

K1.7

Contract ID	[REDACTED]
Contract Name	[REDACTED]

M5A Contract

This GAS DISTRIBUTION CONTRACT ("Contract"), made as of the 1st day of November, 2013

BETWEEN:

UNION GAS LIMITED

hereinafter called "Union"

- and -

[REDACTED]
hereinafter called "Customer"

WHEREAS, Union has built, or proposes to build, certain facilities (the "Expansion Facilities") to serve [REDACTED], Leamington, ON (the "Plant");

AND WHEREAS, Customer has requested from Union and Union has agreed to provide Customer with Services as specified in Schedule 1 (the "Services");

AND WHEREAS, if Customer has elected direct purchase services, Customer will be responsible for supplying Gas to Union under a separate contract called the Southern Bundled T;

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

IN CONSIDERATION of the mutual covenants contained herein, and other good and valuable consideration, the receipt of and sufficiency of which is hereby acknowledged, the parties agree as follows:

1 INCORPORATIONS

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

- a) Contract Parameters as contained in Schedule 1 as amended from time to time; and
- b) The latest posted version of Union's General Terms and Conditions subject to Section 12.18 of Union's General Terms and Conditions; and
- c) Rate Schedule M5a as amended from time to time and as approved by the Ontario Energy Board.

2 PRELIMINARY AND CONTINUING CONDITIONS

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

- a) Union shall have obtained, in form and substance satisfactory to Union, and all conditions shall have been satisfied under all governmental, regulatory and other third party approvals, consents, orders and authorizations, that are required to:
 - a. Provide the Services; and



- b. Construct the Expansion Facilities; and
- b) Union shall have obtained all internal approvals that are necessary or appropriate to:
 - a. Provide the Services; and
 - b. Construct the Expansion Facilities; and
- c) Union shall have completed and placed into service the Expansion Facilities; and
- d) Union shall have received from Customer the requisite financial assurances reasonably necessary to ensure Customer's ability to honour the provisions of this Contract which financial assurances, if required, will be determined solely by Union; and
- e) Union shall have received a contribution in aid of construction to Union, of [REDACTED] (the "Aid Amount") from Customer pursuant to Customer's obligations in Section 8; and
- f) If a Customer has elected direct purchase services, Customer and Union shall have executed and maintained in good standing a Southern Bundled T.

Union and Customer shall each use commercially reasonable efforts to satisfy and fulfill the conditions precedent specified in Sections (a), (c), (d), (e), and (f). Union shall notify Customer forthwith in writing of Union's satisfaction or waiver of each condition precedent. If Union concludes that it will not be able to satisfy a condition precedent, Union may, upon written Notice to Customer, terminate this Contract and upon giving such Notice, this Contract shall be of no further force and effect and each of the parties shall be released from all further obligations hereunder, subject to Customer's obligations in Section 8 of this Contract (Aid Amount Payment Schedule) and Section 2 of Schedule 1 of this Contract (Firm CD for the Initial Term).

3 CONTRACT TERM

This Contract shall be effective from the date hereof. However, the Services and Union's obligation to provide the Services under Section 4 shall commence on the later of (such later date being the "Day of First Delivery") (a) November 1, 2013, and (b) the date that the last condition precedent as set out in Section 2 is satisfied or waived by Union. Subject to the provisions hereof, this Contract shall continue in full force and effect for a period of 6 Contract Years (the "Initial Term") and continuing thereafter on a year to year basis unless written Notice to terminate is provided by one party to the other party at least three (3) months prior to the end of the then-current term. "Contract Year" means a period of 12 consecutive months, beginning on November 1 of any Contract Year and ending on the subsequent October 31, except for the first Contract Year which shall begin on the Day of First Delivery and end on October 31 of the subsequent calendar year.

4 SERVICES PROVIDED

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

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



5 ADJUSTED MINIMUM ANNUAL VOLUME ("AMAV")

In each Contract Year, the Customer shall consume or in any event pay for the adjusted minimum annual volume ("AMAV"), where the minimum annual volume ("MAV") is defined in Schedule 1. The AMAV shall not be less than the qualifying annual volume defined in the Rate Schedule.

The payment required for the quantity not consumed in any Contract Year (the "Deficiency Volume") shall be calculated by multiplying the Deficiency Volume by the charge specified in the Rate Schedule. Payment will be invoiced in the month following the end of the Contract Year.

The Deficiency Volume is calculated according to the following formula:

Deficiency Volume = AMAV - C (where C is not greater than AMAV)

Where:

AMAV = adjusted Minimum Annual Volume in m³ and shall not be less than the qualifying annual volume defined in the Rate Schedule

$$= \sum_{i=1}^n d * CD_i (U_i - d_i) z_i / y$$

n = number of "Periods" in the Contract Year where "Period" is defined as that portion of the Contract Year in which a particular CD is in effect

d = number of Days Use as identified in Schedule 1

CD = specified Contract Demand(s) in effect

U = specified Days Use of Contract Demand(s) in effect

d = number of days of interruption or curtailment during the Period

z = number of days in the Period

y = 365; or in the event that February 29 falls into any Period(s) in the Contract Year, then y = 366

And where:

C = volumes credited against Minimum Annual Volume in m³

$$= (V - o)$$

V = total volume taken over all Periods in the Contract Year in m³

o = total Authorized or Unauthorized Over-Run Gas taken over all Periods in the Contract Year in m³

6 NOTICES

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

7 EXPANSION FACILITIES

Union will use commercially reasonable efforts to construct the Expansion Facilities to serve the Plant. The target date for completion of these facilities is November 1, 2013. Union will provide written Notice to Customer when such facilities are complete and placed into service.



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

8 AID AMOUNT PAYMENT SCHEDULE

Customer will be required to pay to Union a contribution in aid of construction, of [REDACTED]

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

9 INTEREST

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

10 CREDIT REQUIREMENTS DURING INITIAL TERM

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

11 CONTRACT SUCCESSION

This Contract replaces all previous Gas Distribution Contracts, subject to settlement of any Surviving Obligations.

The undersigned execute this Contract as of the above date. If an Agent on behalf of Customer executes this Contract then, if requested by Union, Agent or Customer shall at any time provide a copy of such authorization to Union.

UNION GAS LIMITED

Authorized Signatory

Please print name

CUSTOMER

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

Please print name



Contract ID	
Contract Name	

Schedule 1
To the Gas Distribution Contract
M5A Contract

1 DATES

This Schedule 1 is effective on the 1st day of November, 2013.

2 TYPE OF SERVICE

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

Service	m ³ per Day
Firm Contract Demand Years 1 - 6	
Interruptible Contract Demand Years 1 - 6	
Total Contract Demand Years 1 - 6	

Unless Union specifically provides written authorization to exceed contract parameters, any excess shall be unauthorized overrun and shall incur charges as referenced in the M5A Rate Schedule.

The total Contract Demand (CD) is the sum of the Firm Contract Demand, and Interruptible Contract Demand (hereinafter called the "Contracted Demand").

In addition to Force Majeure, the Interruptible Contract Demand shall be subject to interruption by Union on not more than 40 days in any Contract Year. Union shall provide Customer at least 4 hours notice before interrupting this Service.

3 RATES FOR SERVICE – RATE SCHEDULE M5A

- (i) A Monthly Demand Charge as specified under Non-Interruptible Service in the Rate Schedule applied to the Firm Contract Demand.
- (ii) A Monthly Delivery Commodity Charge as specified under Non-Interruptible Service in the Rate Schedule applied to all Firm volumes based on an estimated average monthly Firm consumption of
- (iii) A Monthly Delivery Commodity Charge as specified in the Rate schedule applied to all authorized Interruptible quantities.
- (iv) The "Days Use" of Interruptible Contract Demand is
- (v) Authorized and unauthorized Overrun Gas as defined in the Rate Schedule shall be paid for at the rate specified in the Rate Schedule.
- (vi) Where Customer is not being supplied under direct purchase, the Gas Supply Charge as specified in the Rate Schedule shall be applied to all Gas sold by Union.



4 POINT(S) OF CONSUMPTION, HOURLY FLOW & DELIVERY PRESSURE

Union agrees to deliver Gas based on the following parameters:

Meter Number	Location Description	Maximum Hourly Flow m ³	Minimum Gauge Pressure kPa
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Firm Hourly Quantity (FHQ) means the maximum quantity of natural gas that may flow during any hourly period when an interruption in Interruptible Service becomes effective within a Gas Day.

Firm Hourly Quantity is equal to [REDACTED]

5 MINIMUM ANNUAL VOLUME ("MAV")

The MAV is equal to [REDACTED]

6 CONTACT LIST FOR NOTICES

Customer contact information is found in Unionline. Where multiple contacts have been identified by Customer, Union is obligated to contact the first party only.

Union Gas contact information is found on Union's website.

The undersigned execute this Contract as of the above date. If an Agent on behalf of Customer executes this Contract then, if requested by Union, Agent or Customer shall at any time provide a copy of such authorization to Union.

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

Customer

Authorized Signatory

Union Gas Limited

Please Print Name

Please Print Name



