt Point Daily Demand Toll" shall mean the toll determined by multiplying the Union Dawn Receipt Point Monthly Demand Toll by twelve (12) and dividing the result by the number of days in the Year.
  - "Union Dawn Receipt Point Surcharge" shall mean a charge payable by Shipper for service from the Union Dawn Receipt Point determined as follows:
    - (a) for service under FT, FT-NR, FT-SN and MFP Transportation Service Contracts, by multiplying the Union Dawn Receipt Point Monthly Demand Toll by Shipper's Contract Demand; provided however that if Shipper's Contract Demand changes during a month, then a weighted average daily Contract Demand shall be determined for such month and shall be used to calculate the demand charge for such month; and
    - (b) for service under all other Transportation Service Contracts, by multiplying the Union Dawn Receipt Point Daily Demand Toll by Shipper's Authorized Quantity.
  - "Wobbe Index" shall mean a measure of the thermal input through a fixed orifice, calculated by dividing the natural gas Gross Heating Value in mega joules per cubic meter by the square root of the natural gas specific gravity with respect to air, based on a gross or higher heating value (HHV) at standard conditions 14.73 psi/60° F, 101.325Kpa/15° C real, dry basis.
  - "Year" shall mean a period of 365 consecutive days commencing January 1<sup>st</sup> of any year; PROVIDED HOWEVER, that any such year which contains a date of February 29 shall consist of 366 consecutive days.

**II APPLICABILITY AND CHARACTER OF SERVICE**

1. (a) Subject to the provisions of the applicable Toll Schedule and these General Terms and Conditions, on each day for which service is requested by Shipper, and authorized by TransCanada pursuant to Section XXII hereof, Shipper shall deliver and TransCanada shall receive, at the receipt point set out in Shipper's Contract (the "receipt point"), the Shipper's Authorized Quantity and TransCanada shall transport for Shipper and Shipper

shall receive, at the delivery point set out in Shipper's Contract (the "delivery point"), a quantity of gas equal thereto; PROVIDED HOWEVER, that under no circumstances shall TransCanada be obligated to deliver to Shipper in any one day, at the delivery point, a quantity of gas in excess of the Contract Demand.

- (b) If on any day Shipper fails to accept all or any portion of the gas delivered at the delivery point by TransCanada pursuant to the applicable Toll Schedule, TransCanada shall have the right to curtail further receipts of gas from Shipper at the receipt point in a quantity equal to that which Shipper failed to accept from TransCanada. If on any day Shipper requests service hereunder but fails, for whatever reason, to deliver gas to TransCanada at the receipt point, then TransCanada shall have the right to curtail further deliveries of gas to Shipper at the delivery point in a quantity equal to that which Shipper failed to deliver to TransCanada.
2. Shipper's Authorized Quantity shall, where applicable, be delivered on such day by Shipper to TransCanada at the receipt point or taken on such day by Shipper from TransCanada at the delivery point or area, as the case may be, at hourly rates of flow as nearly constant as possible; PROVIDED HOWEVER, that Shipper may not, without TransCanada's consent, take delivery of such gas at the delivery point or area at an hourly rate of flow in excess of the Shipper's Maximum Hourly Flow Rate.
3. Departures from scheduled daily deliveries due to the inability of TransCanada or Shipper to maintain precise control shall be kept to the minimum permitted by operating conditions.
4. From the time gas is delivered into the possession of TransCanada at the receipt point TransCanada shall have the unqualified right to commingle such gas with other gas in TransCanada's pipeline system.

### III TOLLS

1. The tolls applicable to service provided under any Contract into which these General Terms and Conditions are incorporated shall be determined:
- (i) in the case of all transportation services, except Storage Transportation Service ("STS") and Storage Transportation Service-Linked ("STS-L"), within Canada where the receipt and delivery points are located in different provinces, on the basis of the tolls approved

by the NEB in which the delivery point is located for gas which is delivered for consumption in Canada under a Contract in which the principal delivery point(s) specified therein do not include any export delivery points for gas destined for export to the United States; or

- (ii) as fixed and approved by the NEB, on the basis of the receipt and delivery points for delivery of gas destined for export to the United States; or
- (iii) in the case of STS and STS-L contracts and contracts providing receipt and delivery points within one province of Canada, as fixed and approved by the NEB, on the basis of the receipt point and delivery points set out therein; or
- (iv) in the case of service pursuant to the SNB Toll Schedule or MFP Toll Schedule using a methodology approved by the NEB.

2. The tolls applicable to services provided pursuant to the Toll Schedules of TransCanada's Transportation Tariff are set out in the List of Tolls of TransCanada's Transportation Tariff as same may be amended from time to time upon approval of the NEB.

**IV SHIPPER PROVISION OF FUEL REQUIREMENTS**

**1. Daily Operations**

- (a) For each and every day in respect of which Shipper's Authorized Quantity is accepted by TransCanada for transportation, Shipper shall, in addition to Shipper's Authorized Quantity, nominate, pursuant to the provisions of Section 2 hereof, and make available to TransCanada at any receipt point specified in the contract and/or Alternate Receipt point for FT, FT-NR, or MFP Contracts the Fuel Quantity ("Qf"), which quantity shall be determined as follows:

$$Q_f = Q_d \times FR\% / 100 + \sum (Q_{d_i} \times fr_i\% / 100) + \sum (Q_{d_{Dawn}} \times fr_{Dawn}\% / 100)$$

Where:

"FR%" is the applicable monthly fuel ratio respecting transportation service from the nominated receipt point to the nominated delivery point;

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"fr<sub>i</sub>%" is the applicable monthly fuel ratio for delivery pressure in excess of a gauge pressure of 4000 kilopascals at delivery point "i", both as set out in TransCanada's notice to Shipper delivered pursuant to Section 2 hereof;

"fr<sub>Dawn</sub>%" is the applicable monthly fuel ratio respecting transportation service from the nominated Union Dawn Receipt Point to the nominated delivery point;

"Qd" is the Shipper's Authorized Quantity;

"Qd<sub>i</sub>" is the quantity to be delivered at delivery point "i", for which point a toll for delivery pressure services has been approved by the NEB (as set forth in the List of Tolls referred to in Section III hereof);

"Qd<sub>Dawn</sub>" is the quantity to be transported by Shipper from the Union Dawn Receipt Point, for which a toll has been approved by the NEB (as set forth in the List of Tolls referred to in Section III hereof);

" $\sum (Qd_i \times fr_i\% / 100)$ " represents the sum of the fuel quantities required for delivery pressure in excess of a gauge pressure of 4000 kilopascals at all points applicable to Shipper's Authorized Quantity; and

" $\sum (Qd_{Dawn} \times fr_{Dawn}\% / 100)$ " is the sum of the fuel quantities required for the Union Dawn Receipt Point applicable to Shipper's Authorized Quantity.

- (b) TransCanada shall not be required to accept or deliver gas on any day if the appropriate Fuel Quantity has not been nominated by Shipper, or if TransCanada is unable to confirm that a quantity of gas equal to Shipper's Authorized Quantity plus the appropriate Fuel Quantity will, in fact, be made available on such day.

## 2. **Nominations and Authorizations**

Concurrent with nominating for transportation service for a given day, pursuant to Section XXII hereof, Shipper shall also nominate the Fuel Quantity to be made available to TransCanada on such day (the "fuel tender"). In the event TransCanada is not prepared to authorize Shipper's nomination or if TransCanada determines that Shipper's fuel tender is incorrect, TransCanada shall, by 14:00 hours CCT of the day immediately preceding the day for which service has been requested, advise Shipper to revise its fuel tender, and Shipper shall nominate such revised fuel

tender by 15:00 hours CCT on such day. All fuel tenders shall be stated to the nearest one (1) GJ.

Shipper's fuel tender shall be determined by Shipper pursuant to the formula set out in subsection 1(a) hereof. On or before the twenty-fifth day of each month, TransCanada shall provide Shipper with written notice of the monthly fuel ratio to be applied during the next succeeding month. In the absence of any notice as aforesaid Shipper shall determine the fuel tender on the basis of the fuel ratio used in the immediately preceding month.

## V QUALITY

1. The gas to be delivered hereunder shall be natural gas; provided however, that helium, natural gasoline, butane, propane and any other hydrocarbons except methane may be removed prior to delivery. TransCanada may subject, or permit the subjection of the natural gas to compression, cooling, cleaning and other processes.
2. **Heating Value:** The minimum gross heating value of the gas to be received and delivered by TransCanada shall be  $36.00 \text{ MJ/m}^3$ . The maximum Gross Heating Value of the gas to be received and delivered by TransCanada shall be  $41.34 \text{ MJ/m}^3$ . TransCanada shall have the right to refuse to accept Shipper's gas if the Gross Heating Value of such gas remains below  $36.00 \text{ MJ/m}^3$  or above  $41.34 \text{ MJ/m}^3$ .

In the event that the Gross Heating Value of the gas to be delivered by TransCanada is below  $36.00 \text{ MJ/m}^3$  or above  $41.34 \text{ MJ/m}^3$  the Shipper shall have the option to refuse to accept such gas so long as the Gross Heating Value remains below  $36.00 \text{ MJ/m}^3$  or above  $41.34 \text{ MJ/m}^3$ .

3. **Freedom from Objectionable Matter:** The gas to be received by TransCanada from Shipper and to be delivered by TransCanada hereunder:
  - (a) Shall be commercially free (at prevailing pressure and temperature in TransCanada's pipeline) from sand, dust, gums, oils, hydrocarbons liquefiable at temperatures in excess of minus ten degrees ( $-10^\circ$ ) Celsius at five thousand five hundred (5500) kPa absolute, impurities, other objectionable substances which may become separated from the gas, and other solids or liquids which will render it unmerchantable or cause injury to or interference with proper operations of the lines, regulators, meters or other appliances through which it flows; and shall not contain any substance not contained in the gas at the time the same was produced other than traces of those materials and chemicals

necessary for the transportation and delivery of the gas and which do not cause it to fail to meet any of the quality specifications herein set forth.

- (b) Shall contain no more than twenty-three (23) milligrams of hydrogen sulphide per cubic metre nor more than one hundred and fifteen (115) milligrams of total sulphur per cubic metre of gas as determined by standard methods of testing.
  - (c) Shall not contain more than two per cent (2%) by volume of carbon dioxide.
  - (d) Shall have been dehydrated, if necessary, for removal of water present therein in a vapour state, and in no event contain more than sixty-five (65) milligrams of water vapour per cubic metre of gas.
  - (e) Shall not exceed a temperature of fifty degrees (50°) Celsius.
  - (f) Shall be as free of oxygen as practicable and shall not in any event contain more than four tenths of one percent (0.4%) by volume of oxygen.
  - (g) Shall not have a total inert gas content in excess of 4% when used as a diluent to meet Natural Gas Interchangeability Indices.
  - (h) Shall be free of any microbiological organisms, active bacteria or bacterial agents, including but not limited to sulphate reducing bacteria, iron oxidizing bacteria, and/or acid producing bacteria.
4. **Failure to Conform to Specifications Re Objectionable Matter:** If the gas being received by TransCanada from Shipper or transported by TransCanada to Shipper fails at any time to conform to any of the specifications set forth in subsection 3 of this Section, then the party receiving such gas (the "First Party") shall notify the party delivering such gas (the "Second Party") of such deficiency and thereupon the First Party may at the First Party's option refuse to accept delivery pending correction by the Second Party. Upon the Second Party's failure promptly to remedy any deficiency in quality as specified in subsection 3 of this Section, the First Party may accept delivery of such gas and may make changes necessary to bring such gas into conformity with such specifications, and the Second Party shall reimburse the First Party for any reasonable expense incurred by the First Party in effecting such changes.
5. **Natural Gas Interchangeability Indices:** The natural gas received by TransCanada shall conform to the following specifications (the "Natural Gas Interchangeability Indices");
- i) Weaver Incomplete Combustion Index less than or equal to 0.05;

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- ii) AGA Yellow Tipping Index greater than or equal to 0.86;
- iii) The minimum Wobbe Index of the gas shall be 47.23 MJ/m<sup>3</sup>;
- iv) The maximum Wobbe Index of the gas shall be 51.16 MJ/m<sup>3</sup>; and
- v) Shall not contain greater than 1.5 mole percent (%) Butanes Plus.

The Natural Gas Interchangeability Indices are based on the following historical supply gas composition:

<b>Compound</b>	<b>Mole %</b>
Methane	95.6734
Ethane	1.6241
Propane	0.1410
I-Butane	0.0180
N-Butane	0.0173
I-Pentane	0.0034
N-Pentane	0.0034
N-Hexane	0.0014
N-Heptane	0.0007
N-Octane	0.0002
Nitrogen	1.8419
Carbon Dioxide	0.6411
Helium	0.0339

**VI MEASUREMENTS**

1. **Unit of Volume and Unit of Quantity:** The unit of volume for the purpose of reporting shall be one thousand (1000) cubic metres (10<sup>3</sup> m<sup>3</sup>) of gas and the unit of quantity shall be GJ.
2. **Determination of Volume and Gross Heating Value:** The volume and the gross heating value of the gas received by TransCanada from Shipper and delivered to Shipper shall be determined as follows:

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- (a) The gas volumes shall be computed in accordance with the methodology prescribed in the Electricity and Gas Inspection Act (Canada) (R.S.C. 1985, c.E-4) as amended from time to time including all regulations and specifications promulgated pursuant to such Act (collectively, the "Electricity and Gas Inspection Act").
- (b) For the purpose of measurement of gas received into and delivered from the TransCanada system, the parties agree that the average absolute atmospheric (barometric) pressure at such points shall be assumed to be constant during the term thereof, regardless of variations in actual barometric pressure from time to time, and shall be calculated based on the elevation of the measurement point. The formula used to calculate the atmospheric pressure shall be in accordance with the methodology prescribed in the Electricity and Gas Inspection Act (Canada) (R.S.C. 1985, c.E-4) amended from time to time including all regulations and specifications promulgated pursuant to such Act.
- (c) The determination of the gross heating value of the gas received or delivered shall be performed in a manner approved under the Electricity and Gas Inspection Act or, if such specification is not set out in such Act, in accordance with industry accepted standards, and, in any event, in such manner as to ensure that the gross heating values so determined are representative of the gas received or delivered at the receipt or delivery point.
- (d) The determination of the relative density of the gas received or delivered shall be performed in a manner approved under the Electricity and Gas Inspection Act or, if such specification is not set out in such Act, in accordance with industry accepted standards, and, in any event, in such manner as to ensure that the relative densities so determined are representative of the gas received or delivered at the receipt or delivery point.

**VII DELIVERY POINT**

1. For the purpose of Section VIII hereunder, unless otherwise specified in the Contract, the delivery point or points for all gas to be delivered by TransCanada to Shipper pursuant to any Contract into which these General Terms and Conditions are incorporated shall be on the outlet side of TransCanada's measuring stations located at or near the point or points of connection with the facilities of Shipper or Shipper's agent in receiving the gas, as specified in the Contract.

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2. If the total quantity of gas delivered at any delivery point is less than 3750 GJ during any contract year, then Shipper shall pay TransCanada at the end of such contract year, in addition to any amounts otherwise payable, an amount equal to:

$$\frac{(3750 \text{ GJ minus "X"}) \text{ times "Y"}}{3750 \text{ GJ}}$$

Where "X" is the total quantity (expressed in GJ) actually delivered by TransCanada to all Shippers at such delivery point during such contract year; and

Where "Y" is 18% of TransCanada's actual original costs of installation of the delivery facilities at such delivery point.

**VIII POSSESSION OF GAS**

TransCanada shall be deemed to be in control and possession of, and responsible for, all gas transported under the Contract from the time that such gas is received by it at the receipt point until such gas is delivered at the delivery point.

**IX MEASURING EQUIPMENT**

1. All meters and measuring equipment for the determination of gross heating value and/or relative density shall be approved pursuant to, and installed and maintained in accordance with, the Electricity and Gas Inspection Act.

Notwithstanding the foregoing, all installation of equipment applying to or affecting deliveries of gas shall be made in such manner as to permit an accurate determination of the quantity of gas delivered and ready verification of the accuracy of measurement. Care shall be exercised by both parties in the installation, maintenance and operation of pressure regulating equipment so as to prevent any inaccuracy in the determination of the volume or quantity of gas delivered under the Contract.

- (a) **Measuring Station:** In accordance with the above, TransCanada will install, maintain and operate, or will cause to be installed, maintained and operated, at or near each delivery point, a measuring station equipped with a meter or meters and other necessary equipment for accurate measurement of the gas delivered under the Contract.

2. **Calibration and Test of Measuring Equipment:** The accuracy of measuring equipment shall be verified by TransCanada at reasonable intervals, and if requested, in the presence of representatives of Shipper, but TransCanada shall not be required to verify the accuracy of such equipment more frequently than once in any thirty (30) day period. In the event either party shall notify the other that it desires a special test of any measuring equipment the parties shall co-operate to secure a prompt verification of the accuracy of such equipment. The expense of any such special test, if called for by Shipper, shall be borne by Shipper if the measuring equipment is found to be in error by not more than the limits set out as follows:

- (a) 2% for measuring equipment utilized to determine volume,
- (b) 1% for any instrument utilized to determine relative density,
- (c) 0.5% for any instrument utilized to determine gross heating value.

If upon test, any measuring equipment is found to be in error by not more than the limits specified above, the previous readings of such equipment shall be considered accurate in computing deliveries or receipts of gas but such equipment shall be adjusted at once to register accurately.

If, for the period since the last preceding test, it is determined that:

- (a) any measuring equipment, except for those instruments specified in (b) and (c) below, shall be found to be inaccurate by an amount exceeding 2% at a recording corresponding to the average hourly rate of flow for such period, and/or
- (b) any instrument utilized to determine the relative density shall be found to be inaccurate by an amount exceeding 1%, and/or
- (c) any instrument utilized to determine the gross heating value shall be found to be inaccurate by an amount exceeding 0.5%, then the previous readings of measurement equipment and/or instruments utilized to determine the relative density or gross heating value, as the case may be, shall be corrected to zero error for any period which is known definitely but in any case where the period is not known or agreed upon such correction shall be for a period extending over 50% of the time elapsed since the date of the last test.

Notwithstanding the foregoing, when TransCanada and Shipper mutually agree that a measurement instrument inaccuracy occurred at a definite point in time, a quantity

correction shall be made even though said inaccuracy is less than the limits specified in (a), (b) and (c) above.

3. **Correction of Metering Errors: Failure of Meters:** In the event a meter is out of service, or registering inaccurately, the volume or quantity of gas delivered shall be determined by the most equitable method. Such methods shall include but not be limited to:
  - (a) mathematical calculations and comparisons including prevailing ratio with a parallel meter,
  - (b) the use of Shipper's check measuring equipment, and
  - (c) comparison to deliveries under similar conditions when the meter was registering accurately.
4. **Preservation of Metering Records:** TransCanada and Shipper shall each preserve for a period of at least six (6) years all test data, charts and other similar records. Microfilms of the original documents shall be considered true records.
5. **Check Measuring Equipment:** Shipper may install, maintain and operate at its own expense, such check measuring equipment as desired, provided that such equipment shall be so installed as not to interfere with the operation of TransCanada's measuring equipment. Any pressure or volume control regulators installed by Shipper shall be operated so as not to interfere with TransCanada's measuring facilities.
6. **Rights of Parties:** The measuring equipment so installed by either party together with any building erected by it for such equipment, shall be and remain its property. However, TransCanada and Shipper shall have the right to have representatives present at the time of any installing, reading, cleaning, changing, repairing, inspecting, testing, calibrating or adjusting done in connection with the other's measuring equipment used in measuring or checking the measurement of the delivery of gas under the Contract. The records from such measuring equipment shall remain the property of their owner, but upon request each will submit to the other its records and charts, together with calculations therefrom, for inspection and verification, subject to return within ten days after receipt thereof.

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**X BILLING**

1. **Monthly Billing Date:** For all contracts in effect prior to the effective date of the NEB's Decision in the RH-2-95 proceeding, TransCanada shall render bills on or before the tenth (10th) day of each month for all transportation services provided by TransCanada within Canada ("Domestic Service") and on or before the fifteenth (15th) day of each month for all transportation services provided by TransCanada to any Export Delivery Point ("Export Service"). For gas taken by Shipper in excess of the total daily quantity authorized by TransCanada, TransCanada shall also render bills for charges made pursuant to Section XXII on or before the tenth (10th) day of each month, in respect of Domestic Service, and on or before the fifteenth (15th) day of each month, in respect of Export Service.

For all Export Service Contracts coming into effect after the effective date of the NEB's Decision in the RH-2-95 proceeding, including the renewal of any Export Service Contracts which existed prior to such date, the billing date shall be the tenth (10th) day of each month.

2. **Information:** Shipper hereby undertakes to provide TransCanada with all the information and material required by TransCanada to calculate and verify the quantity of gas actually received by TransCanada from Shipper, and the quality specifications and components thereof.

If such information is not received by TransCanada in sufficient time prior to TransCanada rendering bills to Shipper pursuant to this Section X, such bills shall be calculated based on TransCanada's best estimate of the quantity and quality of gas actually received by TransCanada from Shipper. Any overcharges or undercharges resulting from any differences between the above estimates and the actual amounts shall be adjusted in the subsequent bill without any interest thereon.

**XI PAYMENTS**

1. **Monthly Payment Date:** For all contracts in effect prior to the effective date of the NEB's Decision in the RH-2-95 proceeding, Shipper shall pay to TransCanada, at its address designated in the Contract, or shall pay to the Royal Bank of Canada, Main Branch, Calgary, Alberta, or at other institutions if agreed to by TransCanada for deposit to the account of

TransCanada so that TransCanada shall receive payment from Shipper on or before the twentieth (20th) day of each month for Domestic Service, and by the twenty-fifth (25th) day of each month for Export Service (the "Payment Date") provided by TransCanada to Shipper pursuant to the applicable toll schedules and for any charges made pursuant to Section XXII herein during the preceding month and billed by TransCanada in a statement for such month according to the nominated and/or measured deliveries, computations, prices and tolls provided in the Contract. If the Payment Date is not a Banking Day, then payment must be received by TransCanada on Shipper's account or before the first (1st) Banking Day immediately prior to the Payment Date.

For all Export Service Contracts coming into effect after the effective date of the NEB's Decision in the RH-2-95 proceeding, including the renewal of any Export Service Contracts which existed prior to such date, the payment date shall be the twentieth (20th) day of each month; provided however, if the Payment Date is not a Banking Day, then payment must be received by TransCanada on Shipper's account on or before the first (1st) Banking Day immediately prior to the Payment Date.

- 2. Remedies for Non-Payment: Notwithstanding Section XVII**, if Shipper fails to pay the full amount of any bill when payment is due, TransCanada may upon four (4) Banking Days written notice immediately suspend any or all service being or to be provided to Shipper provided however that such suspension shall not relieve Shipper from any obligation to pay any rate, toll, charge or other amount payable to TransCanada. If at any time during such suspension Shipper pays the full amount payable to TransCanada, TransCanada shall within two (2) Banking Days recommence such suspended service.

**Notwithstanding Section XVII** following suspension, TransCanada may, in addition to any other remedy that may be available to it, upon four (4) Banking Days written notice to Shipper immediately:

- (a) terminate any or all service being or to be provided to Shipper; and
- (b) declare any and all amounts payable now or in the future by Shipper to TransCanada for any and all service to be immediately due and payable as liquidated damages and not as a penalty.

In the event Shipper disputes any part of a bill, Shipper shall nevertheless pay to TransCanada the full amount of the bill when payment is due.

If Shipper fails to pay all of the amount of any bill as herein provided when such amount is due, interest on the unpaid portion of the bill accrues daily at a rate of interest equal to the prime rate of interest of the Royal Bank of Canada as it may vary from time to time, plus one percent (1%) and the principle and accrued interest to date shall be payable and due immediately upon demand.

3. **Adjustment of Underpayment, Overpayment or Error in Billing:** If it shall be found that at any time or times Shipper has been overcharged or undercharged in any form whatsoever under the provisions of the Contract and Shipper shall have actually paid the bills containing such overcharge or undercharge, then within thirty (30) days after the final determination thereof, TransCanada shall refund the amount of any such overcharge with interest which is equal to the prime rate of interest of the Royal Bank of Canada as it may vary from time to time from the time such overcharge was paid to the date of refund, plus one percent (1%) in addition thereto. If such refund is made by a credit on an invoice from TransCanada to Shipper, then the date of the refund shall be the date upon which the invoice reflecting such credit was rendered to Shipper by TransCanada. Shipper shall pay the amount of any such undercharge, but without interest. Adjustments to the amount billed in any statement rendered by TransCanada shall be made within the following time frames:

- (a) Measurement data corrections shall be processed within six (6) months of the production month with a three (3) month rebuttal period.
- (b) The time limitation for disputes of allocations shall be six (6) months from the date of the initial month-end allocation with a three (3) month rebuttal period.
- (c) Prior period adjustment time limits shall be six (6) months from the date of the initial transportation invoice with a three (3) month rebuttal period, excluding government-required rate changes.

These time limits shall not apply in the case of deliberate omission or misrepresentation or mutual mistake of fact. Parties' other statutory or contract rights shall not be otherwise diminished by these time limits.

4. **Time of Payment Extended if Bill Delayed:** If presentation of a bill to Shipper is delayed after the tenth (10th) or the fifteenth (15th) day of the month, as applicable for domestic or export service respectively, then the time of payment shall be extended accordingly unless Shipper is responsible for such delay.

## XII DELIVERY PRESSURE

Subject to the provisions set out in subsections a) and b) below, TransCanada shall deliver gas to Shipper at TransCanada's line pressure at the delivery point or points designated in the Contract, but the minimum pressure at each delivery point shall be not less than a gauge pressure of 4000 kilopascals or such lesser pressure that is agreed to by the parties; provided, however, that:

- (a) the parties shall not be required in any Contract into which these General Terms and Conditions are incorporated, to agree to delivery pressures less than the minimum contractual pressure theretofore applicable at existing delivery point; and
- (b) if the deliveries to Shipper at a delivery point or an agreed upon grouping of delivery points, exceeds the Shipper's Maximum Hourly Flow Rate without the prior consent of TransCanada, and the delivery pressure to Shipper falls below the delivery pressure agreed to in the Contract, despite reasonable preventative measures undertaken by TransCanada, then TransCanada shall, for the period of such excess deliveries, be relieved of its contractual obligation to such Shipper to deliver gas at such delivery point or area affected by the excess deliveries at the delivery pressure stipulated in the Contract.

If the receipt point or points under Shipper's Contract include that point on TransCanada's system which is immediately east of the Alberta/Saskatchewan border ("Empress"), then Shipper agrees to cause NOVA Gas Transmission Ltd. (hereinafter called "NGTL") to design and construct sufficient facilities to allow Shipper's Authorized Quantity to be delivered to TransCanada at Empress at a gauge pressure of 4137 kPa or any greater pressure which may from time to time be specified by TransCanada for all gas to be delivered into TransCanada's system at Empress and to cause NGTL to deliver Shipper's Authorized Quantity to TransCanada at NGTL's line pressure provided that said pressure shall not be less than a gauge pressure of 3792 kPa.

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For any receipt point downstream of Empress, Shipper shall do or cause others to do all that is required to allow Shipper's Authorized Quantity to be delivered to TransCanada at a pressure no less than that prevailing in TransCanada's pipeline at such receipt point at the time of delivery and no greater than the maximum allowable operating pressure of TransCanada's pipeline at such point.

**XIII WARRANTY OF TITLE TO GAS**

Shipper warrants that it owns or controls, has the right to:

1. deliver or have delivered, the gas that is delivered to TransCanada under the Contract;
2. transfer the gas pursuant to Section XXIV of these General Terms and Conditions.

Shipper shall indemnify and hold harmless TransCanada against all claims, actions or damages arising from any adverse claims by third parties claiming an ownership or an interest in the gas delivered for transport to TransCanada under the Contract or transferred pursuant to Section XXIV of these General Terms and Conditions.

**XIV FORCE MAJEURE**

In the event of either Shipper or TransCanada being rendered unable, wholly or in part, by force majeure to perform or comply with any obligation or condition hereof or any obligation or condition in any Contract into which these General Terms and Conditions are incorporated, such party shall give notice and full particulars of such force majeure in writing or by telegraph to the other party as soon as possible thereafter, and the obligations of the party giving such notice, other than obligations to make payments of money then due, so far as they are affected by such force majeure, shall be suspended during the continuance of any inability so caused but for no longer period, and such cause shall as far as possible be remedied with all reasonable dispatch. The term "force majeure" as used herein shall mean acts of God, strikes, lockouts or other industrial disturbances, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of governments and people, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, the necessity for making repairs to or alterations of machinery or lines of pipe, freezing of wells or lines of pipe, temporary failure of TransCanada's gas supply, inability to obtain materials, supplies, permits or labour, any laws, orders, rules, regulations, acts or restraints of any governmental body or authority, civil or military, any act or omission (including failure to deliver gas) of a

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supplier of gas to, or a transporter of gas to or for, TransCanada which is excused by any event or occurrence of the character herein defined as constituting force majeure, any act or omission by parties not controlled by the party having the difficulty and any other similar causes not within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome.

The settlement of strikes, lockouts or other labour disputes shall be entirely within the discretion of the party having the difficulty. Under no circumstances will lack of finances be construed to constitute force majeure.

In the event of an occurrence of a force majeure, TransCanada shall curtail delivery of gas to Shipper in accordance with Section XV hereof.

**XV IMPAIRED DELIVERIES**

On each day TransCanada shall determine in respect of all Contracts:

- (i) the total quantities which all Shippers have requested to be delivered on that day, and
- (ii) its available system capacity, including the maximum transportation on TransCanada's behalf under agreements that it has with Great Lakes Gas Transmission Limited Partnership, Union Gas Limited and Trans Québec and Maritimes Pipeline Inc.

If due to any cause whatsoever TransCanada is unable on any day to deliver the quantities of gas Shippers would have received if such disability did not exist, then TransCanada shall order curtailment by all Shippers affected thereby in the following manner to the extent necessary to remove the effect of the disability.

If TransCanada estimates that, notwithstanding its then inability to deliver, it nevertheless will be able to meet its total minimum obligations to deliver under all Contracts TransCanada shall order daily curtailment in the following order of priority:

- (a) First under interruptible service provided pursuant to the IT Toll Schedule.
- (b) Second under any gas storage program of TransCanada.

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(c) Third under:

Alternate Receipts made pursuant to FT, FT-SN, FT-NR, or MFP Contracts or Diversions made pursuant to FT, FT-SN, FT-NR, or MFP Contracts which:

- A. cause the actual flow of gas on a lateral or extension to exceed the capability of the lateral or extension, and/or
- B. cause the actual flow of gas through a metering facility to exceed the capability of the metering facility, and/or
- C. cause the actual flow of gas on any segment of TransCanada's integrated pipeline system (including those notional segments comprised of TransCanada's maximum transportation entitlements under transportation agreements that it has with Great Lakes Gas Transmission, L.P., Union Gas Limited and Trans Québec and Maritimes Pipeline Inc.) to exceed the capability of the affected segment by an amount greater than that which would have occurred had the gas which is the subject of an Alternate Receipt and/or a Diversion, been received at the receipt point and delivered at the delivery point(s) or delivery area specified in the FT, FT-SN, FT-NR, or MFP Contract. Solely for the purpose of making the aforesaid determination, TransCanada may, for certain quantities, treat the point of interconnection between TransCanada's system and the system of Union Gas Limited at Parkway as a delivery point specified in those FT, FT-SN, FT-NR or MFP Contracts which have delivery points on the segment of TransCanada's integrated system from Kirkwall to Niagara Falls.

(d) Fourth, quantities to be delivered on a best efforts basis under STS and STS-L Contracts.

(e) Fifth proportionately under:

- (i) FT, FT-SN, FT-NR, STFT, ST-SN, SNB, STS, STS-L and MFP Contracts (other than quantities to be delivered on a best efforts basis under STS and STS-L Contracts) in amounts proportional to the Operating Demand Quantities minus

the quantities to be delivered pursuant to an Alternate Receipt or a Diversion of such Contracts.

- (ii) Alternate Receipts made pursuant to FT, FT-SN, FT-NR or MFP Contracts and/or Diversions made pursuant to FT, FT-SN, FT-NR, and MFP Contracts not already curtailed pursuant to subsection, (c) above in amounts to be delivered pursuant to such Alternate Receipt and/or Diversion.

(For the purpose of this subsection, the Operating Demand Quantity shall be:

- (A) under FT Contracts, the Contract Demand;
- (B) under FT-SN Contracts, the Contract Demand;
- (C) under FT-NR Contracts, the Contract Demand;
- (D) under MFP Contracts, the Contract Demand;
- (E) under STS Contracts, the Daily Injection Quantity or the Daily Withdrawal Quantity, as the case may be;
- (F) under STS-L Contracts, the Daily Contract Injection Quantity and the Daily Contract Withdrawal Quantity;
- (G) under STFT Contracts, the Maximum Daily Quantity;
- (H) under ST-SN Contracts, the Maximum Daily Quantity; and
- (I) under SNB Contracts, the Contract Quantity.

## **XVI DETERMINATION OF DAILY DELIVERIES**

1. A Shipper taking delivery of gas under contracts and/or toll schedules for more than one class of service in one delivery area or one Export Delivery Point shall be deemed on any day to have taken delivery of Shipper's Authorized Quantity under the applicable contract and/or toll schedule in accordance with such agreement as may exist between TransCanada and the downstream operator(s). Absent such agreement, shipper shall be deemed to have taken delivery of Shipper's Authorized Quantities sequentially as follows:

- (a) FT and MFP Contracts
- (b) FT-SN Contract
- (c) FT-NR Contract
- (d) STFT and ST-SN Contracts
- (e) STS and STS-L Contracts
- (f) IT Contract, Delivery Quantity

## **XVII DEFAULT AND TERMINATION**

Subject to the provisions of Section XI, Section XIV, Section XV and Section XXIII of these General Terms and Conditions, if either TransCanada or Shipper shall fail to perform any of the covenants or obligations imposed upon it under any Contract into which these General Terms and Conditions are incorporated, then in such event the other party may, at its option, terminate such Contract by proceeding as follows: the party not in default shall cause a written notice to be served on the party in default stating specifically the default under the Contract and declaring it to be the intention of the party giving the notice to terminate such Contract; thereupon the party in default shall have ten (10) days after the service of the aforesaid notice in which to remedy or remove the cause or causes stated in the default notice and if within the said ten (10) day period the party in default does so remove and remedy said cause or causes and fully indemnifies the party not in default for any and all consequences of such default, then such default notice shall be withdrawn and the Contract shall continue in full force and effect.

In the event that the party in default does not so remedy and remove the cause or causes or does not indemnify the party giving the default notice for any and all consequences of such default within the said period of ten (10) days, then, at the option of the party giving such default notice, the Contract shall terminate. Any termination of the Contract pursuant to the provisions of this Section shall be without prejudice to the right of TransCanada to collect any amounts then due to it for gas delivered or service provided prior to the date of termination, and shall be without prejudice to the right of Shipper to receive any gas which it has not received but the transportation of which has been paid prior to the date of

termination, and without waiver of any other remedy to which the party not in default may be entitled for breaches of the Contract.

This Section shall not apply to any default and terminations pursuant to Section XI and Section XXIII.

#### **XVIII NON-WAIVER AND FUTURE DEFAULT**

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

#### **XIX DELIVERY AREAS**

Deliveries of gas within a delivery area shall be subject to sufficient capacity and facilities within such delivery area.

#### **XX DELIVERY AREA BOUNDARIES**

TransCanada's delivery areas for purposes of determining the Contract Demand applicable to the points of delivery of TransCanada's pipeline system are as follows:

Saskatchewan Southern Delivery Area or SSDA

extends from a point on TransCanada's main pipeline at the Alberta- Saskatchewan border near Empress, Alberta to a point on TransCanada's main pipeline at the Saskatchewan-Manitoba border.

Manitoba Delivery Area or MDA

extends from a point on TransCanada's main pipeline at the Saskatchewan-Manitoba border to a point on TransCanada's pipeline at the Manitoba-Ontario border to a point on TransCanada's pipeline at the International Border near Emerson, Manitoba.

Western Delivery Area or WDA

extends from a point on TransCanada's pipeline at the Manitoba- Ontario border to a point on TransCanada's pipeline 24.99 kilometres east of TransCanada's Station 80 near Geraldton, Ontario.

Northern Delivery Area or NDA

extends from a point on TransCanada's pipeline 24.99 kilometres east of TransCanada's Station 80 near Geraldton, Ontario to a point on TransCanada's pipeline 23.09 kilometres south and east respectively of TransCanada's Station 116 near North Bay, Ontario.

Sault Ste. Marie Delivery Area or SSMDA

any point on TransCanada's Sault Ste. Marie pipeline.

North Central Delivery Area or NCDA

extends from a point on TransCanada's pipeline 23.09 kilometres south of TransCanada's Station 116 near North Bay Ontario, to a point on TransCanada's pipeline 0.50 kilometres south of TransCanada's Station 127 near Barrie Ontario, provided that points of delivery to the Enbridge Gas Distribution Inc. Gas within this area are deemed for the purposes of this Tariff to be in the Central Delivery Area.

Central Delivery Area or CDA

extends from a point on TransCanada's pipeline 0.50 kilometres south of TransCanada's Station 127 near Barrie Ontario to a point on TransCanada's pipeline at the International Border near Niagara Falls, Ontario and to a point on TransCanada's pipeline 24.99 kilometres east of TransCanada's Station 134 near Bowmanville, Ontario.

Southwestern Delivery Area or SWDA

any point on TransCanada's St. Clair to Dawn pipeline.

Eastern Delivery Area or EDA

extends from a point on TransCanada's pipeline 24.99 kilometres east of TransCanada's Station 134 near Bowmanville, Ontario and from a point on TransCanada's North Bay Shortcut 23.09 kilometres east of TransCanada's Station 116 near North Bay, Ontario to a point on TransCanada's pipeline at the International Border near Philipsburg, Québec and to a point on the pipeline system of Trans Québec & Maritimes Pipeline Inc. near Québec City, Québec.

## **XXI INCORPORATION IN TOLL SCHEDULES AND CONTRACTS**

1. These General Terms and Conditions are incorporated in and are a part of all of TransCanada's Toll Schedules, Contracts and transportation service contracts.

2. These General Terms and Conditions are subject to the provisions of the National Energy Board Act or any other legislation passed in amendment thereto or substitution therefor.

## XXII NOMINATIONS AND UNAUTHORIZED QUANTITIES

### 1. Nominations

For service required on any day under each of Shipper's transportation contracts (for the purposes of this Section XXII the "said Contract"), Shipper shall provide TransCanada with a nomination of the quantity of gas, expressed in GJ, it desires TransCanada to deliver at the delivery point ("Shipper's nomination") or Title Transfer pursuant to Section XXIV of these General Terms and Conditions. Unless otherwise provided under the applicable Toll Schedule or as outlined under this section in the Schedule of Nomination Times below, such nominations are to be provided in writing or EDI format, or by other electronic means, so as to be received by TransCanada's Gas Control Department in Calgary on or before 12:00 hours CCT on the day immediately preceding the day for which service is requested. Subject to the provisions of the applicable toll schedules and Sections XIV and XV of these General Terms and Conditions, TransCanada shall determine whether or not all or any portion of Shipper's nomination will be accepted.

In the event TransCanada determines that it will not accept such nomination, TransCanada shall advise Shipper, (on or before 14:00 hours CCT on the day immediately preceding the day for which service is requested), of the reduced quantity of gas, (if any) (the "quantity available") that TransCanada is prepared to deliver under the said Contract. Forthwith after receiving such advice from TransCanada but no later than 1 hour after receiving such notice on such day, Shipper shall provide a revised nomination to TransCanada which shall be no greater than the quantity available. If such revised nomination is not provided within the time allowed as required above or such revised nomination is greater than the quantity available, then the revised nomination shall be deemed to be the quantity available. If the revised nomination (delivered within the time allowed as required above) is less than the quantity available, then such lesser amount shall be the revised nomination. That portion of a Shipper's nomination or revised nomination, which TransCanada shall accept for delivery shall be known as "Shipper's Authorized Quantity" which authorized quantity shall be limited, for firm services, to Shipper's

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Contract Demand and, for other services, to such quantity permitted by the provisions of the Contract.

**Schedule of Nomination Times (CCT)**

<b>Gas Day Time</b>	<b>Class of Service *</b>	<b>Effective 0900 Hours Next Gas Day</b>
12:00	All Services	Faxed, EBB & EDI (EBB & EDI commencing on October 1, 1997)

\*\* Effective October 1, 1997 nominations for service must be received by TransCanada through its electronic bulletin board or EDI at the time specified pursuant to Section XXII of the General Terms and Conditions. TransCanada shall not accept nominations by fax unless TransCanada's electronic bulletin board and EDI systems are inoperative, except in the case of FT-SN and SNB Service. Nominations for FT-SN and SNB Service shall be submitted to TransCanada via fax or by other electronic means as determined from time to time by TransCanada.

**2. Definitions in Section XXII**

In this Section XXII, the following terms shall be construed to have the following meanings:

- (a) "Total Allocated Quantity":
  - (i) for any receipt point, means the total quantity of gas which TransCanada determines has been received during any time period under all transportation service contracts with a Shipper; and
  - (ii) for any delivery point or delivery area, means the total quantity of gas which TransCanada determines has been delivered during any time period under all transportation service contracts with a Shipper.
  
- (b) "Total Authorized Quantity" or "TAQ" for any day:
  - (i) for any receipt point, means the sum of the Shipper's Authorized Quantities under all transportation service contracts at that receipt point.

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- (ii) for any delivery point or delivery area, means the sum of the Shipper's Authorized Quantities under all transportation service contracts at a delivery point or for that delivery area.
- (c) "Daily Variance" for a Shipper at any receipt or delivery point or delivery area means the absolute difference between the Total Authorized Quantity and the Total Allocated Quantity.
- (d) "FT Daily Demand Charge" or "FTD" means the Daily Demand Toll for FT service from Empress to KPUC EDA, as set out in the List of Tolls.
- (e) "Average Authorized Quantity" or "AAQ" for a Shipper at any receipt or delivery point or delivery area means the average Total Authorized Quantity during the preceding 30 days.
- (f) "Cumulative Variance" is the absolute value accumulation of the daily differences between the Total Authorized Quantity and the Total Allocated Quantity for a Shipper at any delivery point, delivery area or receipt point.

**3. Emergency Operating Conditions**

## (a) EOC Definition

"Emergency Operating Conditions" ("EOC") means that TransCanada determines, in the exercise of its reasonable judgement, that its ability to fulfill its obligations under firm contracts is at risk due, in whole or in part, to Shipper variances during periods of extreme weather changes, and/or supply, market, pipeline interruptions, and TransCanada issues an EOC notice pursuant to subsection 3(b).

## (b) EOC Notices

If TransCanada determines an EOC exists, TransCanada shall issue notice to all Shippers via High Priority Bulletin on its electronic bulletin board setting out the following information related to the EOC:

- i) EOC effective time, and
- ii) anticipated duration of the EOC, and

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- iii) delivery points and delivery areas where EOC is in effect

In addition to such notice, TransCanada will use reasonable efforts to contact by phone those Shippers directly impacted by the EOC.

- (c) EOC Effective Times

If TransCanada issues notice of EOC prior to 13:00 Central Clock Time (CCT), then the EOC takes effect on that day. If TransCanada issues notice of EOC after 13:00 CCT, then the EOC takes effect on the next day. The EOC will remain in effect until the operational condition has been remedied.

**4. Daily Balancing Fee**

On each day Shipper shall pay a "Daily Balancing Fee" equal to:

(Tier 1 Quantity times Tier 1 Fee); plus

(Tier 2 Quantity times Tier 2 Fee); plus

(Tier 3 Quantity times Tier 3 Fee); plus

(Tier 4 Quantity times Tier 4 Fee).

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Where:

(a) Tier 1, 2, 3, 4 Fees and Quantities are set out in the following Table:

	<b>Tier 1</b>	<b>Tier 2</b>	<b>Tier 3</b>	<b>Tier 4</b>
Minimum Quantity	Greater of: 2% of TAQ, or 2% of AAQ or 75 GJ	Greater of: 4% if TAQ, or 4% of AAQ, or 150 GJ	Greater of: 8% of TAQ, or 8% of AAQ, or 302 GJ	Greater of: 10% of TAQ, or 10% of AAQ, or 377 GJ
Maximum Quantity	Greater of: 4% of TAQ, or 4% of AAQ, or 150 GJ	Greater of: 8% of TAQ, or 8% of AAQ, or 302 GJ	Greater of: 10% of TAQ, or 10% of AAQ, or 377 GJ	∞ (Infinity)
Standard Fee	0.2 times FTD	0.5 times FTD	0.75 times FTDC	1.0 times FTD
EOC Draft Fee	1.0 times Index	1.25 times Index	1.50 times Index	2.0 times Index
EOC Pack Fee	0	0	0	0

- (a) Quantity for each Tier equals that portion of the Daily Variance which is greater than the Minimum Quantity and less than the Maximum Quantity.
- (b) The applicable Fee for each Tier equals:
  - (i) Standard Fee for days and locations where EOC are not in effect,
  - (ii) EOC Draft Fee for days and locations where EOC are in effect and where Shipper's Total Authorized Quantity is less than Shipper's Total Allocated Quantity, and
  - (iii) EOC Pack Fee for days and locations where EOC are in effect and where Shipper's Total Authorized Quantity is greater than Shipper's Total Allocated Quantity.
- (c) No Daily Balancing Fee is payable on the portion of a Daily Variance which is less than 75 GJ.
- (d) The Daily Balancing Fee is added to the bill for the month in which the day is included.

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- (e) "Index" means the highest price of gas on the day among all receipt and delivery points on the TransCanada pipeline system as published by Platts Gas Daily or such other recognized industry publication.

**5. Cumulative Balancing Fee**

On each day Shipper shall pay a "Cumulative Balancing Fee" equal to:

(Tier 1 Quantity times Tier 1 Fee); plus

(Tier 2 Quantity times Tier 2 Fee).

Where:

- (a) Tier 1, 2 Fees and Quantities are set out in the following Table:

	<b>Tier 1</b>	<b>Tier 2</b>
Minimum Quantity	Greater of: 4% of TAQ, or 4% of AAG, or 150 GJ	Greater of: 6% of TAQ, or 6% of AAQ, or 225 GJ
Maximum Quantity	Greater of: 6% of TAQ, or 6% of AAQ, or 225 GJ	∞ (Infinity)
Standard Fee	0.15 times FTD	0.25 times FTD
EOC Draft Fee	0.15 times FTD	0.25 times FTD
EOC Pack Fee	0	0

- (b) Quantity for each Tier equals that portion of the Cumulative Variance which is greater than the Minimum Quantity and less than the Maximum Quantity.
- (c) The applicable Fee for each Tier equals:
  - (i) Standard Fee for days and locations where EOC are not in effect,

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- (ii) EOC Draft Fee for days and locations where EOC are in effect and where Shipper's accumulated Total Authorized Quantity is less than Shipper's accumulated Total Allocated Quantity, and
  - (iii) EOC Pack Fee for days and locations where EOC are in effect and where Shipper's accumulated Total Authorized Quantity is greater than Shipper's accumulated Total Allocated Quantity.
- (d) No Cumulative Balancing Fee is payable on the portion of an Absolute Cumulative Variance which is less than 150 GJ.
  - (e) The Cumulative Balancing Fee is added to the bill for the month in which the day is included.
  - (f) A Cumulative Balancing Fee is in addition to Daily Balancing Fees payable under subsection 4 of Section XXII, and an additional Cumulative Balancing Fee is payable on each day where there is an Absolute Cumulative Variance.

**6. Payback Provisions**

- (a) Shippers may reduce Cumulative Variances through nomination of "Payback Quantities" which shall be nominated and authorized in accordance with these General Terms and Conditions.

TransCanada is not obligated to provide additional transportation capacity to deliver Payback Quantities.

- (b) If, on any day, a Shipper nominates a Payback Quantity under subsection (d), and TransCanada is unable to deliver or receive a quantity ("Minimum Payback Quantity") equal to the lesser of:
  - (i) Shipper's nominated Payback Quantities, or
  - (ii) the greater of:
    - (a) two percent of the Total Authorized Quantity,
    - (b) two percent of the Average Authorized Quantity, and
    - (c) 75 GJ

then Shipper is relieved from the Cumulative Balancing Fee by a quantity ("Payback Relief Quantity") equal to the difference between:

- (iii) the Minimum Payback Quantity, and
- (iv) The level of Payback Quantities which TransCanada was able to deliver or receive.

The relief from Cumulative Balancing Fees shall apply for each day until TransCanada delivers or receives the Payback Relief Quantity. No Payback Relief will be granted as a result of TransCanada not authorizing a transportation service.

- (c) If TransCanada determines, in its sole discretion, that its ability to meet firm obligations is at risk due to Shipper variances, and after curtailment of all discretionary transportation services that are hindering TransCanada's ability to meet its firm obligations, TransCanada may, without further notice, adjust Shipper's nominations for any day in order to reduce Shipper's Cumulative Variance to zero.

#### 7. **Obligation to Balance Accounts**

Payments of balancing fees under this Section XXII do not give Shipper the right to receive or deliver unauthorized quantities, or incur Cumulative or Daily Variances, nor shall payment of the balancing fees be a substitute for other remedies available to TransCanada.

#### 8. **Energy Imbalance Recovery**

- (a) Cumulative energy imbalances that result from energy in transit, accumulated fuel imbalances and imbalances held under other applicable accounts, shall be recovered in the following manner:
  - (i) on the 20th Day of each month, TransCanada shall advise Shipper in writing of all cumulative energy imbalances attributed to Shipper arising up to the end of the 19<sup>th</sup> Day of such month and carried forward or arising from previous months, provided however that such cumulative energy imbalances for export delivery points referred to in subsection 8(b) shall be the amount by which the cumulative energy imbalance at such points exceed 50 GJ;

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- (ii) the cumulative energy imbalance reported to Shipper shall be aggregated at each applicable location from all of Shipper's Contracts, nomination groups and other applicable accounts;
- (iii) on or before the 3<sup>rd</sup> last Day of each month, Shipper may reduce the cumulative energy imbalances reported by TransCanada.
- (iv) The cumulative energy imbalance after giving effect to applicable offsetting transactions (the "Net Imbalance"), shall be determined on:
  - (A) the end of the 3<sup>rd</sup> last Day of such month if the cumulative energy imbalance is less than the cumulative energy imbalance on the 19<sup>th</sup> Day of such month; or
  - (B) the 19<sup>th</sup> Day of such month if the cumulative energy imbalance on the 3<sup>rd</sup> last Day of such month is greater than the energy balance on the 19<sup>th</sup> Day of such month.

The Net Imbalance shall be scheduled and recovered in equal amounts on each Day over the first 15 Days, or a lesser number of Days as mutually agreed to by Shipper and TransCanada, of next month (the "Recovery Period"). The amount of the Net Imbalance to be recovered each Day of the Recovery Period (the "Daily Imbalance Recovery") will be determined by TransCanada and verbally communicated to Shipper on the 2<sup>nd</sup> last Day of each month. Shipper shall nominate the Daily Imbalance Recovery on each Day of the Recovery Period as an "Imbalance Payback" under the Shipper account (nomination group) with the largest energy imbalance as determined by TransCanada based on the most recent monthly statements available.

- (vi) in nominating the Daily Imbalance Recovery, Shipper will ensure that all nominations remain in balance. Any nomination received from Shipper which does not include the required Daily Imbalance Recovery will, at TransCanada's sole discretion, be either rejected or forced to balance by TransCanada. TransCanada is authorized to curtail Shipper's gas supply and market, as necessary, to balance the nomination after accounting for the Daily Imbalance Recovery;
- (vii) where applicable, deliveries of the Daily Imbalance Recovery shall be the first deliveries made under the nomination on each Day of the Recovery Period; and

- (viii) any imbalance shall be deemed to have occurred and shall be held at the primary receipt point specified in the transportation service agreement.
- (b) Cumulative energy imbalances at export delivery points that result from rounding when converting between energy units used for daily scheduling purposes shall be subject to the following:
- (i) Each Day Shipper shall be entitled to an energy imbalance of up to 5 GJ provided however, Shipper's cumulative energy imbalance at any time shall not exceed 50 GJ;
  - (ii) Shipper may reduce its cumulative energy imbalance on any Day by up to 10 GJ provided however, such reduction shall not result in the cumulative energy imbalance moving from a positive imbalance to a negative imbalance, or from a negative imbalance to a positive imbalance.

### XXIII FINANCIAL ASSURANCES

1. **Financial Assurance for Performance of Obligations:** TransCanada may request that Shipper (or any assignee) at any time from time to time prior to and during service, provide TransCanada with an irrevocable letter of credit or other assurance acceptable to TransCanada, in form and substance satisfactory to TransCanada and in an amount determined in accordance with subsection XXIII(3) hereof (the "Financial Assurance").
2. **Failure to Provide Financial Assurance:** TransCanada may withhold the provision of new service until TransCanada has received a requested Financial Assurance.

**Notwithstanding Section XVII**, if Shipper fails to provide a requested Financial Assurance to TransCanada within four (4) Banking Days of TransCanada's request, TransCanada may upon four (4) Banking Days written notice immediately suspend any or all service being or to be provided to Shipper provided however that any such suspension shall not relieve Shipper from any obligation to pay any rate, toll, charge or other amount payable to TransCanada. If at any time during such suspension Shipper provides such Financial Assurance to TransCanada, TransCanada shall within two (2) Banking Days recommence such suspended service.

**Notwithstanding Section XVII**, if Shipper fails to provide such Financial Assurance during such suspension, TransCanada may, in addition to any other remedy that may be available to it, upon four (4) Banking Days written notice to shipper immediately:

- a) Terminate any or all service being or to be provided to Shipper; and
- b) Declare any and all amounts payable now or in the future by Shipper to TransCanada for any and all service to be immediately due and payable as liquidated damages and not as a penalty.

Any notice provided by TransCanada to Shipper to withhold, suspend or terminate service pursuant to **sub-Section XXIII(2) hereof** shall be filed concurrently with the NEB.

3. **Amount of Financial Assurance:** The maximum amount of Financial Assurance TransCanada may request from a Shipper (or assignee) shall be as determined by TransCanada an amount equal to:

- a) for the provision of all gas transportation and related services, other than such services referred to in **sub-Section XXIII(3)(b)**, the aggregate of all rates, tolls, charges or other amounts payable to TransCanada for a period of seventy (70) days. Provided however, the amount of the Financial Assurance for all rates, tolls and charges other than demand charges shall be based on the daily average of the actual charges billed for service for the preceding twelve (12) month period with the initial forecast to be provided by Shipper; and
- b) for the provision of any gas transportation and related services where TransCanada determines it must construct facilities and Shipper has executed the Financial Assurances Agreement defined in Section 4.4(c)(ii) of the Transportation Access Procedure, the aggregate of all rates, tolls, charges or other amounts payable to TransCanada for a period of seventy (70) days plus one (1) month for each remaining year of the term of such service, up to a maximum of twelve (12) months total.

Nothing in this Section XXIII shall limit Shipper's right to request the NEB to issue an order, under sub-section 71(2) of the National Energy Board Act, requiring TransCanada to receive, transport and deliver gas offered by Shipper for transmission, or to grant such other relief as Shipper may request under the circumstances, notwithstanding Shipper's default under this Section XXIII.

**XXIV TITLE TRANSFERS**

Shippers may request and TransCanada shall authorize Title Transfers subject to the following:

- a. TransCanada receives a nomination satisfactory to TransCanada from each Shipper that is a party to a Title Transfer;
- b. If TransCanada determines at any time that any title transfer account of a Shipper is out of balance, TransCanada may, without notice to the title transfer account holder, curtail transfers up to such amounts as TransCanada deems necessary to bring all affected title transfer accounts into balance. In so doing, TransCanada shall have no liability whatsoever to Shipper or any third party claiming through Shipper for any claims, actions or damages of any nature arising out of or in any way related to such curtailment

**XXV LIABILITY AND LIMITATION OF LIABILITY**

TransCanada's and Shipper's liability to each other is limited to direct damages only. In no event, other than in the case of gross negligence or wilful default, shall either TransCanada or Shipper be liable for loss of profits, consequential, incidental, punitive, or indirect damages, in tort, contract or otherwise.

**Transportation Tariff**

**TransCanada PipeLines Limited**

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**HV-97 SCHEDULE**

**Transportation Tariff**

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<b>Area</b>	<b>Heating Value</b>
	MJ/m3
CHIPPAWA	37.77
CORNWALL	37.69
EMERSON 1	37.68
EMERSON 2	37.68
EMPRESS	37.73
IROQUOIS-EXP.	37.68
NAPIERVILLE	37.68
NIAGARA FALLS	37.75
PARKWAY ENBRIDGE	37.69
PARKWAY UNION	37.68
PHILIPSBURG	37.68
ST-LAZARE	37.69
SABREVOIS	37.69
SPRUCE	37.68
ST. CLAIR	37.72
NCCA, UNION GAS LIMITED	37.69
CDA, ENBRIDGE GAS DISTRIBUTION INC.	37.69
CDA, UNION GAS LIMITED	37.68
EDA, UNION GAS LIMITED	37.68
EDA, GAZ METROPOLITAIN & CO. L.P.	37.69
EDA, KINGSTON PUBLIC UTILITIES COMM	37.68
EDA, ENBRIDGE GAS DISTRIBUTION INC.	37.69
MDA, CENTRA GAS MANITOBA INC	37.68
MDA, CENTRA TRANSMISSION HOLDINGS	37.68
MDA, GLADSTONE AUSTIN	37.68
NDA, UNION GAS LIMITED	37.68
NDA, GAZ METROPOLITAIN & CO. L.P.	37.68
NDA, TRANSCANADA POWER, L.P.	37.68
SSDA, CENTRA GAS MANITOBA INC	37.67
SSDA, TRANSGAS LTD.	37.66
SSMDA UNION GAS LIMITED.	37.71
SWDA, ENBRIDGE GAS DISTRIBUTION INC	37.68
SWDA, UNION GAS LIMITED	37.71
WDA, UNION GAS LIMITED	37.68
WDA, TRANSCANADA POWER, L.P.	37.67

**Attachment 2**  
**TransCanada PipeLines Limited**  
**Application for Approval of Tariff Proposals**

**List of Eligible Alternate Receipt Points and Diversions**

Primary Receipt	Primary Delivery	Eligible Alternate Receipt Point	Eligible Diversion Point / Delivery Area
Empress	East Hereford	Suffield 2 Richmond Bayhurst 1 Bayhurst 2 Liebenthal Shackleton Success Herbert Grand Coulee Steelman Welwyn North Bay Junction Cornwall East Hereford	Empress TransGas SSDA Welwyn Centram SSDA Centram MDA Spruce Centrat MDA Union WDA Nipigon WDA Calstock NDA TCPL NDA Union NDA GMIT NDA North Bay Junction Enbridge EDA Cornwall Union EDA GMIT EDA
Empress	Phillipsburg	Suffield 2 Richmond Bayhurst 1 Bayhurst 2 Liebenthal Shackleton Success Herbert Grand Coulee Steelman	

Primary Receipt	Primary Delivery	Eligible Alternate Receipt Point	Eligible Diversion Point / Delivery Area
		Welwyn North Bay Junction Cornwall Phillipsburg	Empress TransGas SSDA Welwyn Centram SSDA Centram MDA Spruce Centrat MDA Union WDA Nipigon WDA Calstock NDA TCPL NDA Union NDA GMIT NDA North Bay Junction Enbridge EDA Cornwall Union EDA GMIT EDA
Empress	GMIT EDA	Suffield 2 Richmond Bayhurst 1 Bayhurst 2 Liebenthal Shackleton Success Herbert Grand Coulee Steelman Welwyn North Bay Junction Cornwall Sainte-Genevieve-de-Berthier	Empress TransGas SSDA Welwyn Centram SSDA Centram MDA Spruce Centrat MDA

Primary Receipt	Primary Delivery	Eligible Alternate Receipt Point	Eligible Diversion Point / Delivery Area
			Union WDA Nipigon WDA Calstock NDA TCPL NDA Union NDA GMIT NDA North Bay Junction Enbridge EDA Cornwall Union EDA
Empress	Napierville	Suffield 2 Richmond Bayhurst 1 Bayhurst 2 Liebenthal Shackleton Success Herbert Grand Coulee Steelman Welwyn North Bay Junction Cornwall Napierville	Empress TransGas SSDA Welwyn Centram SSDA Centram MDA Spruce Centrat MDA Union WDA Nipigon WDA Calstock NDA TCPL NDA Union NDA GMIT NDA North Bay Junction Enbridge EDA Cornwall Union EDA
Empress	KPUC EDA	Suffield 2	

Primary Receipt	Primary Delivery	Eligible Alternate Receipt Point	Eligible Diversion Point / Delivery Area
		Richmond Bayhurst 1 Bayhurst 2 Liebenthal Shackleton Success Herbert Grand Coulee Steelman Welwyn North Bay Junction	Empress TransGas SSSA Welwyn Centram SSSA Centram MDA Spruce Centrat MDA Union WDA Nipigon WDA Calstock NDA TCPL NDA Union NDA GMIT NDA North Bay Junction Enbridge EDA Union EDA
Empress	Union EDA	Suffield 2 Richmond Bayhurst 1 Bayhurst 2 Liebenthal Shackleton Success Herbert Grand Coulee Steelman Welwyn North Bay Junction Cornwall	Empress TransGas SSSA Welwyn

Primary Receipt	Primary Delivery	Eligible Alternate Receipt Point	Eligible Diversion Point / Delivery Area
			Centram SSDA Centram MDA Spruce Centrat MDA Union WDA Nipigon WDA Calstock NDA TCPL NDA Union NDA GMIT NDA North Bay Junction Enbridge EDA Cornwall KPUC EDA
Empress	Cornwall	Suffield 2 Richmond Bayhurst 1 Bayhurst 2 Liebenthal Shackleton Success Herbert Grand Coulee Steelman Welwyn North Bay Junction Cornwall	Empress TransGas SSDA Welwyn Centram SSDA Centram MDA Spruce Centrat MDA Union WDA Nipigon WDA Calstock NDA TCPL NDA Union NDA GMIT NDA North Bay Junction Enbridge EDA Union EDA

Primary Receipt	Primary Delivery	Eligible Alternate Receipt Point	Eligible Diversion Point / Delivery Area
Empress	Iroquois	Suffield 2 Richmond Bayhurst 1 Bayhurst 2 Liebenthal Shackleton Success Herbert Grand Coulee Steelman Welwyn North Bay Junction Iroquois	Empress TransGas SSDA Welwyn Centram SSDA Centram MDA Spruce Centrat MDA Union WDA Nipigon WDA Calstock NDA TCPL NDA Union NDA GMIT NDA North Bay Junction Enbridge EDA Union EDA
Empress	Enbridge EDA	Suffield 2 Richmond Bayhurst 1 Bayhurst 2 Liebenthal Shackleton Success Herbert Grand Coulee Steelman Welwyn North Bay Junction Cornwall	

Primary Receipt	Primary Delivery	Eligible Alternate Receipt Point	Eligible Diversion Point / Delivery Area
			Empress TransGas SSDA Welwyn Centram SSDA Centram MDA Spruce Centrat MDA Union WDA Nipigon WDA Calstock NDA TCPL NDA Union NDA GMIT NDA North Bay Junction Cornwall Union EDA KPUC EDA
Empress	Enbridge CDA	Suffield 2 Richmond Bayhurst 1 Bayhurst 2 Liebenthal Shackleton Success Herbert Grand Coulee Steelman Welwyn Emerson 1 Emerson 2 St. Clair Union Dawn Kirkwall Union Parkway Belt	Empress TransGas SSDA Welwyn Centram SSDA Centram MDA Emerson 1 Emerson 2 St. Clair Union SWDA

Primary Receipt	Primary Delivery	Eligible Alternate Receipt Point	Eligible Diversion Point / Delivery Area
			Enbridge SWDA Dawn Export Kirkwall Union CDA
Empress	Union CDA	Suffield 2 Richmond Bayhurst 1 Bayhurst 2 Liebenthal Shackleton Success Herbert Grand Coulee Steelman Welwyn Emerson 1 Emerson 2 St. Clair Union Dawn Kirkwall Union Parkway Belt	Empress TransGas SSDA Welwyn Centram SSDA Centram MDA Emerson 1 Emerson 2 St. Clair Union SWDA Enbridge SWDA Dawn Export Kirkwall Enbridge CDA
Empress	Union NCDA	Suffield 2 Richmond Bayhurst 1 Bayhurst 2 Liebenthal Shackleton Success Herbert	

Primary Receipt	Primary Delivery	Eligible Alternate Receipt Point	Eligible Diversion Point / Delivery Area
		Grand Coulee Steelman Welwyn North Bay Junction	Empress TransGas SSDA Welwyn Centram SSDA Centram MDA Spruce Centrat MDA Union WDA Nipigon WDA Calstock NDA TCPL NDA Union NDA GMIT NDA North Bay Junction
Empress	Union SWDA	Suffield 2 Richmond Bayhurst 1 Bayhurst 2 Liebenthal Shackleton Success Herbert Grand Coulee Steelman Welwyn Emerson 1 Emerson 2 St. Clair Union Dawn	Empress TransGas SSDA Welwyn Centram SSDA Centram MDA Emerson 1 Emerson 2 St. Clair Enbridge SWDA Dawn Export

Primary Receipt	Primary Delivery	Eligible Alternate Receipt Point	Eligible Diversion Point / Delivery Area
Empress	Union NDA	Suffield 2 Richmond Bayhurst 1 Bayhurst 2 Liebenthal Shackleton Success Herbert Grand Coulee Steelman Welwyn	Empress TransGas SSDA Welwyn Centram SSDA Centram MDA Spruce Centrat MDA Union WDA Nipigon WDA Calstock NDA TCPL NDA GMIT NDA
Empress	GMIT NDA	Suffield 2 Richmond Bayhurst 1 Bayhurst 2 Liebenthal Shackleton Success Herbert Grand Coulee Steelman Welwyn	Empress TransGas SSDA Welwyn Centram SSDA Centram MDA Spruce Centrat MDA Union WDA

Primary Receipt	Primary Delivery	Eligible Alternate Receipt Point	Eligible Diversion Point / Delivery Area
			Nipigon WDA Calstock NDA TCPL NDA Union NDA
Empress	TCPL NDA	Suffield 2 Richmond Bayhurst 1 Bayhurst 2 Liebenthal Shackleton Success Herbert Grand Coulee Steelman Welwyn	Empress TransGas SSDA Welwyn Centram SSDA Centram MDA Spruce Centrat MDA Union WDA Nipigon WDA Calstock NDA Union NDA
Empress	Union SSMDA	Suffield 2 Richmond Bayhurst 1 Bayhurst 2 Liebenthal Shackleton Success Herbert Grand Coulee Steelman Welwyn Emerson 1 Emerson 2 SS Marie	Empress TransGas SSDA

Primary Receipt	Primary Delivery	Eligible Alternate Receipt Point	Eligible Diversion Point / Delivery Area
			Welwyn Centram SSDA Centram MDA Emerson 1 Emerson 2
Empress	Union WDA	Suffield 2 Richmond Bayhurst 1 Bayhurst 2 Liebenthal Shackleton Success Herbert Grand Coulee Steelman Welwyn	Empress TransGas SSDA Welwyn Centram SSDA Centram MDA Spruce Centrat MDA Nipigon WDA
Empress	Emerson 2	Suffield 2 Richmond Bayhurst 1 Bayhurst 2 Liebenthal Shackleton Success Herbert Grand Coulee Steelman Welwyn Emerson 1 Emerson 2	Empress TransGas SSDA Welwyn Centram SSDA Centram MDA

Primary Receipt	Primary Delivery	Eligible Alternate Receipt Point	Eligible Diversion Point / Delivery Area
			Emerson 1
Empress	Centrat MDA	Suffield 2 Richmond Bayhurst 1 Bayhurst 2 Liebenthal Shackleton Success Herbert Grand Coulee Steelman Welwyn	Empress TransGas SSSA Welwyn Centram SSSA Centram MDA Spruce
Empress	Centram MDA	Suffield 2 Richmond Bayhurst 1 Bayhurst 2 Liebenthal Shackleton Success Herbert Grand Coulee Steelman Welwyn	Empress TransGas SSSA Welwyn Centram SSSA Spruce Centrat MDA
Empress	Welwyn	Suffield 2 Richmond Bayhurst 1 Bayhurst 2 Liebenthal Shackleton	

Primary Receipt	Primary Delivery	Eligible Alternate Receipt Point	Eligible Diversion Point / Delivery Area
		Success Herbert Grand Coulee Steelman Welwyn	Empress TransGas SSDA Centram SSDA
Empress	Centram SSDA	Suffield 2 Richmond Bayhurst 1 Bayhurst 2 Liebenthal Shackleton Success Herbert Grand Coulee Steelman Welwyn	Empress TransGas SSDA Welwyn
Empress	TransGas SSDA	Suffield 2 Richmond Bayhurst 1 Bayhurst 2 Liebenthal Shackleton Success Herbert Grand Coulee Steelman Welwyn	Empress Centram SSDA Welwyn
Emerson 2	Centram MDA	Emerson 1	Spruce Centrat MDA Emerson 1 Emerson 2

Primary Receipt	Primary Delivery	Eligible Alternate Receipt Point	Eligible Diversion Point / Delivery Area
Welwyn	Centram MDA		TransGas SSDA Centram SSDA Welwyn Spruce Centrat MDA
SS Marie	Union SSMDA		
St. Clair	Chippawa	Union Dawn Kirkwall Chippawa	St. Clair Union SWDA Enbridge SWDA Dawn Export Kirkwall Union CDA Enbridge CDA
St. Clair	Union SWDA	Union Dawn	St. Clair Enbridge SWDA Dawn Export
Union Dawn	East Hereford	Union Parkway Belt Kirkwall Cornwall East Hereford	Union SWDA Enbridge SWDA Dawn Export Kirkwall Union CDA Enbridge CDA Enbridge EDA Cornwall Union EDA KPUC EDA GMIT EDA
Union Dawn	GMIT EDA	Union Parkway Belt Kirkwall Cornwall	

Primary Receipt	Primary Delivery	Eligible Alternate Receipt Point	Eligible Diversion Point / Delivery Area
			Union SWDA Enbridge SWDA Dawn Export Kirkwall Union CDA Enbridge CDA Enbridge EDA Cornwall Union EDA KPUC EDA
Union Dawn	Enbridge EDA	Union Parkway Belt Kirkwall Cornwall	Union SWDA Enbridge SWDA Dawn Export Kirkwall Union CDA Enbridge CDA Cornwall Union EDA KPUC EDA
Union Dawn	Iroquois	Union Parkway Belt Kirkwall Iroquois	Union SWDA Enbridge SWDA Dawn Export Kirkwall Union CDA Enbridge CDA Enbridge EDA Union EDA KPUC EDA
Union Dawn	Union EDA	Union Parkway Belt Kirkwall Cornwall	Union SWDA Enbridge SWDA Dawn Export Kirkwall

Primary Receipt	Primary Delivery	Eligible Alternate Receipt Point	Eligible Diversion Point / Delivery Area
			Union CDA Enbridge CDA Enbridge EDA Cornwall KPUC EDA
Union Dawn	Enbridge CDA	Union Parkway Belt Kirkwall	Union SWDA Enbridge SWDA Dawn Export Kirkwall Union CDA
Union Dawn	Union CDA	Union Parkway Belt Kirkwall	Union SWDA Enbridge SWDA Dawn Export Kirkwall Enbridge CDA
Union Dawn	Niagara Falls	Kirkwall Niagara Falls	Union SWDA Enbridge SWDA Dawn Export Kirkwall Union CDA Enbridge CDA
Kirkwall	Chippawa	Chippawa	Kirkwall Union CDA Enbridge CDA
Kirkwall	Niagara Falls	Niagara Falls	Kirkwall Union CDA Enbridge CDA
Niagara Falls	Kirkwall	Kirkwall	Union CDA Enbridge CDA

Primary Receipt	Primary Delivery	Eligible Alternate Receipt Point	Eligible Diversion Point / Delivery Area
			Niagara Falls
Niagara Falls	Enbridge CDA	Union Parkway Belt Kirkwall	Kirkwall Union CDA Niagara Falls
Union Parkway Belt	Phillipsburg	Cornwall Phillipsburg	Union CDA Enbridge CDA Enbridge EDA Cornwall Union EDA KPUC EDA GMIT EDA
Union Parkway Belt	GMIT EDA	Cornwall Sainte-Genevieve-de-Berthier	Union CDA Enbridge CDA Enbridge EDA Cornwall Union EDA KPUC EDA
Union Parkway Belt	Iroquois	Iroquois	Union CDA Enbridge CDA Enbridge EDA Union EDA KPUC EDA
Union Parkway Belt	Union EDA	Cornwall	Union CDA Enbridge CDA Enbridge EDA Cornwall KPUC EDA
Union Parkway Belt	Union CDA		Enbridge CDA
Union Parkway Belt	Enbridge CDA		Union CDA

Primary Receipt	Primary Delivery	Eligible Alternate Receipt Point	Eligible Diversion Point / Delivery Area
North Bay Junction	East Hereford	Cornwall East Hereford	North Bay Junction Enbridge EDA Cornwall Union EDA GMIT EDA
Iroquois	GMIT EDA	Cornwall Sainte-Genevieve-de-Berthier	Enbridge EDA Iroquois Cornwall Union EDA
Union Parkway Belt	Goreway CDA		Union CDA Enbridge CDA
Union Parkway Belt	Schomberg CDA		Union CDA Enbridge CDA
Union Parkway Belt	Victoria Squate #2 CDA		Union CDA Enbridge CDA
Kirkwall	Thorold CDA		Union CDA Enbridge CDA

UNION GAS LIMITED

Undertaking of Mr. Rietdyk  
To Mr. Quinn

To re-run analysis in FRPO IR 22 using a 2019-2020 winter, and to re-run analysis in Exhibit JT2.4.

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Union's winter 2015/2016 design day forecast is shown in EB-2013-0074, Schedule 8-2. Exhibit I.A4.UGL.EP.21 provides a year-by-year design day surplus/shortfall for the facilities proposed in EB-2013-0074. This analysis includes the turn back as forecast in Exhibit I.A1.UGL.Staff.10(c) and assumes no incremental Dawn-Parkway transportation is contracted past winter 2015/2016. As evidenced by the 930 TJ/d of interest expressed in the recent open season for transportation capacity on Enbridge's Segment A of the proposed GTA Project and as discussed in Exhibit I.A4.UGL.APPrO.11, Union expects that significant growth opportunities exist for Dawn-Parkway transportation, assuming the constraint between Parkway and Maple is relieved. Requests for incremental Dawn-Parkway transportation capacity past winter 2015/2016 would increase the shortfall and/or decrease the surplus described in Exhibit I.A4.UGL.EP.21.

Union's design day forecast for Dawn-Parkway transportation is described in EB-2013-0074, Section 8. The design day forecast for ex-franchise Dawn-Parkway transportation is based on contracted quantities. For the design day forecast, M12-X contracts are assumed to flow from Dawn to Parkway. Kirkwall receipts associated with Kirkwall-Parkway contracts are modeled as flow from Kirkwall to Parkway on a design day. In the future, Union will continue to model receipts at Kirkwall based on the associated transportation contracts on the Dawn-Parkway System.

This Undertaking J4.2 requires Union to make a number of assumptions, including the type of transportation contracted on the Dawn-Parkway System associated with the receipts at Kirkwall. This assumption is critical to the analysis.

The two attached schematics show a design day forecast for Winter 2019/2020. The first schematic shows the expected shortfall with NPS 48 Brantford-Kirkwall Pipeline and Parkway D Compressor installed. The second schematic shows the expected shortfall with the NPS 48 Hamilton-Milton Pipeline and Parkway D Compressor installed. The NPS 48 Hamilton-Milton Pipeline was chosen as the highest capacity reinforcement east of Kirkwall. The following assumptions were considered as part of the analysis:

- In-franchise growth remains "flat"
- Forecasted turn back as per Exhibit I.A1.UGL.Staff.10
- Incremental volumes of 560 TJ/d from the Enbridge Open season are included (930 TJ/day less 370 TJ/d for the 2015 Union & Gaz Métro volumes)

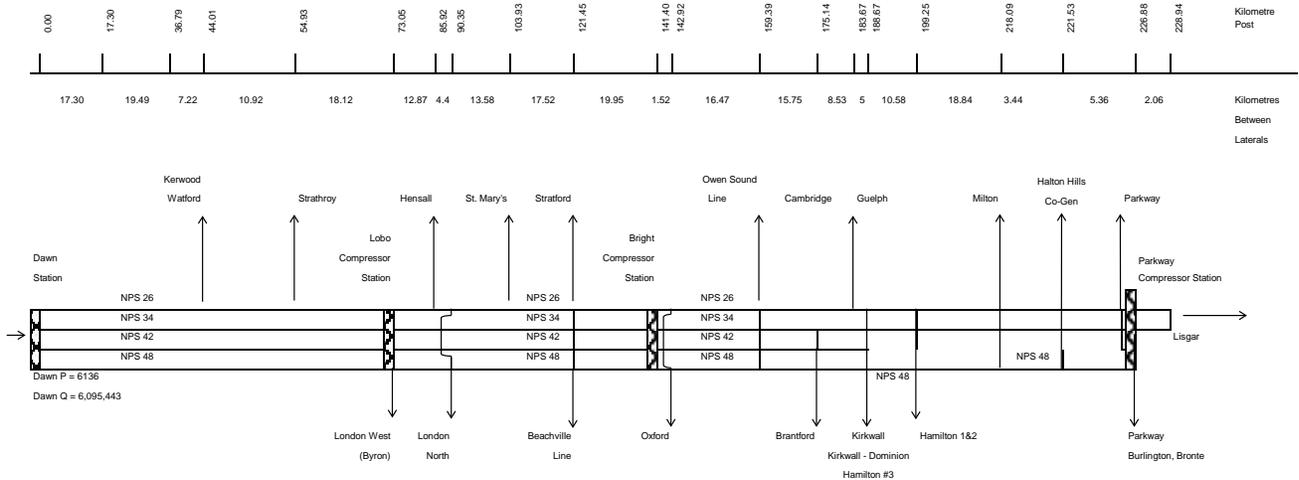
- 300 TJ/day of the new demand is being served by receipts at Kirkwall, for net Kirkwall receipts of 430 TJ/day, with this quantity associated with Kirkwall-Parkway transportation
- Dawn-Kirkwall turn back is used to reduce Obligated Parkway Deliveries to 131 TJ/d by 2019/2020

In this scenario, the NPS 48 Brantford-Kirkwall Pipeline remains the best option, as evidenced by the reduction in shortfall versus the NPS 48 Hamilton-Milton Pipeline (expansion east of Kirkwall). Based on the significant shortfall resulting in this scenario, Union would propose additional facilities beyond the NPS 48 Brantford-Kirkwall Pipeline and the Parkway D Compressor in order to satisfy demands.

As part of this undertaking, a revised answer to Exhibit JT2.4 Undertaking of Mr. Rietdyk was requested. Union assumes the request was related to the cost and capacity of a reinforcement east of Parkway versus the proposed NPS 48 Brantford-Kirkwall Pipeline option, and not necessarily to recreate the NPS 42 option from Kirkwall to Parkway as described in the original undertaking. The answer is as follows:

In the scenario above, the NPS 48 Brantford to Kirkwall (13.9 km) Pipeline provides approximately 30 TJ/day more capacity than the NPS 48 Hamilton to Milton (18.6 km) Pipeline. The estimated cost of the NPS 48 Hamilton to Milton Pipeline is \$128 million dollars as compared with the proposed NPS 48 Brantford to Kirkwall Pipeline costs of \$ 96 million dollars. In this scenario, the NPS 48 Brantford-Kirkwall Pipeline is still the least cost per unit capacity option.

DAWN to PARKWAY SYSTEM



**Design Day Demands**

	(GJ/d)
<b>Southern Ontario</b>	
Forest, Watford	6943
Strathroy	7716
London West	110641
Hensall	28569
London North	95825
St. Mary's	6384
Stratford	35714
Beachville	51808
Oxford Line	42634
Owen Sound Line	233987
Cambridge	69021
Brantford	97294
Kirkwall - Dominion	81571
Guelph	80392
Hamilton 3	59699
Hamilton 1&2	254837
Milton	71134
Halton Hills	139754
Parkway (Greenbelt)	35050
Burlington, Bronte	137951
<b>Total Southern Ontario</b>	<b>1,646,924</b>
<b>North and Eastern Ontario</b>	<b>332,744</b>
Kirkwall	49,500
Parkway TCPL	3,977,206
Parkway Cons/Lisgar	1,238,085
<b>Total M12</b>	<b>5,264,791</b>
<b>Total Design Day Demands</b>	<b>7,244,459</b>

**System Capacity**

	(GJ/d)
<b>Total System Capacity</b>	<b>6,932,201</b>
(Including Firm Service Receipts of 131,533 GJ/d)	
<b>Total Requirements</b>	<b>7,244,459</b>
<b>Total (Shortfall) Surplus</b>	<b>-312,258</b>
Union Markets	
M12 Transportation	
Kirkwall	
Lisgar, Parkway	-312,258

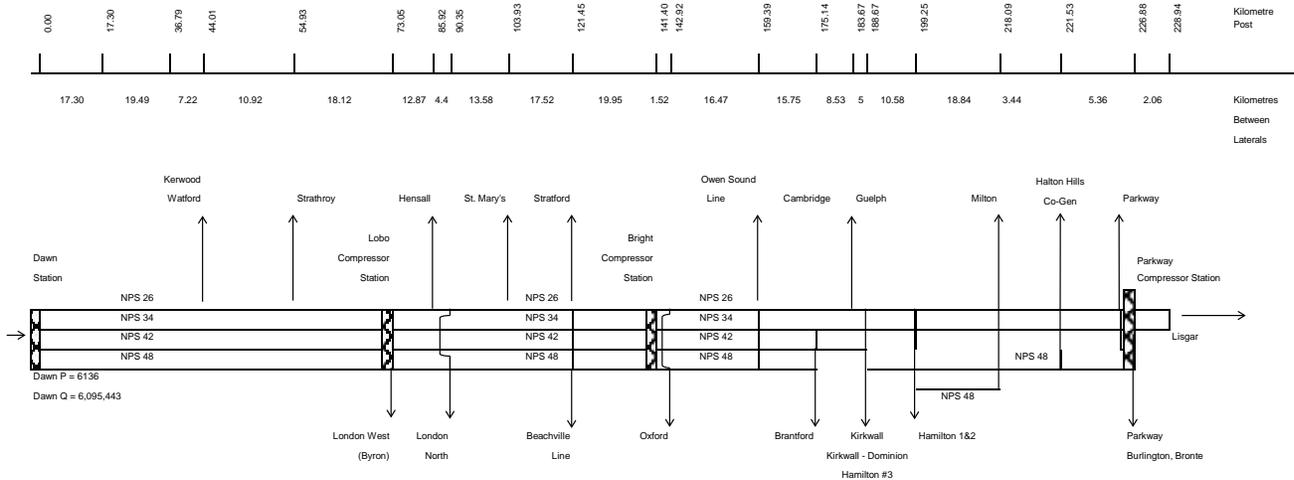
**Compressor Stations**

	LOBO	BRIGHT	PARKWAY
<b>Operating Conditions at Peak Hour</b>			
Power Available (MW)	36.8	91.9	87.9
Power Required (MW)	36.8	91.9	79.6
Pressure			
Suction (kPa)	4,463	3,703	3,514
Discharge (kPa)	5,221	5,772	6,453
Compression Ratio	1.17	1.56	1.84
Flow (GJ/d)	5,983,471	5,791,258	3,619,838
Daily Fuel (GJ/d)	11,355	22,362	16,461

**WINTER DESIGN DAY**  
**DAWN-PARKWAY SYSTEM**  
**WINTER 2019/20**  
**Brantford to Kirkwall**

Please note: a total volume of 621,011 GJ/d is arriving at Kirkwall

DAWN to PARKWAY SYSTEM



**Design Day Demands**

	(GJ/d)
<b>Southern Ontario</b>	
Forest, Watford	6943
Strathroy	7716
London West	110641
Hensall	28569
London North	95825
St. Mary's	6384
Stratford	35714
Beachville	51808
Oxford Line	42634
Owen Sound Line	233987
Cambridge	69021
Brantford	97294
Kirkwall - Dominion	81571
Guelph	80392
Hamilton 3	59699
Hamilton 1&2	254837
Milton	71134
Halton Hills	139754
Parkway (Greenbelt)	35050
Burlington, Bronte	137951
<b>Total Southern Ontario</b>	<b>1,646,924</b>
<b>North and Eastern Ontario</b>	<b>332,744</b>
Kirkwall	49,500
Parkway TCPL	3,977,206
Parkway Cons/Lisgar	1,238,085
<b>Total M12</b>	<b>5,264,791</b>
<b>Total Design Day Demands</b>	<b>7,244,459</b>

**System Capacity**

	(GJ/d)
<b>Total System Capacity</b>	<b>6,902,258</b>
(Including Firm Service Receipts of 131,533 GJ/d)	
<b>Total Requirements</b>	<b>7,244,459</b>
<b>Total (Shortfall) Surplus</b>	<b>-342,201</b>
Union Markets	
M12 Transportation	
Kirkwall	
Lisgar, Parkway	-342,201

**Compressor Stations**

**Operating Conditions at Peak Hour**

STATION	LOBO	BRIGHT	PARKWAY
Power Available (MW)	36.8	91.9	87.9
Power Required (MW)	36.8	91.9	78.9
Pressure			
Suction (kPa)	4,472	3,747	3,513
Discharge (kPa)	5,238	5,857	6,453
Compression Ratio	1.17	1.56	1.84
Flow (GJ/d)	5,954,474	5,788,232	3,589,752
Daily Fuel (GJ/d)	11,354	22,378	16,634

**WINTER DESIGN DAY**  
**DAWN-PARKWAY SYSTEM**  
**WINTER 2019/20**  
**Hamilton to Milton**

Please note: a total volume of 621,011 GJ/d is arriving at Kirkwall

UNION GAS LIMITED

Undertaking of Mr. Rietdyk  
To Mr. Elson

To provide a list of the lines in the Union system that operate at about 30 per cent SMYS

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Union operates a number of transmission lines that operate above 30% of the specified minimum yield strength (SMYS). The list of transmission lines is below in figure J4.3-1. Of this transmission pipe, 85.3% is located in class location 1 areas, 10.6% is located in class location 2 areas, 4.1% is located in class location 3 areas, and none of Union's transmission pipelines listed below are located in class location 4 areas (footnote 1).

Union Gas does not operate distribution lines at greater than 30% SMYS.

Union Gas Pipelines  
 with Max Operating Pressure at 30% SMYS and Higher

District / Operations Responsibility	Pipeline Name
EASTERN	AUGUSTA LATERAL BELLEVILLE LATERAL BRIGHTON LATERAL CARDINAL CO-GEN LATERAL DESTEC LATERAL INGLESIDE LATERAL KINGSTON LATERAL LENNOX LINE MAITLAND LATERAL MILLHAVEN LATERAL PICTON LATERAL THURLOW TOWNSHIP LATERAL
NORTHEAST	BURKS FALLS LATERAL COBALT LATERAL CONISTON LATERAL DUPONT NORTH BAY LATERAL ENGLEHART LATERAL EPCOR LATERAL ESPANOLA LATERAL HAILEYBURY LATERAL MARTEN RIVER LATERAL NEW LISKEARD LATERAL NORTH SHORE LATERAL PARRY SOUND LINE SAULT STE MARIE/BASELINE LATERAL SHERMAN MINE LATERAL SUDBURY LATERAL SUDBURY LOOP LINE

<p>NORTHWEST</p>	<p>TIMMINS LATERAL  ADAMS MINE LINE  CALSTOCK LATERAL  CHAPUT HUGHES LINE  COCHRANE LATERAL  COCHRANE LOOP LINE  GERALDTON LATERAL  GIANT YELLOWKNIFE LATERAL  HEARST LATERAL  HEARST LOOP LINE  HOLTYRE-RAMORE LATERAL  IROQUOIS FALLS LATERAL  KAPUSKASING LATERAL  KIDD CREEK LATERAL  KIDD CREEK SOUTH LATERAL  KIRKLAND LAKE LATERAL  KIRKLAND LAKE LOOP LINE  MATHESON LATERAL  MONETA LINE  NIPIGON LATERAL  NORTHLAND POWER LATERAL  ONION LAKE LATERAL  ONION LAKE LOOP LINE  REDROCK LATERAL  SMOOTH ROCK FALLS LATERAL  THUNDER BAY LOOP LINE  TIMMINS LATERAL  TIMMINS LOOP LINE</p>
<p>WINDSOR</p>	<p>BALDOON LINE  BLENHEIM NORTH LINE  CHATHAM EAST LINE  CONSUMERS MORPETH LINE  DOMINION WEST LINE  DOVER CENTRE LINE  ESSEX LINE  FORD ESSEX ENGINE LINE  HERITAGE POOL  LAUZON ROAD LINE  LEAMINGTON NORTH LINE  LEAMINGTON NORTH REINFORCEMENT  LINE  PANHANDLE NPS 16 LINE  TUPPERVILLE LINE</p>
<p>LONDON</p>	<p>AIR PRODUCTS LINE  BEACHVILLE LINE  BLANDFORD LINE  C.I.L. LINE  C.I.L. REINFORCEMENT LINE  CANADA CEMENT LINE  DOW CHEMICAL LINE</p>

	<p>DOW LINE  DUPONT LINE  KIMBALL LINE  LONDON NORTH LINE  LONDON WEST LINE  PAYNE KIMBALL LINE  SARNIA INDUSTRIAL LINE - UGL  SARNIA INDUSTRIAL NPS 16 LOOP LINE  SARNIA INDUSTRIAL NPS 20 LOOP LINE  SHELL LINE  ST. MARYS LINE  STRATFORD LINE  TILLSONBURG NORTH LINE</p>
<p>WATERLOO</p>	<p>BRANTFORD NORTH LINE  GUELPH LINE  GUELPH REINFORCEMENT LINE  KITCHENER - WATERLOO WEST LINE  NORWICH SOUTH LINE  OWEN SOUND LINE  OWEN SOUND LOOP LINE  OWEN SOUND REINFORCEMENT LINE  OXFORD LINE  PORT ELGIN SOUTH HAMPTON LINE</p>
<p>HAMILTON</p>	<p>DOMINION EAST LINE  HALTON  HAMILTON LINE  NANTICOKE LINE</p>
<p>STO</p>	<p>156 POOL LINE  167 POOL LINE  47-49 POOL LINE  59-85 POOL LINE  BENTPATH EAST POOL LINE  BENTPATH-ROSEDALE LINE  BICKFORD - DAWN LOOP LINE  BICKFORD POOL LINE  BLUEWATER POOL LINE  BOOTHCREEK POOL LINE  DOW STORAGE POOL LINE  EDYS MILLS LINE  ENNISKILLEN POOL LINE  MANDAUMIN POOL LINE  MANDAUMIN ROAD LINE  OIL CITY POOL LINE  OIL SPRINGS EAST POOL LINE  PANHANDLE NPS 16 LINE  PANHANDLE NPS 20 LINE  PAYNE POOL LINE  SOMBRA POOL LINE  ST. CLAIR - BICKFORD LINE  TERMINUS POOL LINE</p>

TRAFALGAR BYPASS TRAFALGAR LINE NPS 26 TRAFALGAR LINE NPS 34 TRAFALGAR LINE NPS 42 TRAFALGAR LINE NPS 48 WAUBUNO POOL LINE
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Footnote 1:

As per Evidence at EB-2013-0074 Section 12 pages 2 and 3 - To determine Class Location, CSA Z662-11 uses a classification system that takes into account land use and population density. The classifications are as follows:

- 1) Class 1 areas consist of 10 or fewer dwellings;
- 2) Class 2 areas consist of 11 to 45 dwellings or a building occupied by 20 or more persons during normal use such as playgrounds, recreational areas, or other places of public assembly as well as industrial installations;
- 3) Class 3 area consists of 46 or more dwellings;
- 4) Class 4 contains a prevalence of buildings intended for human occupancy with 4 or more stories above ground.

UNION GAS LIMITED

Undertaking of Mr. Hockin  
To Mr. Rubenstein

To update DCF with respect to updated evidence for compliance tolls and gas savings costs.

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Attached is the updated Schedule 9-3A.

Note that the transcript of Mr. Hockin quoted a PI of 1.16 and NPV of \$ 33.8 million. The attached DCF has been reviewed and corrected to be a PI of 1.23 and NPV of \$46.9 million. The DCF term is 30 years (as filed). As compared to pre-filed Schedule 9-3A, the only change to the DCF is the change in the gas savings from \$28.2 million to \$15.4 million and the term of those savings from 10 years to 15 years.







UNION GAS LIMITED

Undertaking of Ms. George  
To Dr. Higgin

To update Schedules 12-1 through 12-5 showing costs of 103 million allocated 50 percent to Parkway D Project.

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Please see Attachments 1 to 5. As described in the September 19, 2013 Transcript on page 71 lines 23-28 and on page 72 lines 1-9, Ms. George stated and gave reasons why it is not appropriate to reallocate costs to the Parkway D Project.

**UNION GAS LIMITED**  
Parkway West Project Revenue Requirement Excluding 50% (or \$51.5 million)  
of the Parkway West Site Acquisition and Development Capital of \$103 million

Line No.	Particulars (\$000's)	Revenue Requirement				
		2014 (a)	2015 (b)	2016 (c)	2017 (d)	2018 (e)
<u>Operating Expenses:</u>						
1	Operating and Maintenance Expenses (1)	0	739	1,615	1,649	1,683
2	Depreciation Expense (2)	342	2,458	4,243	4,253	4,253
3	Property Taxes (3)	236	290	510	521	532
4	Total Operating Expenses	<u>578</u>	<u>3,488</u>	<u>6,368</u>	<u>6,422</u>	<u>6,468</u>
5	Required Return (4)	311	3,962	9,393	9,165	8,920
<u>Income Taxes:</u>						
6	Income Taxes - Equity Return (5)	62	794	1,883	1,837	1,788
7	Income Taxes - Utility Timing Differences (6)	<u>(1,176)</u>	<u>(4,048)</u>	<u>(4,779)</u>	<u>(3,891)</u>	<u>(3,125)</u>
8	Total Income Taxes	<u>(1,114)</u>	<u>(3,254)</u>	<u>(2,897)</u>	<u>(2,054)</u>	<u>(1,337)</u>
9	Total Revenue Requirement	<u>(225)</u>	<u>4,196</u>	<u>12,864</u>	<u>13,534</u>	<u>14,050</u>

Notes:

- (1) 2018 O&M expenses include \$0.488 million in salary, wages and employee expenses, \$0.711 million in contract services and \$0.485 million in materials, utility cost, and company used fuel.
- (2) Depreciation expense at 2013 Board-approved depreciation rates.
- (3) Property taxes include \$0.247 million for land purchases, \$0.195 million for LCU compression and \$0.090 million for pipeline and building
- (4) The required return for 2018 assumes total rate base of \$154.460 million and a capital structure of 64% long-term debt at 4% and 36% common equity at the 2013 Board-approved return of 8.93%. The 2018 required return calculation is as follows:  

$$\begin{aligned} & \$154.460 \text{ million} * 64\% * 4\% = \$3.954 \text{ million plus} \\ & \$154.460 \text{ million} * 36\% * 8.93\% = \$4.966 \text{ million for a total of } \$8.920 \text{ million.} \end{aligned}$$
- (5) Taxes related to the equity component of the return at a tax rate of 26.5%.
- (6) Taxes related to utility timing differences are negative as the capital cost allowance deduction in arriving at taxable income exceeds the provision of book depreciation in the year.

**UNION GAS LIMITED**  
2018 Parkway West Project Revenue Requirement Excluding 50% (or \$51.5 million)  
of the Parkway West Site Acquisition and Development Capital of \$103 million

Line No.	Particulars	Total Cost	Dawn-Parkway Easterly		Other Functional
		Allocation Impacts	Transmission (1)		Classifications
		(\$000's)	(\$000's)	(%)	(\$000's)
		(a) = (b + d)	(b)	(c)	(d)
1	Rate M1	(1,091)	1,048	6%	(2,139)
2	Rate M2	74	352	2%	(278)
3	Rate M4	22	102	1%	(80)
4	Rate M5	(65)	1	0%	(66)
5	Rate M7	21	47	0%	(26)
6	Rate M9	12	17	0%	(5)
7	Rate M10	0	1	0%	(0)
8	Rate T1	(10)	51	0%	(60)
9	Rate T2	62	328	2%	(266)
10	Rate T3	88	119	1%	(31)
11	Subtotal - Union South	(886)	2,066	11%	(2,951)
12	Excess Utility Space	(25)	0	0%	(25)
13	Rate C1	(19)	0	0%	(19)
14	Rate M12	15,191	15,288	84%	(97)
15	Rate M13	(0)	0	0%	(0)
16	Rate M16	(1)	0	0%	(1)
17	Subtotal - Ex-franchise	15,146	15,288	84%	(142)
18	R01	(173)	686	4%	(859)
19	R10	77	180	1%	(103)
20	R20	(29)	48	0%	(77)
21	R100	(60)	3	0%	(64)
22	R25	(25)	0	0%	(25)
23	Subtotal - Union North	(210)	917	5%	(1,127)
24	In-franchise	(1,096)	2,982	16%	(4,078)
25	Ex-franchise	15,146	15,288	84%	(142)
26	Total	14,050	18,271	100%	(4,220)

Notes:

- (1) The Dawn-Parkway demand allocation provided at EB-2011-0210, Exhibit G3, Tab 5, Schedule 23, Updated, pages 7-8, line 5.

UNION GAS LIMITED  
2018 General Service Bill Impacts related to Parkway West excluding 50% (or \$51.5 million)  
of the Parkway West Site Acquisition and Development Capital of \$103 million  
Annual Consumption of 2,200 m<sup>3</sup>

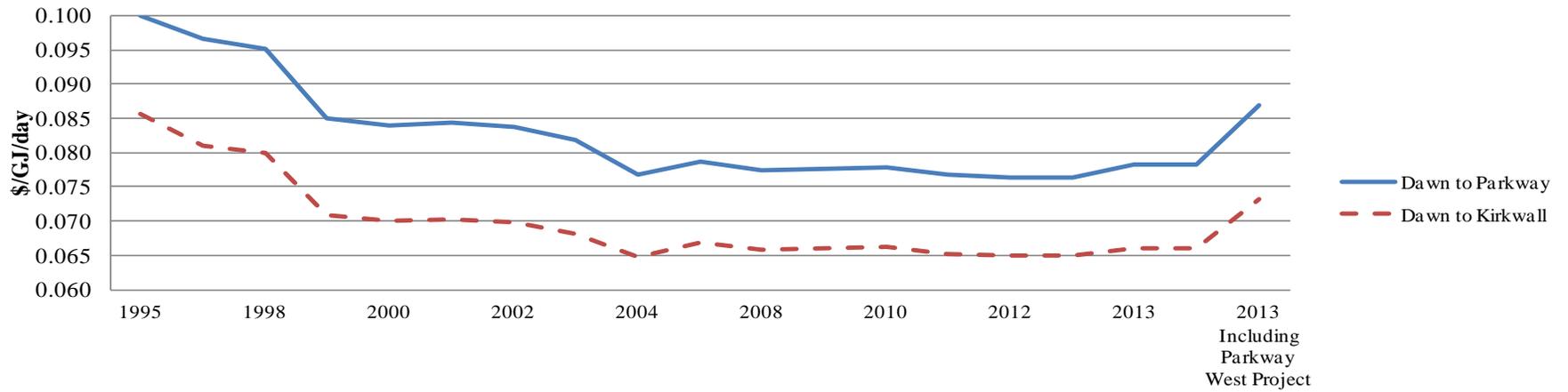
Line No.	<u>Rate M1 - Particulars (\$)</u>	EB-2011-0210 Approved 01-Jan-13 Total Bill (1) (a)	EB-2012-0433 Proposed XX-XXX-XX Total Bill (b)	Impact (c) = (b - a)	
	<u>Delivery Charges</u>				
1	Monthly Charge	252.00	252.00	-	
2	Delivery Commodity Charge	78.66	77.97	(0.69)	
3	Storage Services	16.23	16.11	(0.12)	
4	Total Delivery Charge (line 1 + line 2 + line 3)	<u>346.89</u>	<u>346.08</u>	<u>(0.81)</u>	-0.2%
	<u>Supply Charges</u>				
5	Transportation to Union	96.80	96.80	-	
6	Commodity & Fuel (2)	280.77	280.76	(0.01)	
7	Total Gas Supply Charge (line 5 + line 6)	<u>377.57</u>	<u>377.56</u>	<u>(0.01)</u>	
8	Total Bill (line 4 + line 7)	<u><u>724.46</u></u>	<u><u>723.64</u></u>	<u><u>(0.82)</u></u>	-0.1%
9	Impacts for Customer Notices - Sales (line 8)			(0.82)	
10	Impacts for Customer Notices - Direct Purchase (line 4)			(0.81)	

Line No.	<u>Rate 01 Eastern Zone - Particulars (\$)</u>	EB-2011-0210 Approved 01-Jan-13 Total Bill (1) (a)	EB-2012-0433 Proposed XX-XXX-XX Total Bill (b)	Impact (c) = (b - a)	
	<u>Delivery Charges</u>				
1	Monthly Charge	252.00	252.00	-	
2	Delivery Commodity Charge	207.15	205.35	(1.80)	
3	Total Delivery Charge (line 1 + line 2)	<u>459.15</u>	<u>457.35</u>	<u>(1.80)</u>	-0.4%
	<u>Supply Charges</u>				
4	Transportation to Union	187.35	187.22	(0.13)	
5	Storage Services	78.75	80.23	1.48	
6	Subtotal (line 4 + line 5)	<u>266.10</u>	<u>267.45</u>	<u>1.35</u>	0.5%
7	Commodity & Fuel (2)	280.77	280.76	(0.01)	
8	Total Gas Supply Charge (line 6 + line 7)	546.87	548.21	1.34	
9	Total Bill (line 3 + line 8)	<u><u>1,006.02</u></u>	<u><u>1,005.56</u></u>	<u><u>(0.46)</u></u>	0.0%
10	Impacts for Customer Notices - Sales (line 9)			(0.46)	
11	Impacts for Customer Notices - Direct Purchase (line 3 + line 6)			(0.45)	

Notes:

- (1) EB-2011-0210, Rate Order, Working Papers, Schedule 16, Page 6, excluding Prospective Recovery and Temporary Charges/(Credits).
- (2) Reflects changes in the Gas Supply Administration charge only.

### M12 Rates From 1995 to 2013 Dawn to Parkway and Dawn to Kirkwall



**UNION GAS LIMITED**  
 M12/M12-X/C1 Transportation Demand Charges Impact of the Parkway West Project excluding 50% (or \$51.5 million)  
of the Parkway West Site Acquisition and Development Capital of \$103 million

Line No.	Services	EB-2011-0210 Rate Order (\$/GJ/day) (1)	Year 2018 Parkway West Project (\$/GJ/day)	Parkway West Project Comparison to 2013 Rate Order	
				Difference (c) = (b) - (a)	% Change (d) = (c) / (a)
1	M12/C1 Dawn to Kirkwall	0.066	0.073	0.007	10.8%
2	M12/C1 Dawn to Parkway	0.078	0.087	0.009	11.1%
3	M12/C1 Kirkwall to Parkway	0.012	0.014	0.002	12.5%
4	C1 Parkway to Kirkwall	0.019	0.021	0.002	12.5%
5	C1 Kirkwall to Dawn	0.034	0.038	0.004	12.5%
6	C1 Parkway to Dawn	0.019	0.021	0.002	12.5%
7	M12-X	0.097	0.108	0.011	11.4%

Notes:

(1) EB-2011-0210, Appendix A, Pages 14-16, column (c), effective January 1, 2013.

UNION GAS LIMITED

Undertaking of Mr. Hockin  
To Dr. Higgin

To redo the 9-3A and 9-3B analysis using the shift of half of the site development costs, estimated 50 per cent of 103.5

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Please see Attachments 1 and 2. The DCF analyses in these Attachments reflect a scenario where 50% of the \$103.5 million of site development costs are shifted from the Parkway West LCU project to the Brantford to Kirkwall/Parkway D project. As described in Exhibit J4.7, in the September 19, 2013 Transcript on page 71 lines 23-28 and on page 72 lines 1-9, Ms. George stated and gave reasons why it is not appropriate to reallocate costs to the Parkway D Project.

Attachment 1, Schedule 9-3A shows that with gas cost savings included, the resulting PI is 1.0053. Attachment 2, Schedule 9-3B shows that with gas cost savings excluded the resulting PI is 0.5910.











