

Reply to the Attention of Laura Brazil
Direct Line 416.865.7814
Email Address Laura.Brazil@mcmillan.ca
Our File No. 231915
Date April 22, 2016

RESS

Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Attention: Kristen Walli
Board Secretary
boardsec@ontarioenergyboard.ca

Dear Ms. Walli:

**Re: CPA Responses to Interrogatories
EB-2016-0004**

We are counsel to the Canadian Propane Association (the “CPA”), an intervenor in this proceeding.

Enclosed are CPA’s responses to the interrogatories of Union Gas Limited in accordance with the Decision and Procedural Order No. 2, issued by the Board on March 9, 2016.

Yours truly,



Laura Brazil

/cs
Attach.
cc by email: Intervenors in EB-2016-0004

ONTARIO ENERGY BOARD

**Application under the Ontario Energy Board's own motion to consider
potential alternative approaches to recover costs of expanding natural
gas service to communities that are not currently served**

**CANADIAN PROPANE ASSOCIATION RESPONSES
TO INTERROGATORIES OF UNION GAS LIMITED**

**CANADIAN PROPANE ASSOCIATION (CPA) RESPONSES TO
INTERROGATORIES OF UNION GAS LIMITED (UNION)**

Interrogatory 1

Reference

EB-2016-0004- Natural Gas Expansion Generic Proceeding

Preamble

Paragraph 3 of the evidence (p.8) states that EPCOR is a new entrant to the Ontario natural gas distribution market, however, its proposal for natural gas distribution does not require any subsidy from existing customers of other utilities.

- a) Please provide specific references confirming that the EPCOR proposal for South Bruce Municipalities does not require any subsidy.
- b) Do any of the various references listed indicate that EPCOR is pursuing provincial support to assist customers in making the conversion to natural gas?

CPA Response

1 (a) The following references confirm that the EPCOR proposal for South Bruce Municipalities does not require any subsidy:

- CPA Evidence, Tab 7:
 - "EPCOR will pay 100M cost for natural gas project", Exhibit 7, Tab 7, p.1 of 13: "Epcor will front all of the 100 million dollar set up cost...meaning no money from taxpayers...Epcor will recoup the costs from consumers through the rates they will charge."
 - "Rural municipalities not happy with Union Gas", Exhibit 7, Tab 7, p. 11 of 13: "Epcor would be a new entrant into the province for providing natural gas service and, as part of their proposal said that the company would absorb costs involved in hooking up to the service."
- EPCOR has filed copies of its franchise agreements with the South Bruce Municipalities (the "**Franchise Agreements**") in EB-2016-0137, EB-2016-0138, and EB-2016-0139. While the Franchise Agreements contemplate that EPCOR could terminate the Franchise

Agreements with the South Bruce Municipalities if EPCOR is advised by the Province of Ontario that Natural Gas Access Loans or Natural Gas Economic Development Grants are not available in connection with the project, they do not permit EPCOR to terminate the Franchise Agreements as a result of its inability to obtain subsidies from existing customers through this proceeding or otherwise. Accordingly, it is clear that EPCOR is able to (and has agreed to) proceed with the South Bruce projects without any subsidy from existing customers. Please see the Franchise Agreements between EPCOR and South Bruce attached as **Tabs "1" to "3"** to these responses.

1 (b) Yes. Section 4(d) of the Franchise Agreements suggests that EPCOR is pursuing provincial support in the form of the National Gas Access Loans and Natural Gas Economic Development Grants. In other words, EPCOR is seeking funding from the appropriate source; namely, tax revenue from the provincial government.

Interrogatory 2

Reference

EB-2016-0004- Natural Gas Expansion Generic Proceeding

Preamble

At Exhibit 9, Tab 9 (Impact of Natural Gas Distribution Systems Expansion in Ontario prepared by Gas Processing Management Inc.), it states on p.8 that, *"There is no public reporting of residential propane process. However, in spite of the lack of price transparency, the market can be considered to be efficient because residential customers can easily change suppliers. This forces the distributors to compete on a variety of levels by providing different service plans, price and term incentives, etc. Many residential fuel customers prefer this more flexible type of market as opposed to the 'one-size-fits-all' big utility cost-of-service approach for natural gas and electricity. "*

- a) Please indicate what fees a customer would face if exercising their option to obtain propane from an alternative competitive retail source and under what conditions those fees would be imposed.
- b) Please provide common minimum contract terms that would enable a customer to switch to an alternate supplier without facing any fees or penalties.
- c) Please provide the basis for the statement *"Many customers prefer this more flexible type of market ... "* and provide any related customer surveys that support this statement.

CPA Response

2 (a) The residential propane market in Ontario is competitive. Different suppliers have different requirements for residential service. It is GPMi's understanding that the primary cost of switching suppliers is the removal and replacement of a storage tank and associated equipment. Costs can range anywhere from \$50 to \$300. Typically, in very competitive market areas like Southern Ontario, suppliers will often not charge new customers to install new equipment. Similarly, provided that the equipment has not been at a customer's location for a very short period, propane suppliers often do not charge to remove equipment.

2 (b) See (a).

2 (c) The statement is based on GPMi's experience in dealing with propane distributors and customers, not on surveys. Two recent media articles that support the statement are attached as **Tabs "4"** and **"5"** to these responses.

Interrogatory 3

Reference

EB-2016-0004- Natural Gas Expansion Generic Proceeding

Preamble

At Exhibit 9, Tab 9, p.9 of the evidence, Figure 1 shows the estimated annual cost of energy.

- a) Please provide the underlying data for the retail propane prices in each year plotted, including the following:
 - i. Sources for retail propane prices provided by CPA members.
 - ii. Geographic distribution area for each retail propane price factored into the costs reflected in the Figure.
 - iii. The date upon which the prices underlying the above costs were in effect.
- b) Please provide a summary of any contractual commitments required of customers in order to obtain propane at the retail propane costs indicated in the Figure. For example, is there a rental fee on the storage tank, or a minimum volume or supply term commitment required from the customer in order to obtain propane at the prices reflected in the Figure?
- c) Please confirm that the natural gas costs reflected in the Figure are average Ontario Union Gas costs based on a weighted average for southern and northern Ontario at weights of 75% and 25%, respectively, as provided to CPA in EB-2015-0179 Exhibit B.CPA.1.
- d) Please indicate whether the residential propane costs on the Figure reflect a similar weighting to that noted in part c) above. If not, please indicate how southern and northern Ontario retail propane costs have been weighted in the data, or whether a more appropriate comparison to natural gas costs would be the individual costs for southern or northern Ontario as provided to CPA in EB-2015-0179 Exhibit B.CPA.1.
- e) Please provide an opinion on the reason that the separation of auto propane prices from residential propane prices in the data represented by the Figure in 2012, 2013 and 2015 is not evident in 2014.
- f) Please provide an opinion on the reason for the significant escalation in residential propane prices evident in 2014.
- g) Please indicate if there has been any history of propane supply limitations in Ontario through the period from 2012 to 2015.

- h) Please confirm whether Ontario Energy Board approved price adjustments for Union Gas customers for the period after EB-2015-0179 was filed have been reflected in the data.

CPA Response

3 (a) See Exhibit S2.CPA.Northeast.1.

3 (b) See Exhibit S2.CPA.Union.2.

3 (c) All of the data, except the residential propane data, are from Union's Answers to Interrogatories in EB-2015-0179, Exhibit B.CPA.1, Attachment 1, page 3 of 3. GPMi used Union's calculations, and understands that Union provided weighted averages (75/25 south/north).

3 (d) Weighting was not applied to the residential pricing.

3 (e) See Exhibit S2.CPA.Northeast.1(c).

3 (f) The reason for the escalation in residential propane prices is the same reason that Union sought an urgent rate increase in March 2014 in EB-2014-0050. As described in Union's Evidence at page 15, lines 21 to 14 "heavy snowfall and frigid temperatures swept across Canada and the northern US during the winter of 2013/14". As Union described at page 1, line 10 and elsewhere in its Evidence, the winter of 2013/2014 was "extremely colder than normal". The unusually cold weather increased customer demand, which in turn increased natural gas prices, as described in Union's Pre-filed Evidence at page 1, lines 10 to 12, and elsewhere. A copy of Union's Evidence in EB-2014-0050 (without appendices) is attached as **Tab "6"** to these responses.

Similarly, the "extremely colder than normal" weather during the winter of 2013/2014 increased customer demand for propane, which resulted in a price increase for residential propane prices in 2014.

3 (g) See 3 (f).

3 (h) See 3(c).

Interrogatory 4

Reference

EB-2016-0004- Natural Gas Expansion Generic Proceeding

Preamble

At Exhibit 9, Tab 9, p.10 of the evidence, Figure 2 shows the cumulative residential energy costs.

- a) Please confirm that the natural gas cumulative costs assume a need for replacement of the furnace at a cost of \$4,000, and an up-front Aid-to-Construction cost of \$2,500, all incurred in the first year.
- b) Please confirm that most propane furnaces can be converted to natural gas at a significantly lower cost than the cost of furnace replacement.

CPA Response

4 (a) No. The natural gas cumulative cost does not assume a need for replacement of the furnace at a cost of \$4,000. The costs were taken from Union's Responses to Interrogatories submitted in EB-2015-0179,¹ which assumed a \$4,000 cost for a conversion to gas.

The up-front Aid to Construction cost of \$2,500 was also taken from Union's Responses to Interrogatories submitted in EB-2015-0179.²

4 (b) Yes. The cost to replace a propane furnace with a gas furnace is even higher than the cost to convert. However, that fact has no bearing on Exhibit 9, Tab 9, p. 10, of the evidence, Figure 2, which does not contemplate a high likelihood of complete replacement of the furnace.

¹ Exhibit B.CPA.1, Attachment 2, page 247 of 687, filed on December 9, 2015.

² Exhibit B.CPA.1, Attachment 2, page 247 of 687, filed on December 9, 2015.

Interrogatory 5

Reference

EB-2016-0004 -Natural Gas Expansion Generic Proceeding

Preamble

At Exhibit 9, Tab 9, p.10 of the evidence it states, " ... *an expectation of relatively low propane and furnace oil prices for the foreseeable future, ...* " It goes on to state, "*Propane and natural gas prices have both fallen in recent years but in relative terms, propane has fallen more than natural gas. In the current low price environment, consumers should expect the current fuel cost differential to be more representative of the foreseeable future.* "

- a) Please provide the source of data underlying these statements, and indicate what time horizon the term "foreseeable future" represents.
- b) Please reconcile the indication that the current cost differential will be representative of the future with the U.S. Energy Information Administration (EIA) forecast provided in EB-2015-0179 at Exhibit B.Energy Probe.5, which indicates the price of residential propane will increase from approximately \$19 USD/MMBtu in 2015 to \$24 USD/MMBtu in 2025 (a 26% increase).

CPA Response

5 (a) Union takes current price differences and projects the cost saving 10 years into the future. GPMi demonstrated that current residential propane prices and the price differential are lower than shown in Union's evidence. That is the basis for the lower expectation for the foreseeable future in Figure 2.

5 (b) Union has misread or misrepresented the EIA forecast. Distillate Fuel Oil (green line) increases from \$19/MMBtu in 2015 to \$24/MMBtu in 2025 (a 26.3% increase). Propane (red line) increases from approximately \$21.50/MMBtu in 2015 to approximately \$24/MMBtu in 2025 (an 11.3% increase). GPMi also notes that natural gas (purple line) increases from approximately \$10/MMBtu in 2015 to approximately \$13/MMBtu in 2025 (a 30% increase). Relatively speaking, the EIA predicts that the natural gas rate of price increase will be more than 2.5 times higher than the propane rate of price increase. Based on the EIA forecast, GPMi has been too conservative in its estimate of the fuel cost differential.

Interrogatory 6

Reference

EB-2016-0004- Natural Gas Expansion Generic Proceeding

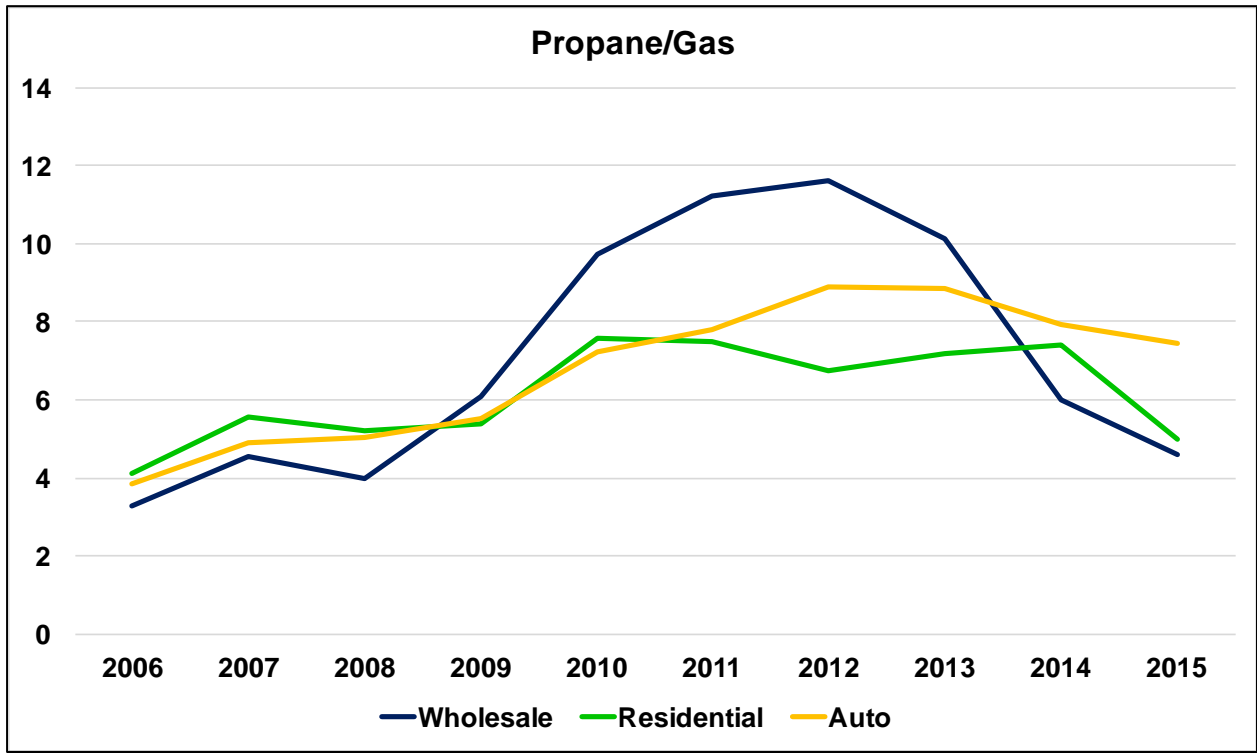
Preamble

At Exhibit 9, Tab 9, p.11 of the evidence, Figure 3 illustrates a propane/gas price ratio.

- a) Please provide the price data for each year that underlies the values indicated in the Figure.
- b) Please provide the source for Sarnia wholesale prices for each period, and the timing that the price was in effect.
- c) Please provide the spreadsheet model (live) used to produce this Figure.
- d) Please confirm that the values for both propane and natural gas are derived on an equal (energy equivalent) basis, and include wholesale or commodity costs only.
- e) Please produce the same Figure (Figure 3) using the annual average residential propane, auto propane and natural gas cost data underlying Figure 1 (Estimated Annual Cost of Energy) on p.9 of the evidence.

CPA Response

- 6 (a) The data is in the spreadsheet model provided in response to c) below.
- 6 (b) Sarnia pricing is annual averages from price reporting publishers such as OPIS and Argus. GPMi utilizes averages from the various publishers.
- 6 (c) Please see spreadsheet enclosed as **Tab "7"**.
- 6 (d) Propane prices are cents per gallon and natural gas prices are cents per cubic metre. Figure 3 is intended to show increases, decreases, and trends in the Propane/Gas ratio, not the actual ratio itself. Thus, the units used are irrelevant. Changing the units will not alter the shape of the graph.
- 6 (e) See attached chart.



Interrogatory 7

Reference

EB-2016-0004- Natural Gas Expansion Generic Proceeding

Preamble

At Exhibit 9, Tab 9, p.18-19 of the evidence, it refers to Green House Gas (GHG) Emissions.

- a) Please provide a copy of the referenced Propane Education and Research Council (PERC) report.

CPA Response

7 (a) See Exhibit S2.CPA.SEC.4.

Franchise Agreement

THIS AGREEMENT effective this 22nd day of February, 2016

BETWEEN:

THE MUNICIPALITY OF ARRAN-ELDERSLIE hereinafter called the "Corporation"

- and -

EPCOR UTILITIES INC. hereinafter called the "Gas Company"

WHEREAS the Gas Company desires to distribute, store and transmit gas in the Municipality upon the terms and conditions of this Agreement;

AND WHEREAS by by-law passed by the Council of the Corporation (the "By-law"), the duly authorized officers have been authorized and directed to execute this Agreement on behalf of the Corporation;

THEREFORE the Corporation and the Gas Company agree as follows:

Part I - Definitions

1. In this Agreement:

- a. "decommissioned" and "decommissions" when used in connection with parts of the gas system, mean any parts of the gas system taken out of active use and purged in accordance with the applicable CSA standards and in no way affects the use of the term 'abandoned' pipeline for the purposes of the Assessment Act;
- b. "Engineer/Road Superintendent" means the most senior individual employed by the Corporation with responsibilities for highways within the Municipality or the person designated by such senior employee or such other person as may from time to time be designated by the Council of the Corporation;
- c. "gas" means natural gas, manufactured gas, synthetic natural gas, liquefied petroleum gas or propane-air gas, or a mixture of any of them, but does not include a liquefied petroleum gas that is distributed by means other than a pipeline;
- d. "gas system" means such mains, plants, pipes, conduits, services, valves, regulators, curb boxes, stations, drips or such other equipment as the Gas Company may require or deem desirable for the distribution, storage and transmission of gas in or through the Municipality;
- e. "highway" means all common and public highways and shall include any bridge, viaduct or structure forming part of a highway, and any public square, road allowance or walkway and shall include not only the travelled portion of such highway, but also ditches, driveways, sidewalks, and sodded areas

forming part of the road allowance now or at any time during the term hereof under the jurisdiction of the Corporation;

- f. "Model Franchise Agreement" means the form of agreement which the Ontario Energy Board uses as a standard when considering applications under the Municipal Franchises Act. The Model Franchise Agreement may be changed from time to time by the Ontario Energy Board;
- g. "Municipality" means the territorial limits of the Corporation on the date when this Agreement takes effect, and any territory which may thereafter be brought within the jurisdiction of the Corporation;
- h. "Plan" means the plan described in Paragraph 7 of this Agreement required to be filed by the Gas Company with the Engineer/Road Superintendent prior to commencement of work on the gas system; and
- i. whenever the singular, masculine or feminine is used in this Agreement, it shall be considered as if the plural, feminine or masculine has been used where the context of the Agreement so requires.

Part II - Rights Granted

2. To provide gas service:

The consent of the Corporation is hereby given and granted to the Gas Company to distribute, store and transmit gas in and through the Municipality to the Corporation and to the inhabitants of the Municipality.

3. To Use Highways

Subject to the terms and conditions of this Agreement the consent of the Corporation is hereby given and granted to the Gas Company to enter upon all highways now or at any time hereafter under the jurisdiction of the Corporation and to lay, construct, maintain, replace, remove, operate and repair a gas system for the distribution, storage and transmission of gas in and through the Municipality.

4. Duration of Agreement and Renewal Procedures

- a. Unless terminated earlier in accordance with subsections (d), (e), (f) or (g) below, if the Corporation has not previously received gas distribution services, the rights hereby given and granted shall be for a term of 20 years from the date of final passing of the By-law.
- b. At any time within two years prior to the expiration of this Agreement, either party may give notice to the other that it desires to enter into negotiations for a renewed franchise upon such terms and conditions as may be agreed upon. Until such renewal has been settled, the terms and conditions of this Agreement shall continue, notwithstanding the expiration of this Agreement. This shall not preclude either party from applying to the Ontario Energy Board

for a renewal of the Agreement pursuant to section 10 of the Municipal Franchises Act.

- c. For greater certainty, upon the expiration or termination of this Agreement, the gas system remains the sole property of the Gas Company.
- d. The Corporation may terminate this Agreement by written notice to Gas Company, effective on such date as is specified in such notice, if the Gas Company fails to notify the Corporation in writing of its intention to proceed with the filing of a Leave to Construct (as defined below) application in respect of the gas system, within 60 days of the later of: (i) the GH Date (as defined below); and (ii) the date on which the Province of Ontario provides to the Gas Company a decision in writing regarding access to the Natural Gas Access Loans or Natural Gas Economic Development Grants in respect of the gas system (the "**Funding Date**").
- e. The Corporation may terminate this Agreement by written notice to Gas Company, effective on such date as is specified in such notice, if the Gas Company fails to file an application pursuant to Section 90 of the *Ontario Energy Board Act, 1998* for leave to construct the gas system ("**Leave to Construct**") within 180 days of the latest of: (i) the date of expiry of any appeal or review period applicable to the Ontario Energy Board's decision (or of any subsequent appeal or review) regarding the generic proceeding before the Ontario Energy Board, EB-2016-0004; (ii) the date of final disposition of any appeal or review of the Ontario Energy Board's decision regarding such generic proceeding (the later of the dates referenced in (i) and (ii) being the "**GH Date**"); and (iii) the Funding Date.
- f. The Corporation may terminate this Agreement by written notice to Gas Company, effective on such date as is specified in such notice, if the Gas Company's application for Leave to Construct the gas system is not approved by the Ontario Energy Board without material variation and the Gas Company has failed to submit a new or revised application for Leave to Construct the gas system within 180 days of the date of the Ontario Energy Board's decision regarding the Leave to Construct application.
- g. The Corporation may terminate this Agreement by written notice to Gas Company, effective on such date as is specified in such notice, if the Gas Company has not achieved financial close (as that term may be defined or otherwise agreed to by the parties) within twelve (12) months of obtaining approval of its Leave to Construct application.
- h. The Corporation may terminate this Agreement by written notice to Gas Company, effective on such date as is specified in such notice, if the gas system is not constructed, in operation and serving the Municipality on or before December 31, 2023 (the "**Cliff Date**"), provided the Gas Company shall be granted an additional two (2) year period after the Cliff Date to complete construction and put the gas system into operation to serve the Municipality if and only if the Gas Company has been issued Leave to Construct, achieved financial close and commenced construction of the gas system prior to the Cliff Date and the Gas Company continues to demonstrate that it has and is using

reasonable commercial efforts to complete construction and commence operations of the gas system within such two year period.

- i. If the Corporation terminates this Agreement, Gas Company will promptly make an application to the Ontario Energy Board to surrender or cancel any related approval for the Agreement or a Certificate of Public Convenience and Necessity.

Part III - Conditions

5. **Annual Fee.** Following commencement of operation of the gas system, Gas Company shall pay an annual fee to the Corporation equivalent to 1% of the gross revenue derived by Gas Company for natural gas supplied for consumption within the Municipality minus the natural gas commodity costs incurred by Gas Company in connection with such supply, earned in the preceding calendar year (the “**Annual Fee**”). The Annual Fee will be payable within 120 days following the end of each calendar year.
6. **Tax Rebate.** The Corporation will rebate to Gas Company, the Corporation’s respective municipal portion of any property or similar taxes, including without limitation payable in relation to ownership or use of or rights in relation to land, buildings, structures or pipelines, paid by Gas Company pursuant to the *Ontario Assessment Act* directly or indirectly to or for the benefit of the Corporation for the first 10 years of operation of the gas system in the Municipality. In respect of years after the 10th year of operation of the gas system in the Municipality, the above rebates shall cease and the Corporation shall be entitled to directly or indirectly collect said taxes from Gas Company.
7. **Approval of Construction**
 - a. The Gas Company shall not undertake any excavation, opening or work which will disturb or interfere with the surface of the travelled portion of any highway unless a permit therefor has first been obtained from the Engineer/Road Superintendent and all work done by the Gas Company shall be to his satisfaction.
 - b. Prior to the commencement of work on the gas system, or any extensions or changes to it (except service laterals which do not interfere with municipal works in the highway), the Gas Company shall file with the Engineer/Road Superintendent a Plan, satisfactory to the Engineer/Road Superintendent, drawn to scale and of sufficient detail considering the complexity of the specific locations involved, showing the highways in which it proposes to lay its gas system and the particular parts thereof it proposes to occupy.
 - c. The Plan filed by the Gas Company shall include geodetic information for a particular location:
 - i. where circumstances are complex, in order to facilitate known projects, including projects which are reasonably anticipated by the Engineer/Road Superintendent, or
 - ii. when requested, where the Corporation has geodetic information for its own services and all others at the same location.

- d. The Engineer/Road Superintendent may require sections of the gas system to be laid at greater depth than required by the latest CSA standard for gas pipeline systems to facilitate known projects or to correct known highway deficiencies.
- e. Prior to the commencement of work on the gas system, the Engineer/Road Superintendent must approve the location of the work as shown on the Plan filed by the Gas Company, the timing of the work and any terms and conditions relating to the installation of the work.
- f. In addition to the requirements of this Agreement, if the Gas Company proposes to affix any part of the gas system to a bridge, viaduct or other structure, if the Engineer/Road Superintendent approves this proposal, he may require the Gas Company to comply with special conditions or to enter into a separate agreement as a condition of the approval of this part of the construction of the gas system.
- g. Where the gas system may affect a municipal drain, the Gas Company shall also file a copy of the Plan with the Corporation's Drainage Superintendent for purposes of the Drainage Act, or such other person designated by the Corporation as responsible for the drain.
- h. The Gas Company shall not deviate from the approved location for any part of the gas system unless the prior approval of the Engineer/Road Superintendent to do so is received.
- i. The Engineer/Road Superintendent's approval, where required throughout this Paragraph, shall not be unreasonably withheld.
- j. The approval of the Engineer/Road Superintendent is not a representation or warranty as to the state of repair of the highway or the suitability of the highway for the gas system.

8. As Built Drawings

The Gas Company shall, within six months of completing the installation of any part of the gas system, provide two copies of "as built" drawings to the Engineer/Road Superintendent. These drawings must be sufficient to accurately establish the location, depth (measurement between the top of the gas system and the ground surface at the time of installation) and distance of the gas system. The "as built" drawings shall be of the same quality as the Plan and, if the approved pre-construction plan included elevations that were geodetically referenced, the "as built" drawings shall similarly include elevations that are geodetically referenced. Upon the request of the Engineer/Road Superintendent, the Gas Company shall provide one copy of the drawings in an electronic format and one copy as a hard copy drawing.

9. Emergencies

In the event of an emergency involving the gas system, the Gas Company shall proceed with the work required to deal with the emergency, and in any instance where prior

approval of the Engineer/Road Superintendent is normally required for the work, the Gas Company shall use its best efforts to immediately notify the Engineer/Road Superintendent of the location and nature of the emergency and the work being done and, if it deems appropriate, notify the police force, fire or other emergency services having jurisdiction. The Gas Company shall provide the Engineer/Road Superintendent with at least one 24 hour emergency contact for the Gas Company and shall ensure the contacts are current.

10. Restoration

The Gas Company shall well and sufficiently restore, to the reasonable satisfaction of the Engineer/Road Superintendent, all highways, municipal works or improvements which it may excavate or interfere with in the course of laying, constructing, repairing or removing its gas system, and shall make good any settling or subsidence thereafter caused by such excavation or interference. If the Gas Company fails at any time to do any work required by this Paragraph within a reasonable period of time, the Corporation may do or cause such work to be done and the Gas Company shall, on demand, pay the Corporation's reasonably incurred costs, as certified by the Engineer/Road Superintendent.

11. Indemnification

The Gas Company shall, at all times, indemnify and save harmless the Corporation and the members of the municipal council, the officers, employees and agents of the Corporation from and against all claims, including costs related thereto, for all damages or injuries including death to any person or persons and for damage to any property, arising out of the Gas Company operating, constructing, and maintaining its gas system in the Municipality, or utilizing its gas system for the carriage of gas owned by others. Provided that the Gas Company shall not be required to indemnify or save harmless the Corporation from and against claims, including costs related thereto, which it may incur by reason of damages or injuries including death to any person or persons and for damage to any property, resulting from the negligence or wrongful act of the Corporation, its servants, agents or employees.

12. Insurance

- a. The Gas Company shall maintain Comprehensive General Liability Insurance in sufficient amount and description as shall protect the Gas Company and the Corporation from claims for which the Gas Company is obliged to indemnify the Corporation under Paragraph 11. The insurance policy shall identify the Corporation as an additional named insured, but only with respect to the operation of the named insured (the Gas Company). The insurance policy shall not lapse or be cancelled without sixty (60) days' prior written notice to the Corporation by the Gas Company.
- b. The issuance of an insurance policy as provided in this Paragraph shall not be construed as relieving the Gas Company of liability not covered by such insurance or in excess of the policy limits of such insurance.

- c. Upon request by the Corporation, the Gas Company shall confirm that premiums for such insurance have been paid and that such insurance is in full force and effect.

13. Alternative Easement

The Corporation agrees, in the event of the proposed sale or closing of any highway or any part of a highway where there is a gas line in existence, to give the Gas Company reasonable notice of such proposed sale or closing and, if is feasible, to provide the Gas Company with easements over that part of the highway proposed to be sold or closed sufficient to allow the Gas Company to preserve any part of the gas system in its then existing location. In the event that such easements cannot be provided, the Corporation and the Gas Company shall share the cost of relocating or altering the gas system to facilitate continuity of gas service, as provided for in Paragraph 14 of this Agreement.

14. Pipeline Relocation

- a. If in the course of constructing, reconstructing, changing, altering or improving any highway or any municipal works, the Corporation deems that it is necessary to take up, remove or change the location of any part of the gas system, the Gas Company shall, upon notice to do so, remove and/or relocate within a reasonable period of time such part of the gas system to a location approved by the Engineer/Road Superintendent.
- b. Where any part of the gas system relocated in accordance with this Paragraph is located on a bridge, viaduct or structure, the Gas Company shall alter or relocate that part of the gas system at its sole expense.
- c. Where any part of the gas system relocated in accordance with this Paragraph is located other than on a bridge, viaduct or structure, the costs of relocation shall be shared between the Corporation and the Gas Company on the basis of the total relocation costs, excluding the value of any upgrading of the gas system, and deducting any contribution paid to the Gas Company by others in respect to such relocation; and for these purposes, the total relocation costs shall be the aggregate of the following:
 - i. the amount paid to Gas Company employees up to and including field supervisors for the hours worked on the project plus the current cost of fringe benefits for these employees,
 - ii. the amount paid for rental equipment while in use on the project and an amount, charged at the unit rate, for Gas Company equipment while in use on the project,
 - iii. the amount paid by the Gas Company to contractors for work related to the project,
 - iv. the cost to the Gas Company for materials used in connection with the project, and

- v. a reasonable amount for project engineering and project administrative costs which shall be 22.5% of the aggregate of the amounts determined in items (i), (ii), (iii) and (iv) above.
- d. The total relocation costs as calculated above shall be paid 35% by the Corporation and 65% by the Gas Company, except where the part of the gas system required to be moved is located in an unassumed road or in an unopened road allowance and the Corporation has not approved its location, in which case the Gas Company shall pay 100% of the relocation costs.

Part IV - Procedural and Other Matters

15. Municipal By-laws of General Application

The Agreement is subject to the provisions of all regulating statutes and all municipal bylaws of general application, except by-laws which have the effect of amending this Agreement.

16. Giving Notice

Notices may be delivered to, sent by facsimile or mailed by prepaid registered post to the Gas Company at its head office or to the authorized officers of the Corporation at its municipal offices, as the case may be.

17. Disposition of Gas System

- a. If the Gas Company decommissions part of its gas system affixed to a bridge, viaduct or structure, the Gas Company shall, at its sole expense, remove the part of its gas system affixed to the bridge, viaduct or structure.
- b. If the Gas Company decommissions any other part of its gas system, it shall have the right, but is not required, to remove that part of its gas system. It may exercise its right to remove the decommissioned parts of its gas system by giving notice of its intention to do so by filing a Plan as required by Paragraph 7 of this Agreement for approval by the Engineer/Road Superintendent. If the Gas Company does not remove the part of the gas system it has decommissioned and the Corporation requires the removal of all or any part of the decommissioned gas system for the purpose of altering or improving a highway or in order to facilitate the construction of utility or other works in any highway, the Corporation may remove and dispose of so much of the decommissioned gas system as the Corporation may require for such purposes and neither party shall have recourse against the other for any loss, cost, expense or damage occasioned thereby. If the Gas Company has not removed the part of the gas system it has decommissioned and the Corporation requires the removal of all or any part of the decommissioned gas system for the purpose of altering or improving a highway or in order to facilitate the construction of utility or other works in a highway, the Gas Company may elect to relocate the decommissioned gas system and in that event

Paragraph 14 applies to the cost of relocation.

18. Use of Decommissioned Gas System

- a. The Gas Company shall provide promptly to the Corporation, to the extent such information is known:
 - i. the names and addresses of all third parties who use decommissioned parts of the gas system for purposes other than the transmission or distribution of gas; and
 - ii. the location of all proposed and existing decommissioned parts of the gas system used for purposes other than the transmission or distribution of gas.
- b. The Gas Company may allow a third party to use a decommissioned part of the gas system for purposes other than the transmission or distribution of gas and may charge a fee for that third party use, provided
 - i. the third party has entered into a municipal access agreement with the Corporation; and
 - ii. the Gas Company does not charge a fee for the third party's right of access to the highways.
- c. Decommissioned parts of the gas system used for purposes other than the transmission or distribution of gas are not subject to the provisions of this Agreement. For decommissioned parts of the gas system used for purposes other than the transmission and distribution of gas, issues such as relocation costs will be governed by the relevant municipal access agreement.

19. Franchise Handbook

The Parties acknowledge that operating decisions sometimes require a greater level of detail than that which is appropriately included in this Agreement. The Parties agree to look for guidance on such matters to the Franchise Handbook prepared by the Association of Municipalities of Ontario and the gas utility companies, as may be amended from time to time.

20. Agreement Binding Parties

This Agreement shall extend to, benefit and bind the parties thereto, their successors and assigns, respectively. Any assignment of this Agreement or any Party's rights or obligations under this Agreement requires the prior written consent of the other Party, acting reasonably except in the case of the Gas Company who may assign this Agreement to a wholly owned (other than any non-voting securities owned by officers of Gas Company) subsidiary or affiliate without prior written consent, provided that: (a) the original Gas Company must unconditionally and irrevocably guarantee, in a form satisfactory to the Corporation, acting reasonably, the obligations and liabilities to be assumed by such subsidiary or affiliate; and (b) such subsidiary or affiliate must also be

assigned and assume any related agreements between the Corporation and the Gas Company.

[Signature page follows.]

IN WITNESS WHEREOF the parties have executed this Agreement effective from the date written above.

EPCOR Utilities Inc.

Per: "Original signed by Bruce Brandell"
Name: Bruce Brandell
Title: Director, Commercial Services

THE MUNICIPALITY OF ARRAN-ELDERSLIE

Per: "Original signed by Paul Eagleson"
Name: Paul Eagleson
Title: Mayor

Franchise Agreement

THIS AGREEMENT effective this 22nd day of February, 2016

BETWEEN:

THE MUNICIPALITY OF KINCARDINE hereinafter called the "Corporation"

- and -

EPCOR UTILITIES INC. hereinafter called the "Gas Company"

WHEREAS the Gas Company desires to distribute, store and transmit gas in the Municipality upon the terms and conditions of this Agreement;

AND WHEREAS by by-law passed by the Council of the Corporation (the "By-law"), the duly authorized officers have been authorized and directed to execute this Agreement on behalf of the Corporation;

THEREFORE the Corporation and the Gas Company agree as follows:

Part I - Definitions

1. In this Agreement:

- a. "decommissioned" and "decommissions" when used in connection with parts of the gas system, mean any parts of the gas system taken out of active use and purged in accordance with the applicable CSA standards and in no way affects the use of the term 'abandoned' pipeline for the purposes of the Assessment Act;
- b. "Engineer/Road Superintendent" means the most senior individual employed by the Corporation with responsibilities for highways within the Municipality or the person designated by such senior employee or such other person as may from time to time be designated by the Council of the Corporation;
- c. "gas" means natural gas, manufactured gas, synthetic natural gas, liquefied petroleum gas or propane-air gas, or a mixture of any of them, but does not include a liquefied petroleum gas that is distributed by means other than a pipeline;
- d. "gas system" means such mains, plants, pipes, conduits, services, valves, regulators, curb boxes, stations, drips or such other equipment as the Gas Company may require or deem desirable for the distribution, storage and transmission of gas in or through the Municipality;
- e. "highway" means all common and public highways and shall include any bridge, viaduct or structure forming part of a highway, and any public square, road allowance or walkway and shall include not only the travelled portion of such highway, but also ditches, driveways, sidewalks, and sodded areas

forming part of the road allowance now or at any time during the term hereof under the jurisdiction of the Corporation;

- f. "Model Franchise Agreement" means the form of agreement which the Ontario Energy Board uses as a standard when considering applications under the Municipal Franchises Act. The Model Franchise Agreement may be changed from time to time by the Ontario Energy Board;
- g. "Municipality" means the territorial limits of the Corporation on the date when this Agreement takes effect, and any territory which may thereafter be brought within the jurisdiction of the Corporation;
- h. "Plan" means the plan described in Paragraph 7 of this Agreement required to be filed by the Gas Company with the Engineer/Road Superintendent prior to commencement of work on the gas system; and
- i. whenever the singular, masculine or feminine is used in this Agreement, it shall be considered as if the plural, feminine or masculine has been used where the context of the Agreement so requires.

Part II - Rights Granted

2. To provide gas service:

The consent of the Corporation is hereby given and granted to the Gas Company to distribute, store and transmit gas in and through the Municipality to the Corporation and to the inhabitants of the Municipality.

3. To Use Highways

Subject to the terms and conditions of this Agreement the consent of the Corporation is hereby given and granted to the Gas Company to enter upon all highways now or at any time hereafter under the jurisdiction of the Corporation and to lay, construct, maintain, replace, remove, operate and repair a gas system for the distribution, storage and transmission of gas in and through the Municipality.

4. Duration of Agreement and Renewal Procedures

- a. Unless terminated earlier in accordance with subsections (d), (e), (f) or (g) below, if the Corporation has not previously received gas distribution services, the rights hereby given and granted shall be for a term of 20 years from the date of final passing of the By-law.
- b. At any time within two years prior to the expiration of this Agreement, either party may give notice to the other that it desires to enter into negotiations for a renewed franchise upon such terms and conditions as may be agreed upon. Until such renewal has been settled, the terms and conditions of this Agreement shall continue, notwithstanding the expiration of this Agreement. This shall not preclude either party from applying to the Ontario Energy Board

for a renewal of the Agreement pursuant to section 10 of the Municipal Franchises Act.

- c. For greater certainty, upon the expiration or termination of this Agreement, the gas system remains the sole property of the Gas Company.
- d. The Corporation may terminate this Agreement by written notice to Gas Company, effective on such date as is specified in such notice, if the Gas Company fails to notify the Corporation in writing of its intention to proceed with the filing of a Leave to Construct (as defined below) application in respect of the gas system, within 60 days of the later of: (i) the GH Date (as defined below); and (ii) the date on which the Province of Ontario provides to the Gas Company a decision in writing regarding access to the Natural Gas Access Loans or Natural Gas Economic Development Grants in respect of the gas system (the "**Funding Date**").
- e. The Corporation may terminate this Agreement by written notice to Gas Company, effective on such date as is specified in such notice, if the Gas Company fails to file an application pursuant to Section 90 of the *Ontario Energy Board Act, 1998* for leave to construct the gas system ("**Leave to Construct**") within 180 days of the latest of: (i) the date of expiry of any appeal or review period applicable to the Ontario Energy Board's decision (or of any subsequent appeal or review) regarding the generic proceeding before the Ontario Energy Board, EB-2016-0004; (ii) the date of final disposition of any appeal or review of the Ontario Energy Board's decision regarding such generic proceeding (the later of the dates referenced in (i) and (ii) being the "**GH Date**"); and (iii) the Funding Date.
- f. The Corporation may terminate this Agreement by written notice to Gas Company, effective on such date as is specified in such notice, if the Gas Company's application for Leave to Construct the gas system is not approved by the Ontario Energy Board without material variation and the Gas Company has failed to submit a new or revised application for Leave to Construct the gas system within 180 days of the date of the Ontario Energy Board's decision regarding the Leave to Construct application.
- g. The Corporation may terminate this Agreement by written notice to Gas Company, effective on such date as is specified in such notice, if the Gas Company has not achieved financial close (as that term may be defined or otherwise agreed to by the parties) within twelve (12) months of obtaining approval of its Leave to Construct application.
- h. The Corporation may terminate this Agreement by written notice to Gas Company, effective on such date as is specified in such notice, if the gas system is not constructed, in operation and serving the Municipality on or before December 31, 2023 (the "**Cliff Date**"), provided the Gas Company shall be granted an additional two (2) year period after the Cliff Date to complete construction and put the gas system into operation to serve the Municipality if and only if the Gas Company has been issued Leave to Construct, achieved financial close and commenced construction of the gas system prior to the Cliff Date and the Gas Company continues to demonstrate that it has and is using

reasonable commercial efforts to complete construction and commence operations of the gas system within such two year period.

- i. If the Corporation terminates this Agreement, Gas Company will promptly make an application to the Ontario Energy Board to surrender or cancel any related approval for the Agreement or a Certificate of Public Convenience and Necessity.

Part III - Conditions

5. **Annual Fee.** Following commencement of operation of the gas system, Gas Company shall pay an annual fee to the Corporation equivalent to 1% of the gross revenue derived by Gas Company for natural gas supplied for consumption within the Municipality minus the natural gas commodity costs incurred by Gas Company in connection with such supply, earned in the preceding calendar year (the “**Annual Fee**”). The Annual Fee will be payable within 120 days following the end of each calendar year.
6. **Tax Rebate.** The Corporation will rebate to Gas Company, the Corporation’s respective municipal portion of any property or similar taxes, including without limitation payable in relation to ownership or use of or rights in relation to land, buildings, structures or pipelines, paid by Gas Company pursuant to the *Ontario Assessment Act* directly or indirectly to or for the benefit of the Corporation for the first 10 years of operation of the gas system in the Municipality. In respect of years after the 10th year of operation of the gas system in the Municipality, the above rebates shall cease and the Corporation shall be entitled to directly or indirectly collect said taxes from Gas Company.
7. **Approval of Construction**
 - a. The Gas Company shall not undertake any excavation, opening or work which will disturb or interfere with the surface of the travelled portion of any highway unless a permit therefor has first been obtained from the Engineer/Road Superintendent and all work done by the Gas Company shall be to his satisfaction.
 - b. Prior to the commencement of work on the gas system, or any extensions or changes to it (except service laterals which do not interfere with municipal works in the highway), the Gas Company shall file with the Engineer/Road Superintendent a Plan, satisfactory to the Engineer/Road Superintendent, drawn to scale and of sufficient detail considering the complexity of the specific locations involved, showing the highways in which it proposes to lay its gas system and the particular parts thereof it proposes to occupy.
 - c. The Plan filed by the Gas Company shall include geodetic information for a particular location:
 - i. where circumstances are complex, in order to facilitate known projects, including projects which are reasonably anticipated by the Engineer/Road Superintendent, or
 - ii. when requested, where the Corporation has geodetic information for its own services and all others at the same location.

- d. The Engineer/Road Superintendent may require sections of the gas system to be laid at greater depth than required by the latest CSA standard for gas pipeline systems to facilitate known projects or to correct known highway deficiencies.
- e. Prior to the commencement of work on the gas system, the Engineer/Road Superintendent must approve the location of the work as shown on the Plan filed by the Gas Company, the timing of the work and any terms and conditions relating to the installation of the work.
- f. In addition to the requirements of this Agreement, if the Gas Company proposes to affix any part of the gas system to a bridge, viaduct or other structure, if the Engineer/Road Superintendent approves this proposal, he may require the Gas Company to comply with special conditions or to enter into a separate agreement as a condition of the approval of this part of the construction of the gas system.
- g. Where the gas system may affect a municipal drain, the Gas Company shall also file a copy of the Plan with the Corporation's Drainage Superintendent for purposes of the Drainage Act, or such other person designated by the Corporation as responsible for the drain.
- h. The Gas Company shall not deviate from the approved location for any part of the gas system unless the prior approval of the Engineer/Road Superintendent to do so is received.
- i. The Engineer/Road Superintendent's approval, where required throughout this Paragraph, shall not be unreasonably withheld.
- j. The approval of the Engineer/Road Superintendent is not a representation or warranty as to the state of repair of the highway or the suitability of the highway for the gas system.

8. As Built Drawings

The Gas Company shall, within six months of completing the installation of any part of the gas system, provide two copies of "as built" drawings to the Engineer/Road Superintendent. These drawings must be sufficient to accurately establish the location, depth (measurement between the top of the gas system and the ground surface at the time of installation) and distance of the gas system. The "as built" drawings shall be of the same quality as the Plan and, if the approved pre-construction plan included elevations that were geodetically referenced, the "as built" drawings shall similarly include elevations that are geodetically referenced. Upon the request of the Engineer/Road Superintendent, the Gas Company shall provide one copy of the drawings in an electronic format and one copy as a hard copy drawing.

9. Emergencies

In the event of an emergency involving the gas system, the Gas Company shall proceed with the work required to deal with the emergency, and in any instance where prior

approval of the Engineer/Road Superintendent is normally required for the work, the Gas Company shall use its best efforts to immediately notify the Engineer/Road Superintendent of the location and nature of the emergency and the work being done and, if it deems appropriate, notify the police force, fire or other emergency services having jurisdiction. The Gas Company shall provide the Engineer/Road Superintendent with at least one 24 hour emergency contact for the Gas Company and shall ensure the contacts are current.

10. Restoration

The Gas Company shall well and sufficiently restore, to the reasonable satisfaction of the Engineer/Road Superintendent, all highways, municipal works or improvements which it may excavate or interfere with in the course of laying, constructing, repairing or removing its gas system, and shall make good any settling or subsidence thereafter caused by such excavation or interference. If the Gas Company fails at any time to do any work required by this Paragraph within a reasonable period of time, the Corporation may do or cause such work to be done and the Gas Company shall, on demand, pay the Corporation's reasonably incurred costs, as certified by the Engineer/Road Superintendent.

11. Indemnification

The Gas Company shall, at all times, indemnify and save harmless the Corporation and the members of the municipal council, the officers, employees and agents of the Corporation from and against all claims, including costs related thereto, for all damages or injuries including death to any person or persons and for damage to any property, arising out of the Gas Company operating, constructing, and maintaining its gas system in the Municipality, or utilizing its gas system for the carriage of gas owned by others. Provided that the Gas Company shall not be required to indemnify or save harmless the Corporation from and against claims, including costs related thereto, which it may incur by reason of damages or injuries including death to any person or persons and for damage to any property, resulting from the negligence or wrongful act of the Corporation, its servants, agents or employees.

12. Insurance

- a. The Gas Company shall maintain Comprehensive General Liability Insurance in sufficient amount and description as shall protect the Gas Company and the Corporation from claims for which the Gas Company is obliged to indemnify the Corporation under Paragraph 11. The insurance policy shall identify the Corporation as an additional named insured, but only with respect to the operation of the named insured (the Gas Company). The insurance policy shall not lapse or be cancelled without sixty (60) days' prior written notice to the Corporation by the Gas Company.
- b. The issuance of an insurance policy as provided in this Paragraph shall not be construed as relieving the Gas Company of liability not covered by such insurance or in excess of the policy limits of such insurance.

- c. Upon request by the Corporation, the Gas Company shall confirm that premiums for such insurance have been paid and that such insurance is in full force and effect.

13. Alternative Easement

The Corporation agrees, in the event of the proposed sale or closing of any highway or any part of a highway where there is a gas line in existence, to give the Gas Company reasonable notice of such proposed sale or closing and, if is feasible, to provide the Gas Company with easements over that part of the highway proposed to be sold or closed sufficient to allow the Gas Company to preserve any part of the gas system in its then existing location. In the event that such easements cannot be provided, the Corporation and the Gas Company shall share the cost of relocating or altering the gas system to facilitate continuity of gas service, as provided for in Paragraph 14 of this Agreement.

14. Pipeline Relocation

- a. If in the course of constructing, reconstructing, changing, altering or improving any highway or any municipal works, the Corporation deems that it is necessary to take up, remove or change the location of any part of the gas system, the Gas Company shall, upon notice to do so, remove and/or relocate within a reasonable period of time such part of the gas system to a location approved by the Engineer/Road Superintendent.
- b. Where any part of the gas system relocated in accordance with this Paragraph is located on a bridge, viaduct or structure, the Gas Company shall alter or relocate that part of the gas system at its sole expense.
- c. Where any part of the gas system relocated in accordance with this Paragraph is located other than on a bridge, viaduct or structure, the costs of relocation shall be shared between the Corporation and the Gas Company on the basis of the total relocation costs, excluding the value of any upgrading of the gas system, and deducting any contribution paid to the Gas Company by others in respect to such relocation; and for these purposes, the total relocation costs shall be the aggregate of the following:
 - i. the amount paid to Gas Company employees up to and including field supervisors for the hours worked on the project plus the current cost of fringe benefits for these employees,
 - ii. the amount paid for rental equipment while in use on the project and an amount, charged at the unit rate, for Gas Company equipment while in use on the project,
 - iii. the amount paid by the Gas Company to contractors for work related to the project,
 - iv. the cost to the Gas Company for materials used in connection with the project, and

- v. a reasonable amount for project engineering and project administrative costs which shall be 22.5% of the aggregate of the amounts determined in items (i), (ii), (iii) and (iv) above.
- d. The total relocation costs as calculated above shall be paid 35% by the Corporation and 65% by the Gas Company, except where the part of the gas system required to be moved is located in an unassumed road or in an unopened road allowance and the Corporation has not approved its location, in which case the Gas Company shall pay 100% of the relocation costs.

Part IV - Procedural and Other Matters

15. Municipal By-laws of General Application

The Agreement is subject to the provisions of all regulating statutes and all municipal bylaws of general application, except by-laws which have the effect of amending this Agreement.

16. Giving Notice

Notices may be delivered to, sent by facsimile or mailed by prepaid registered post to the Gas Company at its head office or to the authorized officers of the Corporation at its municipal offices, as the case may be.

17. Disposition of Gas System

- a. If the Gas Company decommissions part of its gas system affixed to a bridge, viaduct or structure, the Gas Company shall, at its sole expense, remove the part of its gas system affixed to the bridge, viaduct or structure.
- b. If the Gas Company decommissions any other part of its gas system, it shall have the right, but is not required, to remove that part of its gas system. It may exercise its right to remove the decommissioned parts of its gas system by giving notice of its intention to do so by filing a Plan as required by Paragraph 7 of this Agreement for approval by the Engineer/Road Superintendent. If the Gas Company does not remove the part of the gas system it has decommissioned and the Corporation requires the removal of all or any part of the decommissioned gas system for the purpose of altering or improving a highway or in order to facilitate the construction of utility or other works in any highway, the Corporation may remove and dispose of so much of the decommissioned gas system as the Corporation may require for such purposes and neither party shall have recourse against the other for any loss, cost, expense or damage occasioned thereby. If the Gas Company has not removed the part of the gas system it has decommissioned and the Corporation requires the removal of all or any part of the decommissioned gas system for the purpose of altering or improving a highway or in order to facilitate the construction of utility or other works in a highway, the Gas Company may elect to relocate the decommissioned gas system and in that event

Paragraph 14 applies to the cost of relocation.

18. Use of Decommissioned Gas System

- a. The Gas Company shall provide promptly to the Corporation, to the extent such information is known:
 - i. the names and addresses of all third parties who use decommissioned parts of the gas system for purposes other than the transmission or distribution of gas; and
 - ii. the location of all proposed and existing decommissioned parts of the gas system used for purposes other than the transmission or distribution of gas.
- b. The Gas Company may allow a third party to use a decommissioned part of the gas system for purposes other than the transmission or distribution of gas and may charge a fee for that third party use, provided
 - i. the third party has entered into a municipal access agreement with the Corporation; and
 - ii. the Gas Company does not charge a fee for the third party's right of access to the highways.
- c. Decommissioned parts of the gas system used for purposes other than the transmission or distribution of gas are not subject to the provisions of this Agreement. For decommissioned parts of the gas system used for purposes other than the transmission and distribution of gas, issues such as relocation costs will be governed by the relevant municipal access agreement.

19. Franchise Handbook

The Parties acknowledge that operating decisions sometimes require a greater level of detail than that which is appropriately included in this Agreement. The Parties agree to look for guidance on such matters to the Franchise Handbook prepared by the Association of Municipalities of Ontario and the gas utility companies, as may be amended from time to time.

20. Agreement Binding Parties

This Agreement shall extend to, benefit and bind the parties thereto, their successors and assigns, respectively. Any assignment of this Agreement or any Party's rights or obligations under this Agreement requires the prior written consent of the other Party, acting reasonably except in the case of the Gas Company who may assign this Agreement to a wholly owned (other than any non-voting securities owned by officers of Gas Company) subsidiary or affiliate without prior written consent, provided that: (a) the original Gas Company must unconditionally and irrevocably guarantee, in a form satisfactory to the Corporation, acting reasonably, the obligations and liabilities to be assumed by such subsidiary or affiliate; and (b) such subsidiary or affiliate must also be

assigned and assume any related agreements between the Corporation and the Gas Company.

[Signature page follows.]

IN WITNESS WHEREOF the parties have executed this Agreement effective from the date written above.

EPCOR Utilities Inc.

Per: "Original signed by Bruce Brandell"
Name: Bruce Brandell
Title: Director, Commercial Services

THE MUNICIPALITY OF KINCARDINE

Per: "Original signed by Anne Eadie"
Name: Anne Eadie
Title: Mayor

Franchise Agreement

THIS AGREEMENT effective this 22nd day of February, 2016

BETWEEN:

THE TOWNSHIP OF HURON-KINLOSS hereinafter called the "Corporation"

- and -

EPCOR UTILITIES INC. hereinafter called the "Gas Company"

WHEREAS the Gas Company desires to distribute, store and transmit gas in the Municipality upon the terms and conditions of this Agreement;

AND WHEREAS by by-law passed by the Council of the Corporation (the "By-law"), the duly authorized officers have been authorized and directed to execute this Agreement on behalf of the Corporation;

THEREFORE the Corporation and the Gas Company agree as follows:

Part I - Definitions

1. In this Agreement:

- a. "decommissioned" and "decommissions" when used in connection with parts of the gas system, mean any parts of the gas system taken out of active use and purged in accordance with the applicable CSA standards and in no way affects the use of the term 'abandoned' pipeline for the purposes of the Assessment Act;
- b. "Engineer/Road Superintendent" means the most senior individual employed by the Corporation with responsibilities for highways within the Municipality or the person designated by such senior employee or such other person as may from time to time be designated by the Council of the Corporation;
- c. "gas" means natural gas, manufactured gas, synthetic natural gas, liquefied petroleum gas or propane-air gas, or a mixture of any of them, but does not include a liquefied petroleum gas that is distributed by means other than a pipeline;
- d. "gas system" means such mains, plants, pipes, conduits, services, valves, regulators, curb boxes, stations, drips or such other equipment as the Gas Company may require or deem desirable for the distribution, storage and transmission of gas in or through the Municipality;
- e. "highway" means all common and public highways and shall include any bridge, viaduct or structure forming part of a highway, and any public square, road allowance or walkway and shall include not only the travelled portion of such highway, but also ditches, driveways, sidewalks, and sodded areas

forming part of the road allowance now or at any time during the term hereof under the jurisdiction of the Corporation;

- f. "Model Franchise Agreement" means the form of agreement which the Ontario Energy Board uses as a standard when considering applications under the Municipal Franchises Act. The Model Franchise Agreement may be changed from time to time by the Ontario Energy Board;
- g. "Municipality" means the territorial limits of the Corporation on the date when this Agreement takes effect, and any territory which may thereafter be brought within the jurisdiction of the Corporation;
- h. "Plan" means the plan described in Paragraph 7 of this Agreement required to be filed by the Gas Company with the Engineer/Road Superintendent prior to commencement of work on the gas system; and
- i. whenever the singular, masculine or feminine is used in this Agreement, it shall be considered as if the plural, feminine or masculine has been used where the context of the Agreement so requires.

Part II - Rights Granted

2. To provide gas service:

The consent of the Corporation is hereby given and granted to the Gas Company to distribute, store and transmit gas in and through the Municipality to the Corporation and to the inhabitants of the Municipality.

3. To Use Highways

Subject to the terms and conditions of this Agreement the consent of the Corporation is hereby given and granted to the Gas Company to enter upon all highways now or at any time hereafter under the jurisdiction of the Corporation and to lay, construct, maintain, replace, remove, operate and repair a gas system for the distribution, storage and transmission of gas in and through the Municipality.

4. Duration of Agreement and Renewal Procedures

- a. Unless terminated earlier in accordance with subsections (d), (e), (f) or (g) below, if the Corporation has not previously received gas distribution services, the rights hereby given and granted shall be for a term of 20 years from the date of final passing of the By-law.
- b. At any time within two years prior to the expiration of this Agreement, either party may give notice to the other that it desires to enter into negotiations for a renewed franchise upon such terms and conditions as may be agreed upon. Until such renewal has been settled, the terms and conditions of this Agreement shall continue, notwithstanding the expiration of this Agreement. This shall not preclude either party from applying to the Ontario Energy Board

for a renewal of the Agreement pursuant to section 10 of the Municipal Franchises Act.

- c. For greater certainty, upon the expiration or termination of this Agreement, the gas system remains the sole property of the Gas Company.
- d. The Corporation may terminate this Agreement by written notice to Gas Company, effective on such date as is specified in such notice, if the Gas Company fails to notify the Corporation in writing of its intention to proceed with the filing of a Leave to Construct (as defined below) application in respect of the gas system, within 60 days of the later of: (i) the GH Date (as defined below); and (ii) the date on which the Province of Ontario provides to the Gas Company a decision in writing regarding access to the Natural Gas Access Loans or Natural Gas Economic Development Grants in respect of the gas system (the "**Funding Date**").
- e. The Corporation may terminate this Agreement by written notice to Gas Company, effective on such date as is specified in such notice, if the Gas Company fails to file an application pursuant to Section 90 of the *Ontario Energy Board Act, 1998* for leave to construct the gas system ("**Leave to Construct**") within 180 days of the latest of: (i) the date of expiry of any appeal or review period applicable to the Ontario Energy Board's decision (or of any subsequent appeal or review) regarding the generic proceeding before the Ontario Energy Board, EB-2016-0004; (ii) the date of final disposition of any appeal or review of the Ontario Energy Board's decision regarding such generic proceeding (the later of the dates referenced in (i) and (ii) being the "**GH Date**"); and (iii) the Funding Date.
- f. The Corporation may terminate this Agreement by written notice to Gas Company, effective on such date as is specified in such notice, if the Gas Company's application for Leave to Construct the gas system is not approved by the Ontario Energy Board without material variation and the Gas Company has failed to submit a new or revised application for Leave to Construct the gas system within 180 days of the date of the Ontario Energy Board's decision regarding the Leave to Construct application.
- g. The Corporation may terminate this Agreement by written notice to Gas Company, effective on such date as is specified in such notice, if the Gas Company has not achieved financial close (as that term may be defined or otherwise agreed to by the parties) within twelve (12) months of obtaining approval of its Leave to Construct application.
- h. The Corporation may terminate this Agreement by written notice to Gas Company, effective on such date as is specified in such notice, if the gas system is not constructed, in operation and serving the Municipality on or before December 31, 2023 (the "**Cliff Date**"), provided the Gas Company shall be granted an additional two (2) year period after the Cliff Date to complete construction and put the gas system into operation to serve the Municipality if and only if the Gas Company has been issued Leave to Construct, achieved financial close and commenced construction of the gas system prior to the Cliff Date and the Gas Company continues to demonstrate that it has and is using

reasonable commercial efforts to complete construction and commence operations of the gas system within such two year period.

- i. If the Corporation terminates this Agreement, Gas Company will promptly make an application to the Ontario Energy Board to surrender or cancel any related approval for the Agreement or a Certificate of Public Convenience and Necessity.

Part III - Conditions

5. **Annual Fee.** Following commencement of operation of the gas system, Gas Company shall pay an annual fee to the Corporation equivalent to 1% of the gross revenue derived by Gas Company for natural gas supplied for consumption within the Municipality minus the natural gas commodity costs incurred by Gas Company in connection with such supply, earned in the preceding calendar year (the “**Annual Fee**”). The Annual Fee will be payable within 120 days following the end of each calendar year.
6. **Tax Rebate.** The Corporation will rebate to Gas Company, the Corporation’s respective municipal portion of any property or similar taxes, including without limitation payable in relation to ownership or use of or rights in relation to land, buildings, structures or pipelines, paid by Gas Company pursuant to the *Ontario Assessment Act* directly or indirectly to or for the benefit of the Corporation for the first 10 years of operation of the gas system in the Municipality. In respect of years after the 10th year of operation of the gas system in the Municipality, the above rebates shall cease and the Corporation shall be entitled to directly or indirectly collect said taxes from Gas Company.
7. **Approval of Construction**
 - a. The Gas Company shall not undertake any excavation, opening or work which will disturb or interfere with the surface of the travelled portion of any highway unless a permit therefor has first been obtained from the Engineer/Road Superintendent and all work done by the Gas Company shall be to his satisfaction.
 - b. Prior to the commencement of work on the gas system, or any extensions or changes to it (except service laterals which do not interfere with municipal works in the highway), the Gas Company shall file with the Engineer/Road Superintendent a Plan, satisfactory to the Engineer/Road Superintendent, drawn to scale and of sufficient detail considering the complexity of the specific locations involved, showing the highways in which it proposes to lay its gas system and the particular parts thereof it proposes to occupy.
 - c. The Plan filed by the Gas Company shall include geodetic information for a particular location:
 - i. where circumstances are complex, in order to facilitate known projects, including projects which are reasonably anticipated by the Engineer/Road Superintendent, or
 - ii. when requested, where the Corporation has geodetic information for its own services and all others at the same location.

- d. The Engineer/Road Superintendent may require sections of the gas system to be laid at greater depth than required by the latest CSA standard for gas pipeline systems to facilitate known projects or to correct known highway deficiencies.
- e. Prior to the commencement of work on the gas system, the Engineer/Road Superintendent must approve the location of the work as shown on the Plan filed by the Gas Company, the timing of the work and any terms and conditions relating to the installation of the work.
- f. In addition to the requirements of this Agreement, if the Gas Company proposes to affix any part of the gas system to a bridge, viaduct or other structure, if the Engineer/Road Superintendent approves this proposal, he may require the Gas Company to comply with special conditions or to enter into a separate agreement as a condition of the approval of this part of the construction of the gas system.
- g. Where the gas system may affect a municipal drain, the Gas Company shall also file a copy of the Plan with the Corporation's Drainage Superintendent for purposes of the Drainage Act, or such other person designated by the Corporation as responsible for the drain.
- h. The Gas Company shall not deviate from the approved location for any part of the gas system unless the prior approval of the Engineer/Road Superintendent to do so is received.
- i. The Engineer/Road Superintendent's approval, where required throughout this Paragraph, shall not be unreasonably withheld.
- j. The approval of the Engineer/Road Superintendent is not a representation or warranty as to the state of repair of the highway or the suitability of the highway for the gas system.

8. As Built Drawings

The Gas Company shall, within six months of completing the installation of any part of the gas system, provide two copies of "as built" drawings to the Engineer/Road Superintendent. These drawings must be sufficient to accurately establish the location, depth (measurement between the top of the gas system and the ground surface at the time of installation) and distance of the gas system. The "as built" drawings shall be of the same quality as the Plan and, if the approved pre-construction plan included elevations that were geodetically referenced, the "as built" drawings shall similarly include elevations that are geodetically referenced. Upon the request of the Engineer/Road Superintendent, the Gas Company shall provide one copy of the drawings in an electronic format and one copy as a hard copy drawing.

9. Emergencies

In the event of an emergency involving the gas system, the Gas Company shall proceed with the work required to deal with the emergency, and in any instance where prior

approval of the Engineer/Road Superintendent is normally required for the work, the Gas Company shall use its best efforts to immediately notify the Engineer/Road Superintendent of the location and nature of the emergency and the work being done and, if it deems appropriate, notify the police force, fire or other emergency services having jurisdiction. The Gas Company shall provide the Engineer/Road Superintendent with at least one 24 hour emergency contact for the Gas Company and shall ensure the contacts are current.

10. Restoration

The Gas Company shall well and sufficiently restore, to the reasonable satisfaction of the Engineer/Road Superintendent, all highways, municipal works or improvements which it may excavate or interfere with in the course of laying, constructing, repairing or removing its gas system, and shall make good any settling or subsidence thereafter caused by such excavation or interference. If the Gas Company fails at any time to do any work required by this Paragraph within a reasonable period of time, the Corporation may do or cause such work to be done and the Gas Company shall, on demand, pay the Corporation's reasonably incurred costs, as certified by the Engineer/Road Superintendent.

11. Indemnification

The Gas Company shall, at all times, indemnify and save harmless the Corporation and the members of the municipal council, the officers, employees and agents of the Corporation from and against all claims, including costs related thereto, for all damages or injuries including death to any person or persons and for damage to any property, arising out of the Gas Company operating, constructing, and maintaining its gas system in the Municipality, or utilizing its gas system for the carriage of gas owned by others. Provided that the Gas Company shall not be required to indemnify or save harmless the Corporation from and against claims, including costs related thereto, which it may incur by reason of damages or injuries including death to any person or persons and for damage to any property, resulting from the negligence or wrongful act of the Corporation, its servants, agents or employees.

12. Insurance

- a. The Gas Company shall maintain Comprehensive General Liability Insurance in sufficient amount and description as shall protect the Gas Company and the Corporation from claims for which the Gas Company is obliged to indemnify the Corporation under Paragraph 11. The insurance policy shall identify the Corporation as an additional named insured, but only with respect to the operation of the named insured (the Gas Company). The insurance policy shall not lapse or be cancelled without sixty (60) days' prior written notice to the Corporation by the Gas Company.
- b. The issuance of an insurance policy as provided in this Paragraph shall not be construed as relieving the Gas Company of liability not covered by such insurance or in excess of the policy limits of such insurance.

- c. Upon request by the Corporation, the Gas Company shall confirm that premiums for such insurance have been paid and that such insurance is in full force and effect.

13. Alternative Easement

The Corporation agrees, in the event of the proposed sale or closing of any highway or any part of a highway where there is a gas line in existence, to give the Gas Company reasonable notice of such proposed sale or closing and, if is feasible, to provide the Gas Company with easements over that part of the highway proposed to be sold or closed sufficient to allow the Gas Company to preserve any part of the gas system in its then existing location. In the event that such easements cannot be provided, the Corporation and the Gas Company shall share the cost of relocating or altering the gas system to facilitate continuity of gas service, as provided for in Paragraph 14 of this Agreement.

14. Pipeline Relocation

- a. If in the course of constructing, reconstructing, changing, altering or improving any highway or any municipal works, the Corporation deems that it is necessary to take up, remove or change the location of any part of the gas system, the Gas Company shall, upon notice to do so, remove and/or relocate within a reasonable period of time such part of the gas system to a location approved by the Engineer/Road Superintendent.
- b. Where any part of the gas system relocated in accordance with this Paragraph is located on a bridge, viaduct or structure, the Gas Company shall alter or relocate that part of the gas system at its sole expense.
- c. Where any part of the gas system relocated in accordance with this Paragraph is located other than on a bridge, viaduct or structure, the costs of relocation shall be shared between the Corporation and the Gas Company on the basis of the total relocation costs, excluding the value of any upgrading of the gas system, and deducting any contribution paid to the Gas Company by others in respect to such relocation; and for these purposes, the total relocation costs shall be the aggregate of the following:
 - i. the amount paid to Gas Company employees up to and including field supervisors for the hours worked on the project plus the current cost of fringe benefits for these employees,
 - ii. the amount paid for rental equipment while in use on the project and an amount, charged at the unit rate, for Gas Company equipment while in use on the project,
 - iii. the amount paid by the Gas Company to contractors for work related to the project,
 - iv. the cost to the Gas Company for materials used in connection with the project, and

- v. a reasonable amount for project engineering and project administrative costs which shall be 22.5% of the aggregate of the amounts determined in items (i), (ii), (iii) and (iv) above.
- d. The total relocation costs as calculated above shall be paid 35% by the Corporation and 65% by the Gas Company, except where the part of the gas system required to be moved is located in an unassumed road or in an unopened road allowance and the Corporation has not approved its location, in which case the Gas Company shall pay 100% of the relocation costs.

Part IV - Procedural and Other Matters

15. Municipal By-laws of General Application

The Agreement is subject to the provisions of all regulating statutes and all municipal bylaws of general application, except by-laws which have the effect of amending this Agreement.

16. Giving Notice

Notices may be delivered to, sent by facsimile or mailed by prepaid registered post to the Gas Company at its head office or to the authorized officers of the Corporation at its municipal offices, as the case may be.

17. Disposition of Gas System

- a. If the Gas Company decommissions part of its gas system affixed to a bridge, viaduct or structure, the Gas Company shall, at its sole expense, remove the part of its gas system affixed to the bridge, viaduct or structure.
- b. If the Gas Company decommissions any other part of its gas system, it shall have the right, but is not required, to remove that part of its gas system. It may exercise its right to remove the decommissioned parts of its gas system by giving notice of its intention to do so by filing a Plan as required by Paragraph 7 of this Agreement for approval by the Engineer/Road Superintendent. If the Gas Company does not remove the part of the gas system it has decommissioned and the Corporation requires the removal of all or any part of the decommissioned gas system for the purpose of altering or improving a highway or in order to facilitate the construction of utility or other works in any highway, the Corporation may remove and dispose of so much of the decommissioned gas system as the Corporation may require for such purposes and neither party shall have recourse against the other for any loss, cost, expense or damage occasioned thereby. If the Gas Company has not removed the part of the gas system it has decommissioned and the Corporation requires the removal of all or any part of the decommissioned gas system for the purpose of altering or improving a highway or in order to facilitate the construction of utility or other works in a highway, the Gas Company may elect to relocate the decommissioned gas system and in that event

Paragraph 14 applies to the cost of relocation.

18. Use of Decommissioned Gas System

- a. The Gas Company shall provide promptly to the Corporation, to the extent such information is known:
 - i. the names and addresses of all third parties who use decommissioned parts of the gas system for purposes other than the transmission or distribution of gas; and
 - ii. the location of all proposed and existing decommissioned parts of the gas system used for purposes other than the transmission or distribution of gas.
- b. The Gas Company may allow a third party to use a decommissioned part of the gas system for purposes other than the transmission or distribution of gas and may charge a fee for that third party use, provided
 - i. the third party has entered into a municipal access agreement with the Corporation; and
 - ii. the Gas Company does not charge a fee for the third party's right of access to the highways.
- c. Decommissioned parts of the gas system used for purposes other than the transmission or distribution of gas are not subject to the provisions of this Agreement. For decommissioned parts of the gas system used for purposes other than the transmission and distribution of gas, issues such as relocation costs will be governed by the relevant municipal access agreement.

19. Franchise Handbook

The Parties acknowledge that operating decisions sometimes require a greater level of detail than that which is appropriately included in this Agreement. The Parties agree to look for guidance on such matters to the Franchise Handbook prepared by the Association of Municipalities of Ontario and the gas utility companies, as may be amended from time to time.

20. Agreement Binding Parties

This Agreement shall extend to, benefit and bind the parties thereto, their successors and assigns, respectively. Any assignment of this Agreement or any Party's rights or obligations under this Agreement requires the prior written consent of the other Party, acting reasonably except in the case of the Gas Company who may assign this Agreement to a wholly owned (other than any non-voting securities owned by officers of Gas Company) subsidiary or affiliate without prior written consent, provided that: (a) the original Gas Company must unconditionally and irrevocably guarantee, in a form satisfactory to the Corporation, acting reasonably, the obligations and liabilities to be assumed by such subsidiary or affiliate; and (b) such subsidiary or affiliate must also be

assigned and assume any related agreements between the Corporation and the Gas Company.

[Signature page follows.]

IN WITNESS WHEREOF the parties have executed this Agreement effective from the date written above.

EPCOR Utilities Inc.

Per: "Original signed by Bruce Brandell"
Name: Bruce Brandell
Title: Director, Commercial Services

THE TOWNSHIP OF HURON-KINLOSS

Per: "Original signed by Mitch Twolan"
Name: Mitch Twolan
Title: Mayor

Heritage Gas price outrage fuels commercial customer exodus

Cosmos Properties is switching to propane because it is cheaper than natural gas

By Paul Withers, [CBC News](#) Posted: Mar 22, 2016 1:08 PM AT Last Updated: Mar 22, 2016 1:08 PM AT

A Halifax landlord says soaring prices and shabby treatment by Heritage Gas is driving him to switch from natural gas to propane.

"Close to a 400 per cent increase, which is nothing we have ever experienced before with any other commodity," said Peter Giannoulis Jr. of Cosmos Properties.

Cosmos is one of dozens of commercial customers that have moved to propane.

One of the region's largest landlords, Killam Properties, told CBC News it has converted two of its apartment buildings to propane.

Giannoulis Jr. says his company has already switched some of its properties over and is evaluating whether to do so at the rest.

"We did not want to go to this step, but we have to think of our own financial situation," he said.

The Halifax family business owns a restaurant, hotel and several apartment buildings.

Extraordinary measures

To stop the exodus of companies like Cosmos, [the Nova Scotia Utility and Review Board gave Heritage Gas approval this week to slash prices for about 1,100 commercial customers.](#)

The regulator allowed the AltaGas Ltd. subsidiary to reduce its base energy charge by 65 per cent from \$8.68 per gigajoule to \$3.10 per gigajoule. The approval is temporary. A full hearing will be held in July.

"It's important for us to send a message to them. This is one part of our overall strategy to provide them with pricing relief," Heritage Gas president Chris Smith told reporters Monday after winning approval for a "customer retention program."

The company says about 100 commercial customers have left since last fall, another 150 have told the company they intend to leave, and Heritage Gas feared the loss of another 500 in 2016 unless it immediately cut prices.

Heritage Gas considers each gas meter a customer, which magnifies the impact when a landlord with multiple buildings switches.

"We obviously don't want to lose any customers, so I am absolutely empathetic with the plight of customers who are facing challenges in energy prices," said Smith.

"We would love to have the customers who have left come back, but for customers who are contemplating a move, we are taking steps."

The company says it locked into a supply of abnormally high priced gas last year. Heritage Gas says it

has secured cheaper gas from Western Canada for 2016 and will have access to natural gas from Marcellus Basin when the Atlantic Bridge pipeline to New England comes on stream in 2017.

"We won't see prices that we've seen this winter, next winter," said Smith.

Too little, too late

That isn't good enough for Giannoulis Sr.

"The last time I was upset with them, I went to their office and I told them if you give it to me for free, I'm not going back to you because of the treatment we got from them," he said.

Heritage Gas has lost the respect of the family patriarch who says the company threatened to cut natural gas off to his buildings after he struggled to pay huge monthly gas bills. He and his son, Peter Giannoulis Jr., say they wanted to extend payments beyond 30 days.

"I don't care if they go under. OK. Because the way they treated everybody, I think they deserve it," said Giannoulis Sr.

CBC has asked Heritage Gas for a response to Giannoulis's situation.

Quadrupling of price

The landlords say they invested \$350,000 converting their buildings to natural gas three years ago.

When they first started using natural gas the price was around \$4 per gigajoule, but jumped to about \$20 per gigajoule within a year.

"When the price to heat buildings goes up three to four times, it's not something can sustain," said Peter Giannoulis Jr.

Earlier this week, Smith said the immediate price cut — expected to go into effect later this week — and improved gas supply will provide the price relief commercial customers are demanding.

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Enbridge Gas warns loss of customers to cheap propane hurts system

Natural gas company must keep commercial customers instead of switching to cheap propane

By Robert Jones, [CBC News](#) Posted: Feb 29, 2016 7:00 AM AT Last Updated: Feb 29, 2016 7:54 AM AT

Enbridge Gas New Brunswick says its loss of hundreds of commercial customers to lower priced propane is a threat to the entire natural gas distribution system that all gas users should help pay to fix.

Enbridge has budgeted to spend up to \$500,000 this year to pay commercial customers who are enticed to switch to propane to stay with natural gas instead and has asked the Energy and Utilities Board to let it recover the money from all 12,000 of its customers.

"These kinds of programs are typically funded by the ratepayers because it benefits the whole system to have customers remain on the system," said Gilles Volpé, the company's general manager.

- [Enbridge Gas pays to keep customers from switching to propane](#)

Enbridge has applied to the EUB for a number of changes to its rates effective May 1, which includes the funding of the program to fend off stiff competition from propane retailers.

Enbridge acknowledges it lost more than 200 commercial customers to lower cost propane last year and failed to sign up another 300 commercial accounts it had been budgeting to add to the provincial distribution system.

That made 2015 the first year Enbridge's overall customer base shrunk in New Brunswick since it began delivering gas in the province in 2001.

Propane prices hit a record low in New Brunswick last year and have stayed down most of the winter, wholesaling for as low as 13 cents per litre at the central marketplace in Sarnia, Ont.

In New Brunswick, smaller commercial businesses pay the highest distribution rates for natural gas in the province - currently more than double what residential users pay - and have been easy targets for propane retailers.

For example, this February an Enbridge commercial customer using 100 gigajoules of gas will be billed \$2,360 plus HST in gas, distribution and service charges, about \$500 more than propane retailers are charging for the same amount of energy.

Enbridge seeking lower distribution rates

Enbridge has applied to lower distribution rates for small commercial customers on May 1, although Volpé said he's convinced low propane prices is a short term problem that will fix itself as a North American-wide surplus of propane is used up over the next several months.

"We believe this is a temporary situation because the price of propane will — and analysts concur — will go back to its normal level sometime at the end of this year [or] early in 2017," said Volpe, who predicts those customers who leave gas for propane will be sorry.

"When prices go back up to historical levels which are higher than natural gas these folks might be stuck in a contract they don't like," he said.

Still Volpé says New Brunswick's struggling natural gas distribution system cannot afford to lose customers for a short or long period, even if that means paying for them to stay.

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March 6, 2014

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Walli:

RE: EB-2014-0050 – Union Gas Limited – April 1, 2014 QRAM Application

Enclosed is an application and evidence from Union Gas Limited ("Union") seeking changes to Union's gas supply, transportation and delivery rates to reflect changes to the forecasted costs of purchasing and transporting natural gas.

The application is made pursuant to section 36(1) of the Ontario Energy Board Act, 1998, and pursuant to the Quarterly Rate Adjustment Mechanism ("QRAM") established by the Board for Union to deal with changes in gas costs.

The application is submitted in accordance with the Board's EB-2008-0106 Decision and includes a schedule for the review and comment of intervenors and Board staff, Union's response to any comments and the Board's Decision and Order.

The proposed Alberta Border Reference Price on the current 21-day strip price is \$4.493/GJ. This is an increase of \$1.258/GJ from the amount currently approved in rates. Union is also proposing to prospectively collect projected 12-month net gas cost deferral account charges of \$136.844 million. The result is a net annual increase for residential sales service customers in Union South of \$199.32 and a net annual increase for residential sales service customers in Union North ranging from \$187.84 to \$189.66. Bundled direct purchase customers will see a net annual increase of \$1.97 in Union South and a net annual increase of approximately \$33.63 to \$33.66 in Union North.

As part of this QRAM, Union has included the recovery of deferral account balances related to spot gas purchases. These purchases were made to meet incremental demand for Union South sales service customers and Union North sales service and bundled direct purchase customers for the winter period of November 1, 2013 to March 31, 2014. A total of 29.8 PJ of incremental gas landing at Dawn was purchased, at a total cost of \$212 million. In addition to the deferral impact of requiring to purchase incremental spot gas to meet increase customer demand, the normal planned purchases for this past quarter were at a much higher cost than was forecast, especially in February and March.

Union has enclosed an application to the Board for Orders effective April 1, 2014 to change the rates that were authorized by the Board's EB-2013-0413 Rate Order to reflect the gas supply commodity, gas supply transportation and delivery rates proposed herein and to change the reference prices for use in determining amounts to be recorded in certain gas supply related deferral accounts.

This application is supported by the following evidence:

Tab 1 - Evidence of Mr. Chris Shorts and Ms. Mary Evers

Tab 2 - Evidence of Mr. Greg Tetreault and Mr. Harold Pankrac

Union requests the Board's Decision on this application by Wednesday March 19, 2014. This is consistent with the current approved QRAM process timeline.

This application is being served on all intervenors in the EB-2013-0365 and EB-2008-0106 proceedings. This complete evidence package including the working papers is also available electronically in searchable PDF format through the following link on Union's website: <http://uniongas.com/qramapplication/>.

If you have any questions on this matter, please contact me at (519) 436-5476.

Yours truly,

[Original signed by]

Chris Ripley
Manager, Regulatory Applications

cc: EB-2013-0365/EB-2008-0106 Intervenors
Crawford Smith (Torys)

ONTARIO ENERGY BOARD

IN THE MATTER OF the Ontario Energy Board Act, 1998, S.O. 1998, c.15 (Sched. B);

AND IN THE MATTER OF an Application by Union Gas Limited, pursuant to section 36(1) of the *Ontario Energy Board Act, 1998*, for an order or orders approving or fixing just and reasonable rates and other charges for the sale, distribution, transmission and storage of gas as of April 1, 2014;

AND IN THE MATTER OF the Quarterly Rate Adjustment Mechanism approved by the Ontario Energy Board in EB-2008-0106.

APPLICATION

1. Union Gas Limited (“Union”) was an applicant in a proceeding before the Board to fix just and reasonable rates and other charges for the sale, distribution and storage of natural gas effective January 1, 2014 under Board File No. EB-2013-0413. The rates were approved and implemented through the Board’s EB-2013-0413 Rate Order dated December 19, 2013.
2. Pursuant to Section 36(1) of the Ontario Energy Board Act, 1998 (the Act), and the Quarterly Rate Adjustment Mechanism approved by the Board, Union hereby applies to the Board for further Orders effective April 1, 2014 as follows:

(a) an Order establishing the reference prices specified in the table below:

	Current (Approved in EB-2013-0413)	Proposed (Effective April 1, 2014)
Alberta Border Reference Price ¹	3.235 \$/GJ	4.493 \$/GJ
	12.3156 cents/m ³	17.2037 cents/m ³
Ontario Landed Reference Price ²	4.868 \$/GJ	6.171 \$/GJ
	18.5325 cents/m ³	23.6288 cents/m ³
South Portfolio Cost Differential ("SPCD") ³	0.531 \$/GJ	0.566 \$/GJ
	2.0215 cents/m ³	2.1672 cents/m ³

Notes:

¹ The Alberta Border Reference Price represents the North Purchase Gas Variance Account ("NPGVA") (Deferral Account No. 179-105) reference price, the TCPL Tolls and Fuel – Northern and Eastern Operations Area deferral account (Deferral Account No. 179-100) reference price with respect to fuel gas and the Spot Gas Variance Account (Deferral Account No. 179-107) reference price for incremental gas purchased in the Northern and Eastern Operations Area.

² The Ontario Landed Reference Price represents the South Purchase Gas Variance Account ("SPGVA") (Deferral Account No. 179-106) reference price and the Spot Gas Variance Account (Deferral Account No. 179-107) reference price for incremental gas purchased in the Southern Operations Area.

³ The SPCD is used as the benchmark to reduce the debits/credits that would otherwise accumulate in the SPGVA if there was no adjustment to the South Transportation Rate.

(b) an Order to reflect the inventory revaluation adjustment resulting from changes in gas costs as of April 1, 2014;

(c) an Order reflecting the prospective disposition of the projected balance for the twelve month period ending March 31, 2015 recorded in the gas-supply deferral accounts;

(d) an Order reflecting adjustments to delivery rates to account for cost of gas changes in the carrying costs of gas in inventory, compressor fuel and UFG; and,

(e) such further Order or Orders as Union may request and the Board may deem appropriate or necessary.

3. This application is supported by written evidence that has been pre-filed with the Board and provided by Union to all intervenors of record in EB-2013-0365 and EB-2008-0106.

4. Pursuant to the criteria established in the Board's EB-2008-0106 Decision, below is the Board's direction with respect to the timeline for processing the application:

- Parties to this proceeding wishing to make comments on the application may do so by filing such submissions with the Board Secretary (two hard copies plus an electronic copy by e-mail) and Union no later than 4:45 p.m. Tuesday, March 11, 2014.
- Union shall reply to any comments received by filing such replies with the Board Secretary (two hard copies plus an electronic copy by e-mail) and serving a copy on all parties who make submissions no later than 4:45 p.m. Thursday, March 13, 2014.
- The Board issues its Decision and Order by Wednesday, March 19, 2014 for implementation effective April 1, 2014.

5. The intervenors eligible for a cost award may submit their cost claims with supporting rationale as to how their participation contributed to the Board's ability to decide on this matter.

All cost claims for QRAM applications are subject to the following procedure:

- Cost claims must be filed with the Board and Union no later than ten days from the date of the Board's Decision and Order.
- Union must forward any concerns with the cost claims to the Board and the claimant within seven days of receiving the claims.

- Any response to Union's comments must be filed with the Board and Union within seven days of receiving the comments.

6. The address of service for Union is:

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

Attention: Chris Ripley
Manager, Regulatory Applications
Telephone: (519) 436-5476
Fax: (519) 436-4641

- and -

Torys
Suite 3000, Maritime Life Tower
P.O. Box 270
Toronto Dominion Centre
Toronto, Ontario
M5K 1N2

Attention: Crawford Smith
Telephone: (416) 865-8209
Fax: (416) 865-7380

DATED March 6, 2014.

UNION GAS LIMITED

[original signed by]

Chris Ripley
Manager, Regulatory Applications

1 **2. PRICING**

2 **2.1 Alberta Border Reference Price**

3 The approved method for calculating the Alberta Border Reference Price uses the 21-day
4 average of the twelve month NYMEX strip. The NYMEX strip used in this application is for
5 April 2014 to March 2015. The one-year NYMEX strip is converted to an Alberta Border
6 Reference Price by taking into account the Empress-NYMEX basis and the foreign exchange
7 rate for the April 2014 to March 2015 period. (See Tab 1, Schedule 1 for the details of this
8 calculation.)

9
10 Based on the approved method, the Alberta Border Reference Price for the period April 1, 2014
11 to March 31, 2015 is \$4.493/GJ. This represents an increase of \$1.258/GJ from the Alberta
12 Border Reference Price of \$3.235/GJ last approved by the Board in EB-2013-0413.

13
14 The Alberta Border Reference Price will be the reference price for the North Purchased Gas
15 Variance Account (“NPGVA”) (Deferral Account No. 179-105), and in the TCPL Tolls and Fuel
16 – Northern and Eastern Operations Area deferral account (Deferral Account No. 179-100) with
17 respect to fuel gas. It will also be the reference price for the Spot Gas Variance Account
18 (Deferral Account No. 179-107) for incremental purchases made at Empress.

19
20 **2.2 Ontario Landed Reference Price**

21 For the period April 1, 2014 to March 31, 2015, the Ontario Landed Reference Price is
22 \$6.171/GJ and is calculated by adding the TCPL Empress to Union CDA toll and fuel to the

1 Alberta Border Reference Price as shown on Tab 1, Schedule 1. This represents an increase of
2 \$1.303/GJ from the Ontario Landed Reference Price of \$4.868/GJ last approved by the Board in
3 EB-2013-0413 effective January 1, 2014. This change includes the increase in the Alberta
4 Border Reference Price of \$1.258/GJ plus the associated changes in TCPL compressor fuel costs.

5
6 The forecast fuel cost of \$0.137/GJ is based on historical actual fuel ratios for the Eastern Zone
7 for April 2013 to June 2013 and for the Union CDA for July 2013 to March 2014.

8 The Ontario Landed Reference Price will be the reference price for the South Purchased Gas
9 Variance Account (“SPGVA”) (Deferral Account No. 179-106), and the Spot Gas Variance
10 Account (Deferral Account No. 179-107), for incremental purchases made at Dawn.

11

12 2.3 South Portfolio Cost Differential

13 The South Portfolio Cost Differential (“SPCD”) is determined by comparing the projected cost
14 of serving Union South sales service customers, based on Union’s South Portfolio, to the cost of
15 serving Union South sales service customers based on the Ontario Landed Reference Price. This
16 difference is divided by forecast Union South sales service demand to derive the SPCD. For the
17 12-month period beginning April 1, 2014 the SPCD is projected to be \$0.566/GJ as shown on
18 Tab 1, Schedule 2.

19

20 The SPCD results in a preliminary South Transportation Sales Rate of \$0.975/GJ calculated by
21 subtracting the SPCD of \$0.566/GJ from the TCPL Union CDA toll of \$1.541/GJ. This

1 calculation ensures that Union South sales service transportation rates are appropriately set at a
2 level equal to the projected average cost over the 12-month forecast period.

3

4 The preliminary Union South Transportation Sales Rate is further reduced by \$0.074/GJ¹ to
5 reflect the gas supply optimization margin credit in rates as determined in the EB-2011-0210
6 Decision and Rate Order resulting in a Union South Transportation Sales Rate of \$0.901/GJ.

7

8 **3. DEFERRAL ACCOUNTS**

9 **3.1 Impact on Gas Supply Deferral Account Balances**

10 The current forecast of gas cost related deferral account balances at March 31, 2014 is shown on
11 Tab 1, Schedule 3. The opening deferral account balances are the projected deferral account
12 balances at April 1, 2014 plus the projected inventory revaluation adjustment at April 1, 2014.

13

14 The deferral account forecast is based on the actual and forecast gas costs for the period April 1,
15 2014 to March 31, 2015 and on the proposed Alberta Border Reference Price and the Ontario
16 Landed Reference Price effective April 1, 2014.

17

18 In addition to the deferral impact related to purchasing incremental spot gas to meet increase
19 customer demand, the normal planned purchases for this past quarter, were at a much higher cost
20 than was forecast, especially in February and March. The total impact on planned purchases was

¹ EB-2011-0210, Rate Order, Working Papers, Schedule 44, p. 1, Column (g), Lines 7-12, conversion to GJ based on 38.29 GJ/10³m³.

1 \$76 million, primarily driven by an increase in the NYMEX and an unfavourable change in the
2 foreign exchange rate.

3

4 3.2 Spot Gas Account/Load Balancing

5 Union is seeking recovery of deferral account balances in this QRAM due to the need to
6 purchase spot gas to meet incremental demand for Union South sales service customers and
7 Union North sales service and bundled direct purchase (“DP”) customers for the winter period
8 November 1, 2013 to March 31, 2014. Spot gas was purchased in order to ensure adequate
9 supplies are available to meet demands through to March 31, 2014 and ensure adequate storage
10 balances at March 31 for design day requirements.

11

12 As of March 1, 2014, Union purchased a total of 29.8 PJ of incremental spot gas landing at
13 Dawn up to the end of March. This gas was purchased:

- 14 1) to meet incremental winter requirements for actual and projected demand variances for
15 Union South sales service customers and Union North sales service and bundled DP
16 customers;
- 17 2) for incremental Rate 25 sales service activity;
- 18 3) for forecast weather variances relative to the February 28 inventory checkpoint and
19 forecast March weather and consumption variances for Union South bundled DP
20 customers; and,
- 21 4) to manage unaccounted for gas variances.

22

1 The timing of Union's spot purchases and the average cost is summarized in the Table 1.

2 **Table 1**

3 **Winter 2013/14 Spot Purchases (as of March 1, 2014)**

Line No.	Date Purchased	Total Landed Volume (PJ)	Estimated Cdn \$/GJ *	Total Cost (\$ million)	Delivery Date
1	December 12, 2013	2.0	\$ 4.94	\$ 9.9	December / January
2	December 19, 2013	2.0	\$ 5.03	\$ 10.1	January
3	January 6, 2014	5.6	\$ 5.46	\$ 30.5	January
4	January 15, 2014	2.0	\$ 5.32	\$ 10.6	January
5	January 22, 2014	2.0	\$ 5.84	\$ 11.7	February
6	January 24, 2014	7.0	\$ 7.73	\$ 53.7	February
7	January 27, 2014	3.2	\$ 7.55	\$ 23.8	January 28 to March 31
8	February 14, 2014	2.3	\$ 8.01	\$ 18.4	March
9	February 19, 2014	2.0	\$ 10.61	\$ 21.2	March
10	February 21, 2014	1.8	\$ 12.31	\$ 22.2	March
11	Total	29.8	\$ 7.12	\$ 212.1	

* estimated assuming exchange rate of 1.1073

4
 5 An overview of Union's spot gas purchases and the various factors impacting Union's decisions
 6 are described in more detail below. Specific discussion around each purchase is found in
 7 Appendix A.

8
 9 Spot Gas Purchases – Overview

10 As detailed in Table 1 above, Union purchased a total of 29.8 PJ of incremental spot gas landing
 11 at Dawn, purchased as of March 1, 2014 for delivery through the end of March 2014. Table 2
 12 provides a breakdown of the quantities purchased for each group of customers.

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 14

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Table 2

Line No.	Spot Gas Purchase Breakdown by Customer Group	PJ
1	Union South Sales Service Customers	23.0
2	Union North Sales Service and Bundled DP Customers (net of planned UDC filled)	2.9
3	Union South Bundled DP Customers	1.8
4	Unaccounted For Gas Variances	1.5
5	Union North Rate 25 Variance	0.6
6	TOTAL	<u>29.8</u>

Union South and Union North Sales Service and North Bundled DP

As shown in Table 2, lines 1 and 2, of the incremental supply purchased, 25.9 PJ was required to meet actual demands above forecast for the period November 1, 2013 to January 31, 2014 and projected demand variances above forecast for the February 1 to March 31, 2014 period for Union South sales service customers and Union North sales service and bundled DP customers.

Union was able to avoid the highest price periods due to its frequent monitoring and layering in approach to spot gas purchases as Union was predominantly buying the gas required proactively in the forward market rather than in the intra month cash market. Union's approach to purchasing incremental gas supplies over the winter period is further described starting on page 13. The total deferral impact of the spot purchases (as compared to the Ontario Landed Reference Price of \$4.868) is \$58.3 million. Of the \$58.3 million, \$51.8 million is attributable to Union South and \$6.5 million to Union North.

1 **Union South Sales Service Customers**

2 Union purchased 23.0 PJ (Table 2, line 1) of incremental spot gas to meet actual demands above
 3 forecast for the period November 1, 2013 to January 31, 2014 and projected variances above
 4 forecast for the February 1, 2014 to March 31, 2014 period for Union South sales service
 5 customers. The primary drivers for the incremental spot gas requirement for Union South sales
 6 service customers are provided in Table 3.

7 **Table 3**

8 **Union South Sales Service Customer Variances**

Line No.	Variance Driver (PJ)	Actual Variances - (November, 2013 to January, 2014)	Projected Variances (February and March, 2014)	Total Variances
1	Weather	8.0	8.3	16.3
2	General Service Use Variances	2.4	0.6	3.0
3	Contract Market Use Variances	0.7	0.3	1.0
4	Return to System	1.1	0.7	1.8
5	Variance in Opening Storage Position	0.9	-	0.9
6	Other	0.1	-	0.1
7		13.1	9.9	23.0

9
 10 In addition to the 16.3 PJ required due to colder than normal weather, Union experienced other
 11 variances that influenced the amount of gas purchased. These included higher general service
 12 use of 3.0 PJ; incremental demand in the sales service contract customers of 1.0 PJ; and the need
 13 to buy an additional 1.8 PJ of gas to manage the impact of approximately 25,000 DP customers
 14 returning to sales service.

15

16 The variance in the opening storage position of 0.9 PJ was a result of actual variances realized in

1 October 2013. Union purchased supply to meet the targeted sales service inventory level for
2 November 1, 2013 based on forecast activity; however, actual activity in October resulted in
3 Union being 0.9 PJ short at November 1, 2013.

4

5 The difference between the January 1, 2014 Ontario Landed Reference Price and the actual cost
6 of incremental gas purchased of \$51.8 million in the South is recorded as a debit in the South
7 Purchased Gas Variance Account (SPGVA Deferral No. 179-106) as the incremental purchases
8 are attributable to Union South sales service customers only.

9

10 **Union North Sales Service and Bundled DP Customers**

11 Union purchased 2.9 PJ of incremental spot gas to meet actual demands above forecast for the
12 period November 1, 2013 to January 31, 2014 and projected demand variances above forecast for
13 the February 1 to March 31, 2014 period for Union North sales service and bundled DP
14 customers.

15

16 In addition to the incremental spot gas purchased, Union filled 4.2 PJ of planned UDC for Union
17 North over the period November 1 to March 31. Any variance related to the gas purchased to fill
18 4.2 PJ of planned UDC is captured in Union's North Purchased Gas Variance Account (NPGVA
19 Deferral No.179-105). The primary drivers for the incremental spot gas requirement for Union
20 North sales service and bundled DP customers are provided in Table 4 and described below.

21

22

Table 4

Union North Sales service and Bundled DP Customer Variances

Line No.	Variance Driver (PJ)	Actual Variances - (November, 2013 to January, 2014)	Projected Variances (February and March, 2014)	Total Variances
1	Weather	3.1	2.4	5.5
2	General Service Use Variances	0.7	0.2	0.9
3	Contract Market Use Variances	(0.0)	0	(0.0)
4	Variance in Opening Storage Position	0.5		0.5
5	Other	0.1	0.1	0.2
6		4.4	2.7	7.1
7	Less North Planned UDC Filled			4.2
8	Spot Gas Purchased for Union North			2.9

Similar to Union South, in addition to the 5.5 PJ required due to colder than normal weather, Union North experienced higher demands for general service customers of 0.9 PJ. The variance in the opening storage position of 0.5 PJ was a result of actual variances realized in October 2013. Union purchased supply to meet the targeted inventory level for November 1, 2013 based on forecast activity; however, actual activity in October resulted in Union being 0.5 PJ short at November 1.

Incremental gas purchased for Union North sales service and bundled DP customers is tracked through the Spot Gas Variance Account (Deferral No. 179-107). The total spot gas deferral attributable to Union North is \$6.5 million. A portion is for load balancing costs for Union North sales service and bundled DP customers.

1 Load balancing costs are attributable to both Union North sales service and bundled DP
2 customers, as Union provides load balancing for both groups of customers. To load balance,
3 Union acquires balancing gas for sales service and bundled DP customers. In respect to bundled
4 DP customers, the load balancing gas purchased to balance their supply and demand is consumed
5 by the bundled DP customers. However, Union North bundled DP customers only have a
6 contractual obligation to balance annually at the time of contract renewal. Consequently, the gas
7 purchased by Union and consumed by bundled DP customers in the winter is returned to Union
8 by DP customers in the summer. In this circumstance, Union reduces its summer purchases /
9 deliveries in order to accept the incremental summer direct purchase volumes required to
10 annually balance their contracts. The calculation of load balancing costs ensures that DP and
11 sales service customers are treated equally and ensures that sales service customers do not bear
12 100% of the costs associated with more expensive incremental winter purchases.²

13

14 The portion of the Union North spot gas deferral attributable to spot gas and load balancing costs
15 is described in more detail below.

16

17 Union North Spot Gas Costs

18 Consistent with past practice, Union is proposing a prospective credit of \$1.7 million, as
19 identified in Tab 1, Schedule 3, page 6 (column c) from the Spot Gas Variance Account
20 (Deferral No. 179-107) as a result of the incremental spot purchases for Union North sales
21 service customers. The credit is the result of the total spot gas costs attributable to Union North

² EB- 2003-0056, Tab 1, p. 14.

1 of \$6.5 million less \$8.2 million recovered as load balancing costs from Union North sales
 2 service and bundled DP Customers and is provided in Table 5 and described below.

4 **Table 5**

5 **Union North Spot Gas Costs**

Line No.	North Spot Gas Purchase - 2.9 PJ	Average unit price (\$/GJ)	Total Impact (\$ million)
		(a)	(b)= (a) x 2.9
1	Weighted Average Price of Spot purchase	\$ 7.120	\$ 20.6
2	Reference Price	\$ 4.868	\$ 14.1
3	North spot gas impact	<u>\$ 2.252</u>	<u>\$ 6.5</u>
4	Weighted average summer-winter differential (load balancing costs)	\$ 2.830	\$ 8.2
5	Forecast Summer cost	\$ 4.290	
6	Reference Price	\$ 4.868	
7	Spot Costs (Credit – forecast summer cost is less than reference price)	\$ (0.578)	\$ (1.7)

7 Union North Load Balancing Costs

8 Union North load balancing costs which are included in the Spot Gas Variance Account
 9 (Deferral No. 179-107) reflect gas purchases for Union North that would have otherwise been
 10 purchased in the following summer but were required to maintain system integrity and
 11 deliverability for all Union North sales service and bundled DP customers. The costs or credits
 12 that relate to the different timing of the purchases are shared by both sales service and bundled
 13 DP customers who drove the need for the incremental purchases. The difference between the

1 spot price paid and the forecast summer price (winter/summer differential) is based on the
2 forecast summer price at the time each spot gas purchase was made. The average winter/summer
3 differential for all spot purchases was \$2.83/GJ.

4
5 Consistent with past practices, load balancing costs are calculated by applying the
6 winter/summer price differential at the time load balancing purchases are made and allocating
7 these costs to rate classes. This is consistent with the calculations in EB-2003-0056 and EB-
8 2009-0054.

9
10 Union is proposing to prospectively recover \$8.2 million (summer/winter differential of
11 \$2.83/GJ multiplied by 2.9 PJ), as identified in Schedule 3, page 6 (column d) from Union North
12 sales service and bundled DP customers for load balancing costs.

13

14 **Union South Bundled DP Customers**

15 For Union South, Union retains load balancing obligations for weather variances relative to the
16 February 28 inventory checkpoint (for variances after the checkpoint volumes were established)
17 and March weather and consumption variances for bundled DP customers. Union has
18 proactively purchased 1.8 PJ of spot gas for delivery in March based on current forecasted
19 weather and consumption variances for Union South bundled DP customers. Union is not
20 requesting recovery of the load balancing costs associated with this purchase in this QRAM
21 application. Union will bring forward a proposal for disposition of these costs as part of its 2013
22 annual non-commodity deferral account disposition application to be filed in April 2014.

1 **Unaccounted For Gas Variances**

2 Union purchased 1.5 PJ of incremental supply to manage Unaccounted for Gas (“UFG”)
3 variances. Union is not requesting recovery of the price variance associated with the UFG
4 purchase in this QRAM application. Union will bring forward a proposal for disposition of these
5 costs as part of the 2013 annual non-commodity deferral account disposition application to be
6 filed in April 2014.

7
8 **Union North Rate 25 Variance**

9 Union manages the costs of serving Rate 25 customers within the rate class and, as such, is not
10 seeking recovery of costs to purchase spot gas to manage Rate 25 consumption variances.

11
12 Union Purchasing Decisions

13 Union began purchasing additional gas supplies based on actual weather variances early in the
14 winter period. For example, the first four purchases in December and early January (as shown in
15 Table 1) were based on actual variances experienced. This has been Union’s traditional method
16 of managing incremental demand. For example, Union was aware of increased winter demands
17 in early December once November actual information became available. Union therefore
18 purchased 4.0 PJ of incremental supply to cover these needs starting December 12, 2013.
19 However, given the persistent colder than normal weather forecast, the impact the weather
20 forecasts were having on prices, inventory levels and market intelligence, Union began to
21 purchase supply to respond not only to known variances but also future forecasted demands
22 related to both weather and consumption variances. This is represented by purchases five

1 through ten shown on Table 1. In late January, Union was receiving consistent forecasts that the
2 remainder of the winter was going to be much colder than normal. Union responded by
3 diversifying its purchases (i.e. not buy all of the winter spot at Dawn only) and was able to
4 contract for TCPL STFT capacity from Empress to Dawn to bring additional volumes to Dawn
5 for the period January 28 to March 31, 2014 (Table 1, Line 7). A more detailed description of
6 each purchase and the environment in which those decisions were made is included in Appendix
7 A.

8
9 Union's decisions related to these spot gas purchases have been driven by actual weather and
10 forecast weather, increasing gas price volatility, especially in the day market, supply availability
11 concerns and other market factors. Each of these factors is described in more detail below.

12 • Weather

13 Heavy snowfall and frigid temperatures swept across Canada and the northern US during the
14 winter of 2013/14. Colder than normal temperatures were experienced early in the winter
15 and are currently forecast to continue through April. Union experienced weather that was
16 15.5%, 16.5% and 18.4% colder than normal in November, December and January,
17 respectively. The combined actual and forecast weather for February was 25.1% colder and,
18 as shown in Table 6 below, the March forecast reflects weather that is expected to be 23.7%
19 colder than normal.

20
21 There has also been variability in the forecast from week to week although it has been
22 consistently cold. For example, throughout February, the forecast for March weather

1 changed significantly. As shown in Table 6, the weather forecast for March on February 3,
 2 11 and 18 changed from 10.3 %, to 17.1% to 23.7% colder than normal. This was an
 3 important signal to proactively purchase incremental supply on a prospective basis.

4 **Table 6**

5 **March Forecast Weather Variances**

Month	% variance to Normal	Warmer / colder than Normal	Actual / Forecast
March Forecast Weather			
on Feb 3rd	10.3%	colder	Forecast
on Feb 11th	17.1%	colder	Forecast
on Feb 18th	23.7%	colder	Forecast

6

7 • Natural Gas Price Volatility

8 Table 7 shows the forecast natural gas prices at Dawn for January, February and March on
 9 each day starting December 1, 2013. The lines represent both the forward prices (ahead of
 10 the month) and the cash market prices (within the month). Up to the end of December, the
 11 January price was the forward price for gas purchases made in December for the entire
 12 month of January. For example, if Union were to buy gas in December for delivery in
 13 January the deliveries would be firm even deliveries each day of the month of January. Once
 14 in January, Union could still buy gas for the day or for the rest of month however, prices
 15 tended to get more volatile intra-month in the cash market which Union attempted to avoid.
 16 Once January actually begins, the short dashed line is the settle price of gas at Dawn (Settle
 17 Price refers to the price that natural gas for delivery tomorrow closed at the end of the day)

1 for the next day. Once January ends, the short dashed line ends. The same holds true for the
2 double dashed February line, the dotted March line and the solid April line.

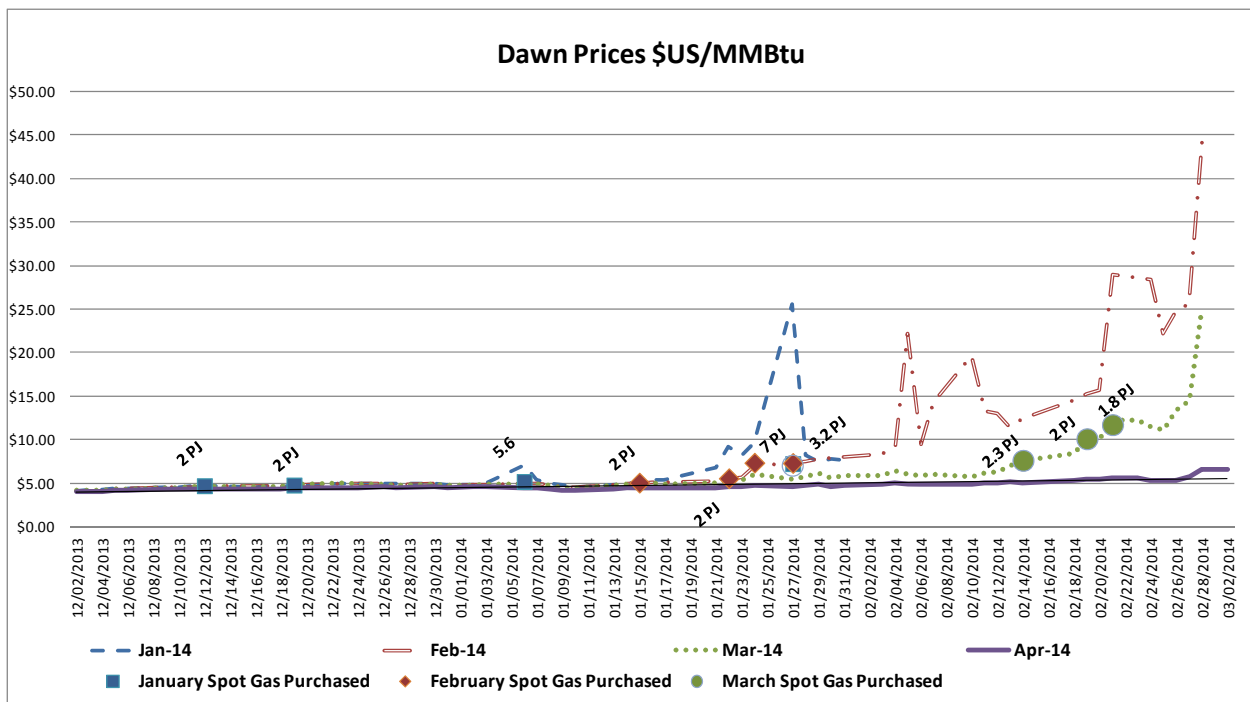
3 As can be seen, the price is quite stable in the forward market period, (i.e. the price is stable
4 in the month(s) prior to the start of the actual month for buying equal daily volumes over the
5 month), but tends to get more volatile once purchases need to be made in the month. What
6 isn't shown is the price volatility within the gas day. For example, even though the highest
7 settle price for January was just over \$25.00 US/mmbtu, spot prices during the day in
8 January reached much higher levels. The highest intraday gas price at Dawn during January
9 was in excess of \$44.00 US/mmbtu and for February, over \$70.00 US/mmbtu.

10
11 The timing of Union's spot purchases is also shown on the graph. For example, the square
12 points are the purchases made for gas to be delivered in January, the diamond points for
13 purchases to be delivered in February and the circular points for purchases to be delivered in
14 March. With Union predominantly buying the gas required proactively in the forward
15 market (firm even dailies), Union was able to avoid the high volatility associated with cash
16 market purchases. Since Union made two purchases for 4 PJ at less than \$5.00 US/mmbtu,
17 in December for January deliveries, Union was able to avoid the higher prices and volatility
18 that dominated the last half of January (i.e. prices in December for January gas were below
19 \$5.00 US/mmbtu, but in the January cash market hit \$44.00 US/mmbtu).

20
21 Despite the proactive and layered in purchasing approach, Union was facing volatile pricing
22 within the futures market. Suppliers were consistently refreshing prices during discussions

1 as the market was moving very quickly with many parties in the market at the same time. All
 2 of this increased activity put upwards pressure on prices at Dawn and overall supply
 3 availability in the month of February.

4 **Table 7**



5
 6 • **Security of Supply Concerns**

7 In addition to volatile pricing on a forecast basis, on the days that Union purchased spot gas,
 8 some suppliers were not able to offer any volumes at Dawn. Parties that typically were able
 9 to provide quotes did not have the supplies available to respond to Union's requests. This
 10 became a more common theme as the winter progressed. Security of supply concerns were a
 11 factor in Union's decision to begin purchasing volumes to meet forecast weather needs in
 12 addition to actual activity.

1 • Market Conditions

2 Storage inventories throughout North America and in the Great Lakes region have been
3 tracking near all-time lows. For example, US working gas inventories stood at 2.83 Tcf
4 as of January 24, 2014, some 22.5% less than a year earlier and 16.6% lower than the
5 five-year average, according to the Energy Information Administration. For Union,
6 current storage inventories at Dawn are approximately 30% lower than the five year
7 average. Other LDC's in the region are experiencing similar conditions and are seeing
8 similar storage numbers. This winter has been a sharp reminder of what can happen
9 when there is a sustained period of much colder than normal winter weather. Union's
10 approach to purchasing gas supplies and adhering to its long standing gas supply
11 principles resulted in Union being able to meet customer firm demands at reasonable
12 prices during this extreme winter period.

13
14 Variations from Spot Gas Purchases

15 As noted above, Union purchased incremental spot gas to meet actual demands above forecast
16 for the period November 1, 2013 to January 31, 2014 and projected demand variances above
17 forecast for the February 1, to March 31, 2014 period. The projected demand variances are
18 based on the best available information at the time of filing. To the extent that there are
19 differences from the projected variance, Union may need to purchase incremental gas for both
20 Union North and Union South sales service and bundled DP customers in March. These
21 purchases will be in the cash or day market during March to ensure inventory does not go below
22 the minimum planned amount for the end of March. The current forecast suggests a small

1 amount of additional gas purchases may be required in April.

2

3 3.3 Deferral Account Adjustments

4 To ensure that there is continued alignment between the QRAM deferral account schedules and
5 Union's financial records, a reconciliation of each deferral account occurs on a monthly basis
6 and any adjustments are included in the QRAM deferral account schedules.

7

8 3.4 Prospective Recovery of Deferral Account Balances

9 The deferral account balances as of April 1, 2014, are based on the actual and forecast gas costs
10 for the period April 1, 2013 to March 31, 2014 as compared to the reference prices approved
11 each quarter in Union's QRAM.

12

13 April 1, 2014 deferral account balances relating to the North PGVA, North Tolls and Fuel, South
14 PGVA, Inventory Revaluation, and Spot Gas accounts are provided in the following schedules
15 attached to this evidence:

- 16 • North PGVA Account (Deferral No. 179-105) as identified in Schedule 3, Page 2
- 17 • North Tolls and Fuel Account (Deferral No. 179-100) as identified in Schedule 3, Page 3
- 18 • South PGVA Account (Deferral No. 179-106) as identified in Schedule 3, Page 4
- 19 • Inventory Revaluation Account (Deferral No. 179-109) as identified in Schedule 3, Page 5
- 20 • Spot Gas Variance Account (Deferral No. 179-107) as identified in Schedule 3, Page 6

21

1 3.5 UDC Account

2 The Joint Unabsorbed Demand Costs Account balances are not prospectively recovered in
3 accordance with the current Board-approved QRAM process. Union will dispose of any deferral
4 account balances through the annual deferral account disposition process.

Spot Gas Purchases Winter 2013/2014

December 12, 2013

Volume Purchased: 2 PJ

Driver for Purchase: November actual weather and consumption greater than forecast

Delivery Period: December and January 2014

Purchase Location: Dawn

Weighted Average Price: \$4.94 CAD/GJ (\$4.71 USD/MMBtu)

Range of Bids Received: Bids came in at exactly \$4.71 USD/MMBtu

Availability of Supply: Easily available

Forward Looking Market Pricing
(USD/MMBtu)

Jan-14		Feb-14		Mar-14	
Low	High	Low	High	Low	High
4.582	4.726	4.574	4.730	4.555	4.707

December 19, 2013

Volume Purchased: 2 PJ

Driver for Purchase: remaining November consumption variance and December actual weather
to date

Delivery Period: January 2014

Purchase Location: Dawn

- 1 Weighted Average Price: \$5.03 CAD/GJ (\$4.79 USD/MMBtu)
2 Range of Bids Received: +0.38 to +0.39 over NYMEX (\$4.78 to \$4.79 USD/MMBtu)
3 Availability of Supply: Easily available
4

Forward Looking Market Pricing
(USD/MMBtu)

Jan-14		Feb-14		Mar-14	
Low	High	Low	High	Low	High
4.633	4.859	4.640	4.875	4.666	4.889

- 5
6 January 6, 2014
7 Volume Purchased: 5.6 PJ
8 Driver for Purchase: November actual activity (Unaccounted for Gas (UFG)), rest of month
9 December actual weather and actual January weather to date
10 Delivery Period: January 2014
11 Purchase Location: Dawn
12 Weighted Average Price: \$5.46 CAD/GJ (\$5.20 USD/MMBtu)
13 Range of Bids Received: \$5.07 to \$6.95 USD/MMBtu
14 Availability of Supply: Available, one supplier had a lot of gas available but others had lower
15 quantities available.
16 Market Expectations Going Forward: Next day prices in January traded between \$5.50 and \$8.25
17 USD/MMBtu. Balance of month for January did not show any traded values.
18
19

Forward Looking Market Pricing
(USD/MMBtu)

Feb-14		Mar-14	
Low	High	Low	High
4.640	4.875	4.666	4.889

1

2 January 15, 2014

3 Volume Purchased: 2 PJ

4 Driver for Purchase: December UFG and consumption variances and January actual weather to
5 date.

6 Delivery Period: February 2014

7 Purchase Location: Dawn

8 Weighted Average Price: \$5.32 CAD/GJ (\$5.07 USD/MMBtu)

9 Range of Bids Received: \$5.06 to \$5.10 USD/MMBtu

10

Forward Looking Market Pricing
(USD/MMBtu)

Feb-14		Mar-14		Apr-14	
Low	High	Low	High	Low	High
4.988	5.152	4.841	5.010	4.359	4.493

11

12 January 22, 2014

13 Volume Purchased: 2 PJ

14 Driver for Purchase: Forecasted January weather to end of month

15 Delivery Period: February 2014

16 Purchase Location: Dawn

1 Weighted Average Price: \$5.84 CAD/GJ (\$5.57 USD/MMBtu)

2 Range of Bids Received: \$5.51 to \$5.80 USD/MMBtu

Forward Looking Market Pricing
(USD/MMBtu)

Feb-14		Mar-14		Apr-14	
Low	High	Low	High	Low	High
5.233	5.625	5.025	5.320	4.508	4.626

3

4 January 24, 2014

5 Volume Purchased: 7 PJ

6 Driver for Purchase: updated January weather forecast to end of month and weather forecast for
7 February.

8 Delivery Period: February 2014

9 Purchase Location: Dawn

10 Weighted Average Price: \$7.73 CAD/GJ (\$7.36 USD/MMBtu)

11 Range of Bids Received: \$7.00 to \$7.73 USD/MMBtu

12 Availability of Supply: Tight

13 Market Expectations Going Forward:

Forward Looking Market Pricing
(USD/MMBtu)

Feb-14		Mar-14		Apr-14	
Low	High	Low	High	Low	High
5.953	7.296	5.542	6.146	4.312	4.454

14

15 Other notes: Union took all of the volumes that were offered.

16

1 January 27, 2014

2 Volume Purchased: 3.2 PJ

3 Driver for Purchase: Weather forecast for March and a portion of February and March
4 consumption greater than forecast

5 Delivery Period: January 28 – March 31, 2014

6 Purchase Location: Empress transported to Dawn with TCPL STFT

7 Weighted Average Price (Landed): \$7.55 CAD/GJ (\$7.19 USD/MMBtu)

8 Range of Bids Received (Commodity): \$4.35 to \$4.67 CAD/GJ

9 Availability of Supply: Tight

10

11 February 14, 2014

12 Volume Purchased: 2.3 PJ

13 Driver for Purchase: January consumption greater than forecast and January UFG

14 Delivery Period: March 2014

15 Purchase Location: Dawn

16 Weighted Average Price: \$8.01 CAD/GJ (\$7.63 USD/MMBtu)

17 Range of Bids Received: \$7.50 to \$8.50 USD/MMBtu

18 Availability of Supply: Tight

19 Market Expectations Going Forward:

20

21

22

23

Forward Looking Market Pricing
(USD/MMBtu)

Mar-14		Apr-14	
Low	High	Low	High
7.140	7.919	5.035	5.250

1
2 Other notes: A number of suppliers retracted offers due to uncertainty around March pricing. In
3 addition a number of suppliers were very reluctant to offer volume.

4
5 February 19, 2014

6 Volume Purchased: 2 PJ

7 Driver for Purchase: February and March forecast consumption greater than forecast

8 Delivery Period: March 2014

9 Purchase Location: Dawn

10 Weighted Average Price: \$10.61 CAD/GJ (\$10.11 USD/MMBtu)

11 Range of Bids Received: \$9.90 to \$11.12 USD/MMBtu

12 Availability of Supply: Tight supply

13 Market Expectations Going Forward:

Forward Looking Market Pricing
(USD/MMBtu)

Mar-14		Apr-14	
Low	High	Low	High
8.760	10.425	5.253	5.517

14

1 Other notes: We had some suppliers who were unable to provide any volume. Suppliers who did
2 provide an offer did not want to supply any incremental volume over their original offer.

3

4 February 21, 2014

5 Volume Purchased: 1.8 PJ

6 Driver for Purchase: Direct Purchase forecast variances; consumption variances and updated
7 February and March weather forecast

8 Delivery Period: March 2014

9 Purchase Location: Dawn

10 Weighted Average Price: \$12.31 CAD/GJ (\$11.73 USD/MMBtu)

11 Range of Bids Received: \$11.65 to \$12.10 USD/MMBtu

12 Availability of Supply: Tight supply

13 Market Expectations Going Forward:

14

Forward Looking Market Pricing
(USD/MMBtu)

Mar-14		Apr-14	
Low	High	Low	High
9.980	12.458	5.396	5.745

UNION GAS LIMITED
 Calculation of Alberta Border and Ontario Landed Reference Prices
 For the 12 month period ending March 31, 2015

Line No.	Particulars	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Total or Average
1	Days	30	31	30	31	31	30	31	30	31	31	28	31	365
2	NYMEX 21 Day Average (US\$/MMBtu) (1)	4.624	4.544	4.562	4.592	4.581	4.554	4.566	4.610	4.725	4.821	4.765	4.656	4.633
3	Empress Basis (US\$/MMBtu)	(0.298)	(0.323)	(0.353)	(0.379)	(0.378)	(0.365)	(0.325)	(0.351)	(0.403)	(0.443)	(0.418)	(0.404)	(0.370)
4	Foreign Exchange	1.107	1.108	1.109	1.110	1.110	1.111	1.112	1.113	1.114	1.114	1.115	1.116	1.112
5	Alberta Border (Cdn\$/GJ) (2)	4.540	4.434	4.424	4.431	4.424	4.412	4.470	4.492	4.562	4.624	4.594	4.497	4.492
<u>North Supply Cost Calculation</u>														
6	Total Volume (PJ's)	3.91	4.06	3.81	3.93	3.95	3.90	4.05	4.04	4.18	4.18	3.77	4.18	47.95
7	Cost at Market Price (\$000's)	\$ 17,759	\$ 17,989	\$ 16,845	\$ 17,424	\$ 17,467	\$ 17,200	\$ 18,118	\$ 18,155	\$ 19,050	\$ 19,312	\$ 17,332	\$ 18,787	\$ 215,438
8	Weighted Average Price (Cdn\$/GJ)												\$	4.493
9										Alberta Border Reference Price (Cdn\$/GJ)			\$	4.493
10										Add : Fuel (Cdn\$/GJ)			\$	0.137
11										Add : Tolls (Cdn\$/GJ)			\$	1.541
12										Ontario Landed Reference Price (Cdn\$/GJ)			<u>\$</u>	<u>6.171</u>

Notes:

(1) 21 Day Strip dates used: January 30 - February 28, 2014.

(2) Alberta Border Price = ((NYMEX 21-day Average + Empress Basis) * (Foreign Exchange Rate))/MMBtu to GJ Conversion Rate.
 MMBtu to GJ Conversion Rate: 1.055056 GJ /MMBtu.

UNION GAS LIMITED
 Calculation of South Portfolio Cost Differential & South Transportation Rate
For the 12 month period ending March 31, 2015

Line No. Particulars			
1	South Purchased Gas Variance Account (SPGVA) (\$000's)	\$	69,017 (1)
2	South Consumption Volumes (PJ)		<u>121.9</u> (2)
3	South Portfolio Cost Differential (Line 1/Line 2)	\$	0.566 /GJ
4	TCPL Transportation Union CDA Toll	\$	1.541 /GJ
5	South Portfolio Cost Differential (Line 3)	<u>\$</u>	<u>0.566</u> /GJ
6	Preliminary South Transportation Rate (Line 4 - Line 5)	\$	0.975 /GJ
7	Gas Supply Optimization Margin Credit	\$	0.074 /GJ (3)
8	South Transportation Rate (Line 6 - Line 7)	<u>\$</u>	<u>0.901</u> /GJ

Notes:

- (1) Tab 1, Schedule 3, page 4, Column (g), Line 27.
- (2) Demand forecast for South sales service customer for the period April 2014 to March 2015.
- (3) EB-2011-0210, Rate Order, Working Papers, Schedule 44, page 1, Column (g), Lines 7-12, conversion to GJs based on 38.29 GJ/10³m³.

UNION GAS LIMITED
Summary of Gas Supply Deferral Accounts

Line No.	Particulars					Joint Account		Joint Account		Total (\$000's)
		North PGVA (179-105) (\$000's) (1)	North Tolls (179-100) (\$000's) (2)	North Fuel (179-100) (\$000's) (2)	South PGVA (179-106) (\$000's) (3)	Inventory Revaluation (179-106) (\$000's) (4)	Load Balancing (179-107) (\$000's) (5)	Spot Gas Purchases (179-107) (\$000's) (5)	Unabsorbed Demand Costs (179-108) (\$000's) (6)	
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)=sum of (a) to (h)
1	Cumulative to end of March, 2013	\$ (141,648)	\$ 24,975	\$ (1,978)	\$ (379,188)	\$ 124,297	\$ 5	\$ (7,287)	\$ -	\$ (380,825)
2	April, 2013	\$ 442	\$ (229)	\$ (554)	\$ 3,920	\$ 775	\$ 0	\$ 0	\$ 11	\$ 4,365
3	May	\$ 806	\$ (290)	\$ (77)	\$ 3,969	\$ (10)	\$ 0	\$ 0	\$ 11	\$ 4,410
4	June	\$ 1,113	\$ 47	\$ (22)	\$ 5,330	\$ (9)	\$ 0	\$ 0	\$ 11	\$ 6,470
5	July, 2013	\$ (1,891)	\$ (2,256)	\$ (85)	\$ (8,333)	\$ (8,149)	\$ 0	\$ 0	\$ 11	\$ (20,703)
6	August	\$ (3,427)	\$ (2,779)	\$ (187)	\$ (12,156)	\$ (16)	\$ 0	\$ 0	\$ 16	\$ (18,549)
7	September	\$ (3,670)	\$ (2,474)	\$ (192)	\$ (10,304)	\$ (15)	\$ 0	\$ 0	\$ 14	\$ (16,641)
8	October, 2013	\$ (2,116)	\$ (411)	\$ (81)	\$ (2,789)	\$ 52,863	\$ 0	\$ 0	\$ 14	\$ 47,479
9	November	\$ 619	\$ 1,093	\$ 68	\$ 2,721	\$ 49	\$ 0	\$ 0	\$ -	\$ 4,550
10	December	\$ 454	\$ 944	\$ 262	\$ 4,842	\$ 45	\$ 0	\$ 0	\$ (189)	\$ 6,359
11	January, 2014	\$ 2,089	\$ 943	\$ 378	\$ 12,102	\$ (3,271)	\$ 970	\$ (486)	\$ (18)	\$ 12,707
12	February	\$ 5,232	\$ 1,120	\$ 124	\$ 45,690	\$ 37	\$ 3,277	\$ (440)	\$ -	\$ 55,039
13	March	\$ 10,217	\$ 1,110	\$ 239	\$ 51,618	\$ 37	\$ 3,965	\$ (760)	\$ -	\$ 66,427
14	Total (Lines 1 to 13)	\$ (131,781)	\$ 21,791	\$ (2,106)	\$ (282,578)	\$ 166,632	\$ 8,220	\$ (8,969)	\$ (121)	\$ (228,911)
<u>Current QRAM Period</u>										
15	April, 2014	\$ 183	\$ (105)	\$ 17	\$ 1,374	\$ (7,918)	\$ -	\$ -	\$ -	\$ (6,449)
16	May	\$ (241)	\$ (130)	\$ 4	\$ (1,199)	\$ -	\$ -	\$ -	\$ -	\$ (1,567)
17	June	\$ (264)	\$ (129)	\$ 2	\$ (1,235)	\$ -	\$ -	\$ -	\$ -	\$ (1,626)
18	July, 2014	\$ (244)	\$ (130)	\$ 3	\$ (1,393)	\$ -	\$ -	\$ -	\$ -	\$ (1,764)
19	August	\$ (271)	\$ (130)	\$ 3	\$ (1,113)	\$ -	\$ -	\$ -	\$ -	\$ (1,512)
20	September	\$ (316)	\$ (129)	\$ 1	\$ (1,362)	\$ -	\$ -	\$ -	\$ -	\$ (1,806)
21	October, 2014	\$ (95)	\$ (125)	\$ 8	\$ (1,041)	\$ -	\$ -	\$ -	\$ -	\$ (1,252)
22	November	\$ (4)	\$ 1,128	\$ 12	\$ 411	\$ -	\$ -	\$ -	\$ -	\$ 1,546
23	December	\$ 288	\$ 1,134	\$ 20	\$ 1,003	\$ -	\$ -	\$ -	\$ -	\$ 2,445
24	January, 2015	\$ 548	\$ 1,134	\$ 27	\$ 1,898	\$ -	\$ -	\$ -	\$ -	\$ 3,607
25	February	\$ 382	\$ 1,134	\$ 22	\$ 2,035	\$ -	\$ -	\$ -	\$ -	\$ 3,573
26	March	\$ 35	\$ 1,124	\$ 12	\$ 623	\$ -	\$ -	\$ -	\$ -	\$ 1,794
27	Total (Lines 15 to 26)	\$ 0	\$ 4,776	\$ 131	\$ (0)	\$ (7,918)	\$ -	\$ -	\$ -	\$ (3,011)

* Reflects actual information.
Notes:

- (1) See page 2.
- (2) See page 3.
- (3) See page 4.
- (4) See page 5.
- (5) See page 6.
- (6) Union is not proposing to recover the deferral balance for the Unabsorbed Demand Charge (Account No. 179-108) deferral account in the current QRAM.

UNION GAS LIMITED
Deferral Account for
North Purchased Gas Variance Account
(Deferral Account 179-105)

Line No.	Particulars	Purchase Cost (\$000's)	Volume (GJ)	Weighted Avg. Price (\$/GJ)	Reference Price (\$/GJ)(1)	Unit Rate Difference (\$/GJ)	Deferral Amount Before Interest (\$000's)	Adjustments (\$000's)	Total Deferral Before Interest (\$000's)	Interest (\$000's) (2)	Total Deferral Amount (\$000's)
		(a)	(b)	(c)= (a)/(b)	(d)	(e) = (c) - (d)	(f) = (b) x (e)	(g)	(h) = (f) + (g)	(i)	(j) = (h) + (i)
1	Cumulative to end of March, 2013						\$ (134,816)	\$ (6,187)	\$ (141,003)	\$ (646)	\$ (141,648)
2	April, 2013 *	\$ 11,918	3,672,843	\$ 3.245	\$ 3.125	\$ 0.120	\$ 440	\$ -	\$ 440	\$ 2	\$ 442
3	May *	\$ 11,774	3,510,939	\$ 3.354	\$ 3.125	\$ 0.229	\$ 802	\$ -	\$ 802	\$ 4	\$ 806
4	June *	\$ 8,748	2,445,138	\$ 3.578	\$ 3.125	\$ 0.453	\$ 1,107	\$ -	\$ 1,107	\$ 6	\$ 1,113
5	July, 2013 *	\$ 8,507	2,912,249	\$ 2.921	\$ 3.573	\$ (0.652)	\$ (1,898)	\$ -	\$ (1,898)	\$ 7	\$ (1,891)
6	August *	\$ 7,498	3,059,020	\$ 2.451	\$ 3.573	\$ (1.122)	\$ (3,432)	\$ -	\$ (3,432)	\$ 5	\$ (3,427)
7	September *	\$ 6,638	2,885,139	\$ 2.301	\$ 3.573	\$ (1.272)	\$ (3,670)	\$ -	\$ (3,670)	\$ 1	\$ (3,670)
8	October, 2013 *	\$ 7,479	3,047,536	\$ 2.454	\$ 3.147	\$ (0.693)	\$ (2,112)	\$ -	\$ (2,112)	\$ (4)	\$ (2,116)
9	November *	\$ 11,663	3,507,505	\$ 3.325	\$ 3.147	\$ 0.178	\$ 625	\$ -	\$ 625	\$ (6)	\$ 619
10	December *	\$ 12,332	3,772,811	\$ 3.269	\$ 3.147	\$ 0.122	\$ 459	\$ -	\$ 459	\$ (5)	\$ 454
11	January, 2014	\$ 13,196	3,431,937	\$ 3.845	\$ 3.235	\$ 0.610	\$ 2,093	\$ -	\$ 2,093	\$ (5)	\$ 2,089
12	February	\$ 17,261	3,717,112	\$ 4.644	\$ 3.235	\$ 1.409	\$ 5,236	\$ -	\$ 5,236	\$ (5)	\$ 5,232
13	March	\$ 23,535	4,115,374	\$ 5.719	\$ 3.235	\$ 2.484	\$ 10,222	\$ -	\$ 10,222	\$ (5)	\$ 10,217
14	Total (Lines 1 to 13)	\$ 140,549	40,077,603				\$ (124,943)	\$ (6,187)	\$ (131,130)	(651)	\$ (131,781)
<u>Current QRAM Period</u>											
15	April, 2014	\$ 17,759	3,911,947	\$ 4.540	\$ 4.493	\$ 0.047	\$ 183	\$ -	\$ 183	\$ -	\$ 183
16	May	\$ 17,989	4,057,353	\$ 4.434	\$ 4.493	\$ (0.059)	\$ (241)	\$ -	\$ (241)	\$ -	\$ (241)
17	June	\$ 16,845	3,807,939	\$ 4.424	\$ 4.493	\$ (0.069)	\$ (264)	\$ -	\$ (264)	\$ -	\$ (264)
18	July, 2014	\$ 17,424	3,932,458	\$ 4.431	\$ 4.493	\$ (0.062)	\$ (244)	\$ -	\$ (244)	\$ -	\$ (244)
19	August	\$ 17,467	3,947,857	\$ 4.424	\$ 4.493	\$ (0.069)	\$ (271)	\$ -	\$ (271)	\$ -	\$ (271)
20	September	\$ 17,200	3,898,460	\$ 4.412	\$ 4.493	\$ (0.081)	\$ (316)	\$ -	\$ (316)	\$ -	\$ (316)
21	October, 2014	\$ 18,118	4,053,628	\$ 4.470	\$ 4.493	\$ (0.023)	\$ (95)	\$ -	\$ (95)	\$ -	\$ (95)
22	November	\$ 18,155	4,041,738	\$ 4.492	\$ 4.493	\$ (0.001)	\$ (4)	\$ -	\$ (4)	\$ -	\$ (4)
23	December	\$ 19,050	4,175,977	\$ 4.562	\$ 4.493	\$ 0.069	\$ 288	\$ -	\$ 288	\$ -	\$ 288
24	January, 2015	\$ 19,312	4,176,168	\$ 4.624	\$ 4.493	\$ 0.131	\$ 548	\$ -	\$ 548	\$ -	\$ 548
25	February	\$ 17,332	3,772,541	\$ 4.594	\$ 4.493	\$ 0.101	\$ 382	\$ -	\$ 382	\$ -	\$ 382
26	March	\$ 18,787	4,177,454	\$ 4.497	\$ 4.493	\$ 0.004	\$ 35	\$ -	\$ 35	\$ -	\$ 35
27	Total (Lines 15 to 26)	\$ 215,438	47,953,520				\$ -	\$ -	\$ -	0	0

* Reflects actual information.

Notes:

- (1) The reference price from April 2013 to June 2013 is as approved in EB-2013-0033.
 The reference price from July 2013 to September 2013 is as approved in EB-2013-0215.
 The reference price from October 2013 to December 2013 is as approved in EB-2013-0316.
 The reference price from January 2014 to March 2014 is as approved in EB-2013-0413.
 The reference price from April 2014 to March 2015 is as proposed in EB-2014-0050.
- (2) Interest is computed on the deferral amount balance net of the actual prospective recovery amount for the quarter prior to the current QRAM period.

UNION GAS LIMITED
Deferral Account for
North Tolls and Fuel - Northern and Eastern Operations Area
(Deferral Account 179-100)

Line No.	Particulars	North Tolls			North Fuel			Total Deferral Amount With Interest (\$000's) (g) = (c) + (f)
		Deferral Amount Before Interest (\$000's) (a)	Interest (\$000's) (1) (b)	Deferral Amount With Interest (\$000's) (c) = (a) + (b)	Deferral Amount Before Interest (\$000's) (d)	Interest (\$000's) (1) (e)	Deferral Amount With Interest (\$000's) (f) = (d) + (e)	
1	Cumulative to end of March, 2013	\$ 24,988	\$ (14)	\$ 24,975	\$ (2,017)	\$ 39	\$ (1,978)	\$ 22,997
2	April, 2013 *	\$ (219)	\$ (9)	\$ (229)	\$ (554)	\$ (1)	\$ (554)	\$ (783)
3	May *	\$ (279)	\$ (11)	\$ (290)	\$ (76)	\$ (1)	\$ (77)	\$ (367)
4	June *	\$ 58	\$ (11)	\$ 47	\$ (20)	\$ (1)	\$ (22)	\$ 25
5	July, 2013 *	\$ (2,244)	\$ (12)	\$ (2,256)	\$ (83)	\$ (1)	\$ (85)	\$ (2,341)
6	August *	\$ (2,765)	\$ (15)	\$ (2,779)	\$ (186)	\$ (2)	\$ (187)	\$ (2,966)
7	September *	\$ (2,457)	\$ (17)	\$ (2,474)	\$ (191)	\$ (2)	\$ (192)	\$ (2,667)
8	October, 2013 *	\$ (390)	\$ (21)	\$ (411)	\$ (79)	\$ (2)	\$ (81)	\$ (492)
9	November *	\$ 1,114	\$ (20)	\$ 1,093	\$ 70	\$ (2)	\$ 68	\$ 1,161
10	December *	\$ 962	\$ (18)	\$ 944	\$ 264	\$ (2)	\$ 262	\$ 1,206
11	January, 2014	\$ 957	\$ (14)	\$ 943	\$ 379	\$ (1)	\$ 378	\$ 1,321
12	February	\$ 1,134	\$ (14)	\$ 1,120	\$ 125	\$ (1)	\$ 124	\$ 1,243
13	March	\$ 1,125	\$ (14)	\$ 1,110	\$ 241	\$ (1)	\$ 239	\$ 1,349
14	Total (Lines 1 to 13)	\$ 21,983	\$ (191)	\$ 21,791	\$ (2,127)	\$ 21	\$ (2,106)	\$ 19,685
<u>Current QRAM Period</u>								
15	April, 2014	\$ (105)	\$ -	\$ (105)	\$ 17	\$ -	\$ 17	\$ (88)
16	May	\$ (130)	\$ -	\$ (130)	\$ 4	\$ -	\$ 4	\$ (127)
17	June	\$ (129)	\$ -	\$ (129)	\$ 2	\$ -	\$ 2	\$ (127)
18	July, 2014	\$ (130)	\$ -	\$ (130)	\$ 3	\$ -	\$ 3	\$ (127)
19	August	\$ (130)	\$ -	\$ (130)	\$ 3	\$ -	\$ 3	\$ (128)
20	September	\$ (129)	\$ -	\$ (129)	\$ 1	\$ -	\$ 1	\$ (128)
21	October, 2014	\$ (125)	\$ -	\$ (125)	\$ 8	\$ -	\$ 8	\$ (116)
22	November	\$ 1,128	\$ -	\$ 1,128	\$ 12	\$ -	\$ 12	\$ 1,140
23	December	\$ 1,134	\$ -	\$ 1,134	\$ 20	\$ -	\$ 20	\$ 1,155
24	January, 2015	\$ 1,134	\$ -	\$ 1,134	\$ 27	\$ -	\$ 27	\$ 1,161
25	February	\$ 1,134	\$ -	\$ 1,134	\$ 22	\$ -	\$ 22	\$ 1,156
26	March	\$ 1,124	\$ -	\$ 1,124	\$ 12	\$ -	\$ 12	\$ 1,136
27	Total (Lines 15 to 26)	\$ 4,776	\$ -	\$ 4,776	\$ 131	\$ -	\$ 131	\$ 4,907

* Reflects actual information.

Notes:

(1) Interest is computed on the deferral amount balance net of the actual prospective recovery amount for the quarter prior to the current QRAM period.

UNION GAS LIMITED
Deferral Account for
South Purchased Gas Variance Account
(Deferral Account 179-106)

Line No.	Particulars	Purchase Cost (\$000's)	Volume (GJ)	Weighted Avg. Price (\$/GJ)	Reference Price (\$/GJ)(1)	Unit Rate Difference (\$/GJ)	Monthly Deferral Amount (\$000's)	Southern Portfolio Cost Differential Adjustment (\$GJ)(1)	Deferral Amount Before Interest (\$000's)	Adjustments (\$000's)	Total Deferral Before Interest (\$000's)	Interest (\$000's) (2)	Total Deferral Amount (\$000's)
		(a)	(b)	(c) = (a)/(b)	(d)	(e) = (c) - (d)	(f) = (b) x (e)	(g)	(h) = (f) + (g)	(i)	(j) = (h) + (i)	(k)	(l) = (j) + (k)
1	Cumulative to end of March, 2013						\$ (667,938)	\$ 285,903	\$ (382,035)	\$ 4,558	\$ (377,477)	\$ (1,710)	\$ (379,188)
2	April, 2013	\$ 49,906	10,269,046	\$ 4.860	\$ 5.443	\$ (0.583)	\$ (5,988)	\$ 9,872	\$ 3,884	\$ -	\$ 3,884	\$ 36	\$ 3,920
3	May	\$ 47,471	9,875,166	\$ 4.807	\$ 5.443	\$ (0.636)	\$ (6,279)	\$ 10,201	\$ 3,922	\$ -	\$ 3,922	\$ 48	\$ 3,969
4	June	\$ 49,094	9,862,558	\$ 4.978	\$ 5.443	\$ (0.465)	\$ (4,588)	\$ 9,872	\$ 5,284	\$ -	\$ 5,284	\$ 46	\$ 5,330
5	July, 2013	\$ 49,090	11,276,382	\$ 4.353	\$ 5.910	\$ (1.557)	\$ (17,554)	\$ 9,173	\$ (8,380)	\$ -	\$ (8,380)	\$ 47	\$ (8,333)
6	August	\$ 48,979	11,901,187	\$ 4.115	\$ 5.910	\$ (1.795)	\$ (21,357)	\$ 9,173	\$ (12,184)	\$ -	\$ (12,184)	\$ 28	\$ (12,156)
7	September	\$ 39,754	9,972,943	\$ 3.986	\$ 5.910	\$ (1.924)	\$ (19,186)	\$ 8,877	\$ (10,309)	\$ -	\$ (10,309)	\$ 4	\$ (10,304)
8	October, 2013	\$ 36,599	9,156,764	\$ 3.997	\$ 4.771	\$ (0.774)	\$ (7,088)	\$ 4,315	\$ (2,774)	\$ -	\$ (2,774)	\$ (16)	\$ (2,789)
9	November	\$ 42,301	9,644,216	\$ 4.386	\$ 4.771	\$ (0.385)	\$ (3,712)	\$ 6,451	\$ 2,739	\$ -	\$ 2,739	\$ (18)	\$ 2,721
10	December	\$ 45,425	9,884,993	\$ 4.595	\$ 4.771	\$ (0.176)	\$ (1,736)	\$ 6,590	\$ 4,854	\$ -	\$ 4,854	\$ (12)	\$ 4,842
11	January, 2014	\$ 96,935	18,535,471	\$ 5.230	\$ 4.868	\$ 0.362	\$ 6,704	\$ 5,395	\$ 12,099	\$ -	\$ 12,099	\$ 3	\$ 12,102
12	February	\$ 137,126	19,784,803	\$ 6.931	\$ 4.868	\$ 2.063	\$ 40,813	\$ 4,873	\$ 45,686	\$ -	\$ 45,686	\$ 3	\$ 45,690
13	March	\$ 115,349	14,200,967	\$ 8.123	\$ 4.868	\$ 3.255	\$ 46,219	\$ 5,395	\$ 51,614	\$ -	\$ 51,614	\$ 3	\$ 51,618
14	Total (Lines 1 to 13)	\$ 758,029	144,364,496				\$ (661,689)	\$ 376,089	\$ (285,600)	\$ 4,558	\$ (281,043)	\$ (1,536)	\$ (282,578)
<u>Current QRAM Period</u>													
15	April, 2014	\$ 56,251	9,812,023	\$ 5.733	\$ 6.171	\$ (0.438)	\$ (4,299)	\$ 5,673	\$ 1,374	\$ -	\$ 1,374	\$ -	\$ 1,374
16	May	\$ 55,508	10,139,197	\$ 5.475	\$ 6.171	\$ (0.696)	\$ (7,061)	\$ 5,862	\$ (1,199)	\$ -	\$ (1,199)	\$ -	\$ (1,199)
17	June	\$ 53,629	9,809,802	\$ 5.467	\$ 6.171	\$ (0.704)	\$ (6,907)	\$ 5,673	\$ (1,235)	\$ -	\$ (1,235)	\$ -	\$ (1,235)
18	July, 2014	\$ 55,300	10,136,945	\$ 5.455	\$ 6.171	\$ (0.716)	\$ (7,255)	\$ 5,862	\$ (1,393)	\$ -	\$ (1,393)	\$ -	\$ (1,393)
19	August	\$ 55,573	10,135,819	\$ 5.483	\$ 6.171	\$ (0.688)	\$ (6,975)	\$ 5,862	\$ (1,113)	\$ -	\$ (1,113)	\$ -	\$ (1,113)
20	September	\$ 53,481	9,806,424	\$ 5.454	\$ 6.171	\$ (0.717)	\$ (7,035)	\$ 5,673	\$ (1,362)	\$ -	\$ (1,362)	\$ -	\$ (1,362)
21	October, 2014	\$ 55,631	10,133,567	\$ 5.490	\$ 6.171	\$ (0.681)	\$ (6,903)	\$ 5,862	\$ (1,041)	\$ -	\$ (1,041)	\$ -	\$ (1,041)
22	November	\$ 53,680	9,551,335	\$ 5.620	\$ 6.171	\$ (0.551)	\$ (5,262)	\$ 5,673	\$ 411	\$ -	\$ 411	\$ -	\$ 411
23	December	\$ 56,050	9,870,051	\$ 5.679	\$ 6.171	\$ (0.492)	\$ (4,858)	\$ 5,862	\$ 1,003	\$ -	\$ 1,003	\$ -	\$ 1,003
24	January, 2015	\$ 56,944	9,870,051	\$ 5.769	\$ 6.171	\$ (0.402)	\$ (3,964)	\$ 5,862	\$ 1,898	\$ -	\$ 1,898	\$ -	\$ 1,898
25	February	\$ 51,727	8,910,526	\$ 5.805	\$ 6.171	\$ (0.366)	\$ (3,259)	\$ 5,294	\$ 2,035	\$ -	\$ 2,035	\$ -	\$ 2,035
26	March	\$ 55,669	9,870,051	\$ 5.640	\$ 6.171	\$ (0.531)	\$ (5,239)	\$ 5,862	\$ 623	\$ -	\$ 623	\$ -	\$ 623
27	Total (Lines 15 to 26)	\$ 659,443	118,045,790				\$ (69,017)	\$ 69,017	\$ (0)	\$ -	\$ (0)	\$ -	\$ (0)

* Reflects actual information.

Notes:

- (1) The reference price from April 2013 to June 2013 is as approved in EB-2013-0033.
 The reference price from July 2013 to September 2013 is as approved in EB-2013-0215.
 The reference price from October 2013 to December 2013 is as approved in EB-2013-0316.
 The reference price from January 2014 to March 2014 is as approved in EB-2013-0413.
 The reference price from April 2014 to March 2015 is as proposed in EB-2014-0050.
- (2) Interest is computed on the deferral amount balance net of the actual prospective recovery amount for the quarter prior to the current QRAM period.

UNION GAS LIMITED
Deferral Account for
Inventory Revaluation
(Deferral Account 179-109)

Line No.	Effective Date	Proceeding Number	Reference Price (C\$/GJ)		Inventory Levels Forecast/Actual (PJ) (c)	Inventory Revaluation Forecast/Actual (\$000's) (1) (d) = -(b) x (c)	Interest (\$000's) (2) (e)	Total Deferral Amount (\$000's) (f) = (d) + (e)
			Approved/Proposed (\$/GJ) (a)	Price Difference from Previous Approved Price (\$/GJ) (b)				
1	Cumulative to end of March, 2013					\$ 123,338	\$ 958	\$ 124,297
2	April, 2013	* EB-2013-0033	\$ 5.443	\$ (0.123)	3.1	\$ 789	\$ (14)	\$ 775
3	May	*					\$ (10)	\$ (10)
4	June	*					\$ (9)	\$ (9)
5	July, 2013	* EB-2013-0215	\$ 5.910	\$ 0.467	16.8	\$ (8,142)	\$ (8)	\$ (8,149)
6	August	*					\$ (16)	\$ (16)
7	September	*					\$ (15)	\$ (15)
8	October, 2013	* EB-2013-0316	\$ 4.771	\$ (1.139)	46.3	\$ 52,876	\$ (14)	\$ 52,863
9	November	*					\$ 49	\$ 49
10	December	*					\$ 45	\$ 45
11	January, 2014	* EB-2013-0413	\$ 4.868	\$ 0.097	29.7	\$ (3,308)	\$ 37	\$ (3,271)
12	February						\$ 37	\$ 37
13	March						\$ 37	\$ 37
14	Total (Lines 1 to 13)					\$ 165,554	\$ 1,078	\$ 166,632
<u>Current QRAM Period</u>								
15	April, 2014	EB-2014-0050	\$ 6.171	\$ 1.303	6.1	\$ (7,918)	\$ -	\$ (7,918)
16	May						\$ -	\$ -
17	June						\$ -	\$ -
18	July, 2014					\$ -	\$ -	\$ -
19	August						\$ -	\$ -
20	September						\$ -	\$ -
21	October, 2014					\$ -	\$ -	\$ -
22	November						\$ -	\$ -
23	December						\$ -	\$ -
24	January, 2015					\$ -	\$ -	\$ -
25	February						\$ -	\$ -
26	March						\$ -	\$ -
27	Total (Lines 15 to 26)					\$ (7,918)	\$ -	\$ (7,918)

* Reflects actual information

Notes:

(1) Includes adjustments for volume true-ups.

(2) Interest is computed on the deferral amount balance net of the actual prospective recovery amount for the quarter prior to the current QRAM period.

UNION GAS LIMITED
Deferral Account for
Spot Gas Variance Account
(Deferral Account 179-107)

Line No.	Particulars	Spot Gas Purchases			Load Balancing					
		Deferral Amount Before Interest (\$000's)	Interest (\$000's) (1)	Deferral Balance (\$000's)	Load Balancing Deferral (\$000's)	North Load Balancing Revenue (\$000's)	South Load Balancing Revenue (\$000's)	Deferral Amount Before Interest (\$000's)	Interest (\$000's) (1)	Deferral Balance (\$000's)
		(a)	(b)	(c) = (a) + (b)	(d)	(e)	(f)	(g) = (d) + (e) + (f)	(h)	(i) = (g) + (h)
1	Cumulative to end of March, 2013	\$ (7,221)	\$ (64)	\$ (7,287)	\$ (48)	\$ -	\$ -	\$ (48)	\$ 52	\$ 5
2	April, 2013	* \$ -	\$ 0	\$ 0	\$ -	\$ -	\$ -	\$ -	\$ 0	\$ 0
3	May	* \$ -	\$ 0	\$ 0	\$ -	\$ -	\$ -	\$ -	\$ 0	\$ 0
4	June	* \$ -	\$ 0	\$ 0	\$ -	\$ -	\$ -	\$ -	\$ 0	\$ 0
5	July, 2013	* \$ -	\$ 0	\$ 0	\$ -	\$ -	\$ -	\$ -	\$ 0	\$ 0
6	August	* \$ -	\$ 0	\$ 0	\$ -	\$ -	\$ -	\$ -	\$ 0	\$ 0
7	September	* \$ -	\$ 0	\$ 0	\$ -	\$ -	\$ -	\$ -	\$ 0	\$ 0
8	October, 2013	* \$ -	\$ 0	\$ 0	\$ -	\$ -	\$ -	\$ -	\$ 0	\$ 0
9	November	* \$ -	\$ 0	\$ 0	\$ -	\$ -	\$ -	\$ -	\$ 0	\$ 0
10	December	* \$ 0	\$ 0	\$ 0	\$ -	\$ -	\$ -	\$ -	\$ 0	\$ 0
11	January, 2014	\$ (486)	\$ -	\$ (486)	\$ 970	\$ -	\$ -	\$ 970	\$ -	\$ 970
12	February	\$ (440)	\$ -	\$ (440)	\$ 3,277	\$ -	\$ -	\$ 3,277	\$ -	\$ 3,277
13	March	\$ (760)	\$ -	\$ (760)	\$ 3,965	\$ -	\$ -	\$ 3,965	\$ -	\$ 3,965
14	Total (Lines 1 to 13)	\$ (8,906)	\$ (61)	\$ (8,969)	\$ 8,165	\$ -	\$ -	\$ 8,165	\$ 55	\$ 8,220
Current QRAM Period										
15	April, 2014	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
16	May	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
17	June	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
18	July, 2014	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
19	August	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
20	September	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
21	October, 2014	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
22	November	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
23	December	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
24	January, 2015	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
25	February	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
26	March	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
27	Total (Lines 15 to 26)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

* Reflects actual information.

Notes:

(1) Interest is computed on the deferral amount balance net of the actual prospective recovery amount for the quarter prior to the current QRAM period.

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PREFILED EVIDENCE OF
GREG TETREULT, MANAGER, RATES AND PRICING
AND
HAROLD PANKRAC, TEAM LEADER, RATES AND PRICING

The purpose of this evidence is to address proposed changes to Union’s gas supply commodity, gas transportation, storage, and delivery rates effective April 1, 2014.

1. REFERENCE PRICES

The unit rate changes applicable to both operating areas, which reflect an increase in the Alberta Border Reference Price to \$4.493/GJ (17.2037 cents/m³) and the change in associated fuel, are provided at Tab 2, Schedule 1. The Ontario Landed Reference Price is \$6.171/GJ (23.6288 cents/m³) and appears at Tab 1, Schedule 1. The South Portfolio Cost Differential ("SPCD") and the South gas supply optimization margin credit described at Tab 1, page 3, results in a South Transportation sales rate of \$0.901 /GJ (3.4499 cents/m³). Proposed April 1, 2014 prices reflect the heat value conversion factor of 38.29 GJ/10³m³ and current fuel ratios.

2. COST OF GAS IN DELIVERY RATES

As determined in the Board’s EB-2013-0413 Rate Order, dated December 19, 2013, the cost of gas included in Union’s delivery rates for compressor fuel, unaccounted for gas and inventory carrying costs is 18.5325 cents/m³ effective January 1, 2014. Effective April 1, 2014, the

1 proposed cost of gas included in delivery rates for these items is the Ontario Landed Reference
2 Price of 23.6288 cents/m³ which represents an increase of 5.0963 cents/m³.

3

4 Union proposes to allocate the increase in the cost of gas in delivery rates to rate classes in
5 proportion to the approved 2013 allocation of compressor fuel, unaccounted for gas and
6 inventory carrying costs. The calculation of the annual cost impacts and the allocation to in-
7 franchise and ex-franchise rate classes is provided at Tab 2, Schedule 4.

8

9 **3. RATE RIDERS**

10 In addition to the forecast reference price changes identified above, changes to previously
11 approved rate riders are required to reflect quarterly updates to gas cost deferral account
12 balances. Each quarter Union projects the balance expected in each gas cost deferral account
13 over the next 12 month period. In addition, Union tracks recovery variances (differences between
14 what Union intended to recover in previous rate riders and what was actually recovered). Each
15 quarter Union includes that variance in the rate riders established for the next 12 month period.
16 Rates are changed automatically every quarter to reflect updated projected deferral account
17 balances and historical recovery variances.

18

19 A summary of deferral account activity and proposed rate rider unit rate changes are provided at
20 Tab 2, Schedule 2, Page 1. Projected deferral account balances (lines 1 to 3) are compared to
21 previously projected balances (line 4) in each gas cost deferral account and variances are

1 identified (line 5). In addition, the difference between what was actually recovered in previous
2 rate riders and what Union intended to recover is identified (line 6). This is the difference
3 between forecast and actual volumes (last three months of actual volumes) multiplied by the
4 previously approved rate riders. The net amount to be recovered prospectively (line 7) is the
5 amount which has not been included in rate riders to date. The unit rate rider change in the
6 current QRAM (line 9) is the net amount in each gas cost deferral account prospectively
7 recovered over forecast consumption in the next twelve months (line 8).

8
9 In total, the change in gas cost-related deferrals in the current QRAM is a net charge of \$136.844
10 million. This amount excludes the balance in the Joint Unabsorbed Demand Costs Account
11 (Account No. 179-108) which is not prospectively recovered as per the current approved QRAM
12 process.

13
14 For each deferral account, the last line of Tab 2, Schedule 3 shows the net prospective rider for
15 the current QRAM period. The net prospective rider includes: (i) the introduction of the unit rate
16 change calculated at Tab 2, Schedule 2, Page 1, line 9 and (ii) the elimination of expiring riders
17 which have been in place for 12 months.

18

19 **3.1 RATE RIDERS: SPOT GAS ACCOUNT/LOAD BALANCING**

20 As identified at Tab 1, page 9, the incremental gas purchased for North sales service and bundled
21 DP customers recorded in the Spot Gas Variance Account is \$6.5 million. Tab 1, pages 11 -12

1 identify Union's incremental purchases give rise to a credit balance of \$1.7 million in the Spot
2 Gas Variance Account and a charge of \$8.2 million related to load balancing. The credit balance
3 of \$1.7 million will be recovered from North sales service customers only, while the load
4 balancing charge of \$8.2 million will be recovered from North sales service and bundled DP
5 customers.

6
7 The incremental cost of \$51.8 million related to Union South is recorded as a debit in the Union
8 South Purchased Gas Variance Account and will be recovered from Union South sales service
9 customers only.

10

11 **4. SUMMARY OF PROPOSED RATE CHANGES**

12 The proposed changes to rates (Appendix A), rate schedules (Appendix B), and the summary of
13 interruptible rate changes (Appendix C) are attached. The unit rates for prospective recovery of
14 the gas cost deferral accounts are provided at Tab 2, Schedule 6 (column c).

15

16 **5. CUSTOMER BILL IMPACTS**

17 General Service annual customer bill impacts (including the prospective recovery of deferral
18 account balances outlined at Tab 2, Schedule 2) are provided at Tab 2, Schedule 5. The bill
19 impacts shown at Tab 2, Schedule 5 reflect (i) the introduction of April 1, 2014 proposed QRAM
20 changes detailed above and (ii) the elimination of expiring April 1, 2013 prospective QRAM
21 riders.

1

2 A typical M1 residential customer consuming 2,200 m³ per year will see a net bill increase of
3 \$199.32 per year. A typical bundled M1 direct purchase customer will see a net bill increase of
4 \$1.97 per year. A typical Rate 01 residential customer consuming 2,200 m³ per year will see a
5 net bill increase ranging from \$187.84 to \$189.66 per year. A typical bundled Rate 01 direct
6 purchase customer will see a net bill increase ranging from \$33.63 to \$33.66 per year.

7

8 **6. CUSTOMER NOTICES**

9 Customer notices that accompany the April 1, 2014 bills will reflect the bill impacts arising from
10 the QRAM changes identified above.

11

UNION GAS LIMITED
Union South
Calculation of Gas Supply Commodity Charges

Line No.	Particulars	EB-2013-0413 Effective January 01, 2014		EB-2014-0050 Effective April 01, 2014		Change Effective April 01, 2014	
		(cents/m ³) (a)	(\$/GJ) (1) (b)	(cents/m ³) (c)	(\$/GJ) (1) (d)	(cents/m ³) (e) = (c) - (a)	(\$/GJ) (f) = (d) - (b)
1	Alberta Border Price	12.3156	3.235	17.2037	4.493 (2)	4.8881	1.258
2	Fuel Ratios	2.848%	2.848%	3.044%	3.044%	0.197%	0.197%
3	Compressor Fuel Charge	0.3507	0.092	0.5237	0.137	0.1730	0.045
4	Administration Charge	0.1933	0.051	0.1933	0.050	-	(0.001)
5	Gas Commodity & Fuel Rate (line 1+3+4)	12.8596	3.378	17.9207	4.680	5.0611	1.302
<u>Prospective Recovery</u>							
6	Inventory Revaluations	1.2913	0.339	0.9156	0.239	(0.3757) (3)	(0.100)
7	Spot Gas	-	-	-	-	- (4)	-
8	Firm PGVA	(0.8457)	(0.222)	3.5531	0.928	4.3988 (5)	1.150
9	Prospective Recovery (line 6+7+8)	0.4456	0.117	4.4687	1.167	4.0231	1.050
10	Total Commodity and Fuel Rate (line 5+9)	13.3052	3.495	22.3894	5.847	9.0842	2.352
11	Transportation Tolls	3.5634	0.936	3.4499	0.901 (6)	(0.1135)	(0.035)
12	Total Commodity & Fuel & Transportation Rate (line 10+11)	16.8686	4.431	25.8393	6.748	8.9707	2.317

Notes:

- (1) Conversion to GJs based on avg. heating value of Western suppliers of 38.29 GJ / 10³m³.
- (2) EB-2014-0050, Tab 1, Schedule 1, Line 9.
- (3) EB-2014-0050, Tab 2, Schedule 6, Page 1 of 3, less the expiry of April 2013 Prospective Recovery credit of 0.0242 cents/m³.
- (4) EB-2014-0050, Tab 2, Schedule 6, Page 1 of 3, less the expiry of April 2013 Prospective Recovery of 0.0000 cents/m³.
- (5) EB-2014-0050, Tab 2, Schedule 6, Page 1 of 3, less the expiry of April 2013 Prospective Recovery credit of (0.3610) cents/m³.
- (6) EB-2014-0050, Tab 1, Schedule 2, Line 8.
- (7) Excludes Temporary Charges/(Credits) which are found in Appendix A.

UNION GAS LIMITED
 Union North
 Calculation of Gas Commodity and Fuel
Fort Frances District

Line No.	Description	EB-2013-0413		EB-2014-0050		Change	
		Effective January 01, 2014 (cents/m ³) (a)	(\$/GJ) (5) (b)	Effective April 01, 2014 (cents/m ³) (c)	(\$/GJ) (5) (d)	Effective April 01, 2014 (cents/m ³) (e) = (c)-(a)	(\$/GJ) (f) = (d)-(b)
Rates 01A & 10							
1	Alberta Border Price	12.3156	3.235	17.2037	4.493	4.8881	1.258
2	Fuel ratios	0.904%	0.904%	1.213%	1.213%	0.309%	0.309%
3	Compressor Fuel Charge	0.1114	0.029	0.2087	0.055	0.0973	0.026
4	Administration Charge	0.1933	0.051	0.1933	0.050	-	(0.001)
5	Gas Commodity & Fuel Rate (line 1+3+4)	12.6203	3.315	17.6057	4.598	4.9854	1.283
<u>Prospective Recovery</u>							
6	Inventory Revaluations	1.2913	0.339	0.9156	0.239	(0.3757) (1)	(0.100)
7	Spot Gas	(0.0003)	-	(0.1823)	(0.048)	(0.1820) (2)	(0.048)
8	Firm PGVA	(1.1945)	(0.314)	1.2633	0.330	2.4578 (3)	0.644
9	Fuel	(0.1056)	(0.028)	0.0187	0.005	0.1243 (4)	0.033
10	Total Prospective Recovery (line 6+7+8+9)	(0.0091)	(0.003)	2.0153	0.526	2.0244	0.529
11	Total Commodity and Fuel Rate (line 5+10)	12.6112	3.312	19.6210	5.124	7.0098	1.812
Rates 20 & 100 (6)							
12	Alberta Border Price	12.2574	3.235	17.0240	4.493	4.7666	1.258
13	Fuel ratios	0.904%	0.904%	1.213%	1.213%	0.309%	0.309%
14	Compressor Fuel Charge	0.1108	0.029	0.2066	0.055	0.0958	0.026
15	Administration Charge	0.1933	0.051	0.1933	0.051	-	-
16	Gas Commodity & Fuel Rate (line 12+14+15)	12.5615	3.315	17.4239	4.599	4.8624	1.284
<u>Prospective Recovery</u>							
17	Inventory Revaluations	1.2913	0.339	0.9156	0.239	(0.3757) (1)	(0.100)
18	Spot Gas	(0.0003)	-	(0.1823)	(0.048)	(0.1820) (2)	(0.048)
19	Firm PGVA	(1.1945)	(0.314)	1.2633	0.330	2.4578 (3)	0.644
20	Fuel	(0.1056)	(0.028)	0.0187	0.005	0.1243 (4)	0.033
21	Total Prospective Recovery (line 17+18+19+20)	(0.0091)	(0.003)	2.0153	0.526	2.0244	0.529
22	Total Commodity and Fuel Rate (line 16+21)	12.5524	3.312	19.4392	5.125	6.8868	1.813

Notes:

- (1) EB-2014-0050, Tab 2, Schedule 6, Page 1 of 3, less the expiry of April 2013 Prospective Recovery credit of 0.0242 cents/m³.
- (2) EB-2014-0050, Tab 2, Schedule 6, Page 1 of 3, less the expiry of April 2013 Prospective Recovery of 0.0000 cents/m³.
- (3) EB-2014-0050, Tab 2, Schedule 6, Page 1 of 3, less the expiry of April 2013 Prospective Recovery charge of (0.4951) cents/m³.
- (4) EB-2014-0050, Tab 2, Schedule 6, Page 1 of 3, less the expiry of April 2013 Prospective Recovery charge of 0.0137 cents/m³.
- (5) Conversion to GJs based on 38.29 GJ / 10³m³.
- (6) Conversion to GJs based on 37.89 GJ / 10³m³.
- (7) Excludes Temporary Charges/(Credits) which are found in Appendix A.

UNION GAS LIMITED
Union North
Calculation of Gas Commodity and Fuel
Western Zone

Line No.	Description	EB-2013-0413		EB-2014-0050		Change	
		Effective January 01, 2014	Effective January 01, 2014	Effective April 01, 2014	Effective April 01, 2014	Effective April 01, 2014	Effective April 01, 2014
		(cents/m ³)	(\$/GJ) (5)	(cents/m ³)	(\$/GJ) (5)	(cents/m ³)	(\$/GJ)
		(a)	(b)	(c)	(d)	(e) = (c)-(a)	(f) = (d)-(b)
Rates 01A & 10							
1	Alberta Border Price	12.3156	3.235	17.2037	4.493	4.8881	1.258
2	Fuel ratios	1.461%	1.461%	1.622%	1.622%	0.161%	0.161%
3	Compressor Fuel Charge	0.1799	0.047	0.2790	0.073	0.0991	0.026
4	Administration Charge	0.1933	0.051	0.1933	0.050	-	(0.001)
5	Gas Commodity & Fuel Rate (line 1+3+4)	12.6888	3.333	17.6760	4.616	4.9872	1.283
<u>Prospective Recovery</u>							
6	Inventory Revaluations	1.2913	0.339	0.9156	0.239	(0.3757) (1)	(0.100)
7	Spot Gas	(0.0003)	-	(0.1823)	(0.048)	(0.1820) (2)	(0.048)
8	Firm PGVA	(1.1945)	(0.314)	1.2633	0.330	2.4578 (3)	0.644
9	Fuel	(0.1056)	(0.028)	0.0187	0.005	0.1243 (4)	0.033
10	Total Prospective Recovery (line 6+7+8+9)	(0.0091)	(0.003)	2.0153	0.526	2.0244	0.529
11	Total Commodity and Fuel Rate (line 5+10)	12.6797	3.330	19.6913	5.142	7.0116	1.812
Rates 20 & 100 (6)							
12	Alberta Border Price	12.2574	3.235	17.0240	4.493	4.7666	1.258
13	Fuel ratios	1.461%	1.461%	1.622%	1.622%	0.161%	0.161%
14	Compressor Fuel Charge	0.1791	0.047	0.2761	0.073	0.0970	0.026
15	Administration Charge	0.1933	0.051	0.1933	0.051	-	(0.0010)
16	Gas Commodity & Fuel Rate (line 12+14+15)	12.6298	3.333	17.4934	4.617	4.8636	1.283
<u>Prospective Recovery</u>							
17	Inventory Revaluations	1.2913	0.339	0.9156	0.239	(0.3757) (1)	(0.100)
18	Spot Gas	(0.0003)	-	(0.1823)	(0.048)	(0.1820) (2)	(0.048)
19	Firm PGVA	(1.1945)	(0.314)	1.2633	0.330	2.4578 (3)	0.644
20	Fuel	(0.1056)	(0.028)	0.0187	0.005	0.1243 (4)	0.033
21	Total Prospective Recovery (line 17+18+19+20)	(0.0091)	(0.003)	2.0153	0.526	2.0244	0.529
22	Total Commodity and Fuel Rate (line 16+21)	12.6207	3.330	19.5087	5.143	6.8880	1.812

Notes:

- (1) EB-2014-0050, Tab 2, Schedule 6, Page 1 of 3, less the expiry of April 2013 Prospective Recovery credit of 0.0242 cents/m³.
- (2) EB-2014-0050, Tab 2, Schedule 6, Page 1 of 3, less the expiry of April 2013 Prospective Recovery of 0.0000 cents/m³.
- (3) EB-2014-0050, Tab 2, Schedule 6, Page 1 of 3, less the expiry of April 2013 Prospective Recovery charge of (0.4951) cents/m³.
- (4) EB-2014-0050, Tab 2, Schedule 6, Page 1 of 3, less the expiry of April 2013 Prospective Recovery charge of 0.0137 cents/m³.
- (5) Conversion to GJs based on 38.29 GJ / 10³m³.
- (6) Conversion to GJs based on 37.89 GJ / 10³m³.
- (7) Excludes Temporary Charges/(Credits) which are found in Appendix A.

UNION GAS LIMITED
Union North
Calculation of Gas Commodity and Fuel
Northern Zone

Line No.	Description	EB-2013-0413		EB-2014-0050		Change	
		Effective January 01, 2014		Effective April 01, 2014		Effective April 01, 2014	
		(cents/m ³)	(\$/GJ) (5)	(cents/m ³)	(\$/GJ) (5)	(cents/m ³)	(\$/GJ)
		(a)	(b)	(c)	(d)	(e) = (c)-(a)	(f) = (d)-(b)
Rates 01A & 10							
1	Alberta Border Price	12.3156	3.235	17.2037	4.493	4.8881	1.258
2	Fuel ratios	2.229%	2.229%	2.442%	2.442%	0.213%	0.213%
3	Compressor Fuel Charge	0.2745	0.072	0.4201	0.110	0.1456	0.038
4	Administration Charge	0.1933	0.051	0.1933	0.050	-	(0.0010)
5	Gas Commodity & Fuel Rate (line 1+3+4)	12.7834	3.358	17.8171	4.653	5.0337	1.295
<u>Prospective Recovery</u>							
6	Inventory Revaluations	1.2913	0.339	0.9156	0.239	(0.3757) (1)	(0.100)
7	Spot Gas	(0.0003)	-	(0.1823)	(0.048)	(0.1820) (2)	(0.048)
8	Firm PGVA	(1.1945)	(0.314)	1.2633	0.330	2.4578 (3)	0.644
9	Fuel	(0.1056)	(0.028)	0.0187	0.005	0.1243 (4)	0.033
10	Total Prospective Recovery (line 6+7+8+9)	(0.0091)	(0.003)	2.0153	0.526	2.0244	0.529
11	Total Commodity and Fuel Rate (line 5+10)	12.7743	3.355	19.8324	5.179	7.0581	1.824
Rates 20 & 100 (6)							
12	Alberta Border Price	12.2574	3.235	17.0240	4.493	4.7666	1.258
13	Fuel ratios	2.229%	2.229%	2.442%	2.442%	0.213%	0.213%
14	Compressor Fuel Charge	0.2732	0.072	0.4157	0.110	0.1425	0.038
15	Administration Charge	0.1933	0.051	0.1933	0.051	-	-
16	Gas Commodity & Fuel Rate (line 12+14+15)	12.7239	3.358	17.6330	4.654	4.9091	1.296
<u>Prospective Recovery</u>							
17	Inventory Revaluations	1.2913	0.339	0.9156	0.239	(0.3757) (1)	(0.100)
18	Spot Gas	(0.0003)	-	(0.1823)	(0.048)	(0.1820) (2)	(0.048)
19	Firm PGVA	(1.1945)	(0.314)	1.2633	0.330	2.4578 (3)	0.644
20	Fuel	(0.1056)	(0.028)	0.0187	0.005	0.1243 (4)	0.033
21	Total Prospective Recovery (line 17+18+19+20)	(0.0091)	(0.003)	2.0153	0.526	2.0244	0.529
22	Total Commodity and Fuel Rate (line 16+21)	12.7148	3.355	19.6483	5.180	6.9335	1.825

Notes:

- (1) EB-2014-0050, Tab 2, Schedule 6, Page 1 of 3, less the expiry of April 2013 Prospective Recovery credit of 0.0242 cents/m³.
- (2) EB-2014-0050, Tab 2, Schedule 6, Page 1 of 3, less the expiry of April 2013 Prospective Recovery of 0.0000 cents/m³.
- (3) EB-2014-0050, Tab 2, Schedule 6, Page 1 of 3, less the expiry of April 2013 Prospective Recovery charge of (0.4951) cents/m³.
- (4) EB-2014-0050, Tab 2, Schedule 6, Page 1 of 3, less the expiry of April 2013 Prospective Recovery charge of 0.0137 cents/m³.
- (5) Conversion to GJs based on 38.29 GJ / 10³m³.
- (6) Conversion to GJs based on 37.89 GJ / 10³m³.
- (7) Excludes Temporary Charges/(Credits) which are found in Appendix A.

UNION GAS LIMITED
Union North
Calculation of Gas Commodity and Fuel
Eastern Zone

Line No.	Description	EB-2013-0413 Effective January 01, 2014		EB-2014-0050 Effective April 01, 2014		Change Effective April 01, 2014	
		(cents/m ³) (a)	(\$/GJ) (5) (b)	(cents/m ³) (c)	(\$/GJ) (5) (d)	(cents/m ³) (e) = (c)-(a)	(\$/GJ) (f) = (d)-(b)
Rates 01A & 10							
1	Alberta Border Price	12.3156	3.235	17.2037	4.493	4.8881	1.258
2	Fuel ratios	2.874%	2.874%	3.100%	3.100%	0.227%	0.227%
3	Compressor Fuel Charge	0.3539	0.093	0.5334	0.139	0.1795	0.046
4	Administration Charge	0.1933	0.051	0.1933	0.050	-	(0.001)
5	Gas Commodity & Fuel Rate (line 1+3+4)	12.8628	3.379	17.9304	4.682	5.0676	1.303
<u>Prospective Recovery</u>							
6	Inventory Revaluations	1.2913	0.339	0.9156	0.239	(0.3757) (1)	(0.100)
7	Spot Gas	(0.0003)	-	(0.1823)	(0.048)	(0.1820) (2)	(0.048)
8	Firm PGVA	(1.1945)	(0.314)	1.2633	0.330	2.4578 (3)	0.644
9	Fuel	(0.1056)	(0.028)	0.0187	0.005	0.1243 (4)	0.033
10	Total Prospective Recovery (line 6+7+8+9)	(0.0091)	(0.003)	2.0153	0.526	2.0244	0.529
11	Total Commodity and Fuel Rate (line 5+10)	12.8537	3.376	19.9457	5.208	7.0920	1.832
Rates 20 & 100 (6)							
12	Alberta Border Price	12.2574	3.235	17.0240	4.493	4.7666	1.258
13	Fuel ratios	2.874%	2.874%	3.100%	3.100%	0.227%	0.227%
14	Compressor Fuel Charge	0.3522	0.093	0.5278	0.139	0.1756	0.046
15	Administration Charge	0.1933	0.051	0.1933	0.051	-	-
16	Gas Commodity & Fuel Rate (line 12+14+15)	12.8029	3.379	17.7451	4.683	4.9422	1.304
<u>Prospective Recovery</u>							
17	Inventory Revaluations	1.2913	0.339	0.9156	0.239	(0.3757) (1)	(0.100)
18	Spot Gas	(0.0003)	-	(0.1823)	(0.048)	(0.1820) (2)	(0.048)
19	Firm PGVA	(1.1945)	(0.314)	1.2633	0.330	2.4578 (3)	0.644
20	Fuel	(0.1056)	(0.028)	0.0187	0.005	0.1243 (4)	0.033
21	Total Prospective Recovery (line 17+18+19+20)	(0.0091)	(0.003)	2.0153	0.526	2.0244	0.529
22	Total Commodity and Fuel Rate (line 16+21)	12.7938	3.376	19.7604	5.209	6.9666	1.833

Notes:

- (1) EB-2014-0050, Tab 2, Schedule 6, Page 1 of 3, less the expiry of April 2013 Prospective Recovery credit of 0.0242 cents/m³.
- (2) EB-2014-0050, Tab 2, Schedule 6, Page 1 of 3, less the expiry of April 2013 Prospective Recovery of 0.0000 cents/m³.
- (3) EB-2014-0050, Tab 2, Schedule 6, Page 1 of 3, less the expiry of April 2013 Prospective Recovery charge of (0.4951) cents/m³.
- (4) EB-2014-0050, Tab 2, Schedule 6, Page 1 of 3, less the expiry of April 2013 Prospective Recovery charge of 0.0137 cents/m³.
- (5) Conversion to GJs based on 38.29 GJ / 10³m³.
- (6) Conversion to GJs based on 37.89 GJ / 10³m³.
- (7) Excludes Temporary Charges/(Credits) which are found in Appendix A.

UNION GAS LIMITED
Summary of Amounts for Prospective Recovery and
Unit Changes to Prospective Rate Riders

Line No.		NPGVA (a)	North Tolls (b)	North Fuel (c)	SPGVA (d)	Inventory Revaluation (e)	Load Balancing (f)	Spot Gas Purchases (g)	Total (h)
<u>Deferral Account Balance Continuity (\$000's)</u>									
1	Cumulative to April 1, 2014	(222,318)	12,049	1,588	(555,122)	112,923	(3,418)	(8,657)	(662,955)
2	Forecast Balance: Next 12 months	0	4,776	131	(0)	(7,918)	-	-	(3,011)
3	Total Balance - Current QRAM	(222,318)	16,825	1,719	(555,122)	105,005	(3,418)	(8,657)	(665,966)
4	Total Balance - Previous QRAM	(240,237)	13,650	505	(673,045)	112,199	(11,632)	(6,973)	(805,533)
5	Deferral Account Balance Variance	17,919	3,175	1,214	117,923	(7,194)	8,214	(1,684)	139,567
6	Prospective Recovery Variance	240	561	63	2,997	(6,585)	0	0	(2,723)
7	Net Amount for Prospective Recovery	<u>18,159</u>	<u>3,736</u>	<u>1,277</u>	<u>120,920</u>	<u>(13,778)</u>	<u>8,214</u>	<u>(1,684)</u>	<u>136,844</u>
<u>Prospective Rate Rider Changes</u>									
8	Forecast Billing Units (10 ³ m ³)	925,217	1,334,800	925,217	2,994,724	3,919,940	Class	925,217	
9	Unit Rate Change (cents/m ³)	1.9627	0.2799	0.1380	4.0378	(0.3515)	Specific	(0.1820)	

Notes:

- (1) Balance in each deferral account at April 1, 2014. Balances at Tab 2, Schedule 3, Line 9 - Line 1.
- (2) Next 12 months forecast for each deferral account. Balances at Tab 1, Schedule 3, Page 1, line 27.
- (3) Projected balance in each deferral account for the current QRAM period. Line 3 = Line 1 + Line 2.
- (4) Balances approved for prospective recovery in the previous QRAM, ie. EB-2013-0413.
- (5) The deferral amount for recovery/(refund) which has not been included in previously approved prospective rate riders. Line 5 = Line 3 - Line 4.
- (6) Variance between forecast and actual volumes (last months of actual volumes) multiplied by the previously approved riders. Balances at Tab 2, Schedule 2, Page 2, Line 11.
- (7) Line 7 = Line 5 + Line 6.
- (8) Billing units reflect the approved allocation basis for each deferral account.
- (9) Line 9 = Line 7 / Line 8.

UNION GAS LIMITED
Summary of Amounts for Prospective Recovery
for the 12-month period ending March 31, 2015

Line No.	Particulars		North PGVA (179-105) (\$000's)	North Tolls (179-100) (\$000's)	North Fuel (179-100) (\$000's)	South PGVA (179-106) (\$000's)	Inventory Revaluation (179-109) (\$000's)	Load Balancing (179-107) (\$000's)	Spot Gas Variance Acct (179-107) (\$000's)	Total (\$000's)
			(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Deferral Amounts for Recovery										
	Change in 12-month deferral account projection:									
1	12-month projection from current QRAM application	(1)	0	4,776	131	(0)	(7,918)	-	-	(3,011)
2	Less: 12-month projection from previous QRAM application	(2)	-	4,630	(21)	-	(3,800)	-	-	809
3	Change (Line 1 - Line 2)		0	146	152	(0)	(4,118)	-	-	(3,820)
Previous Quarter: True-up of Deferral Balances										
	Variance between projected and actual deferral balances for month(s) with actual data since previous QRAM application:									
4	Actual deferral amount	(3)	(1,043)	1,626	249	4,774	(3,177)	1	1	2,431
5	Current projected deferral amount	(4)	17,538	3,173	740	109,410	74	8,213	(1,685)	137,463
6	Less: Previous projection included in recovery	(5)	(1,424)	1,770	(73)	(3,739)	(27)	-	-	(3,493)
7	Variance (Line 4 + Line 5 - Line 6)		17,919	3,029	1,062	117,923	(3,076)	8,214	(1,684)	143,387
8	Total Deferral Amounts for Recovery (Line 3 + Line 7)		17,919	3,175	1,214	117,923	(7,194)	8,214	(1,684)	139,567
Previous Quarter: True-up of Prospective Recovery Amounts										
	Variance between projected and actual prospective recovery for month(s) with actual data since previous QRAM application:									
9	Forecast prospective recovery amount	(6)	(567)	(3,274)	(145)	(7,534)	14,819	2	(1)	3,299
10	Less: Actual prospective recovery amount	(7)	(808)	(3,835)	(207)	(10,532)	21,403	2	(1)	6,022
11	Variance (Line 9 - Line 10)		240	561	63	2,997	(6,585)	0	0	(2,723)
12	Total Amount for Prospective Recovery (Line 8 + Line 11)		18,159	3,736	1,277	120,920	(13,778)	8,214	(1,684)	136,844

Notes:

- (1) Tab 1, Schedule 3, Page 1, Line 27.
- (2) EB-2013-0413, Tab 1, Schedule 3, Page 1, Line 27.
- (3) Tab 1, Schedule 3, Page 1, Lines 8+9+10 except Inventory Reval. Which is from Tab 1, Schedule 3, Page 1, Lines 9+10+11.
- (4) Tab 1, Schedule 3, Page 1, Lines 11+12+13 except Inventory Reval. Which is from Tab 1, Schedule 3, Page 1, Lines 12+13.
- (5) EB-2013-0413, Tab 2, Schedule 2, Page 2, Line 5.
- (6) Tab 2, Schedule 3, Line 10.
- (7) Tab 2, Schedule 3, Line 11.

Union Gas Limited
Derivation of Amounts and Unit Rates for Prospective Recovery

<u>Page</u>	
1	North Purchased Gas Variance Account (Deferral Account 179-105)
2	North Tolls - Transportation (Deferral Account 179-100)
3	North Fuel - Northern and Eastern Operations Area (Deferral Account 179-100)
4	South Purchased Gas Variance Account (Deferral Account 179-106)
5	Inventory Revaluation (Deferral Account 179-109) Load Balancing (Deferral Account 179-107)
6	Rate 01
7	Rate 10
8	Rate 20, M1, M2, M4, M5A, M7, M9
9	Spot Gas Purchases (Deferral Account 179-107)

UNION GAS LIMITED
North Purchased Gas Variance Account (Deferral Account 179-105)
Derivation of Amounts and Unit Rates for Prospective Recovery

Line No.	Particulars	Units	Year 2013			Year 2014	
			Apr Q2 (a)	Jul Q3 (1) (b)	Oct Q4 (2) (c)	Jan Q1 (3) (d)	Apr Q2 (4) (e)
<u>Deferral Amounts for Recovery</u>							
Change in 12-month deferral account projection:							
1	12-month projection from current QRAM application	(\$000's)	-	-	(1)	0	0
2	Less: 12-month projection from previous QRAM application	(\$000's)	-	-	-	(1)	0
3	Change (Line 1 - Line 2)	(\$000's)	-	-	(1)	1	-
Previous Quarter: True-up of deferral balances							
4	Actual deferral balances	(\$000's)	2,090	(4,240)	2,362	(8,988)	(1,043)
5	Current projected deferral amounts	(\$000's)	(4,829)	3,622	(8,374)	(1,424)	17,538
6	Less: Previous projection included in recovery	(\$000's)	2,497	(4,829)	3,622	(8,374)	(1,424)
7	Variance (Line 4 + Line 5 - Line 6)	(\$000's)	(5,236)	4,211	(9,634)	(2,038)	17,919
8	Total Deferral Amounts for Recovery (Line 3 + Line 7)	(\$000's)	(5,236)	4,211	(9,635)	(2,037)	17,919
9	Cumulative Deferral Amounts for Recovery	(\$000's)	(232,776)	(228,565)	(238,200)	(240,237)	(222,318)
<u>Previous Quarter: True-up of Prospective Recovery Amounts</u>							
Variance between projected and actual prospective recovery for month(s) with actual data since previous QRAM application:							
10	Forecast prospective recovery amount	(\$000's)	(8,096)	(6,670)	(1,263)	213	(567)
11	Less: Actual prospective recovery amount	(\$000's)	(9,439)	(8,175)	(1,727)	207	(808)
12	Variance (Line 10 - Line 11)	(\$000's)	1,343	1,505	465	6	240
13	Total Amount for Prospective Recovery (Line 8 + Line 12)	(\$000's)	(3,893)	5,716	(9,170)	(2,031)	18,159
14	Forecast - 12 month sales service volume	(10 ³ m ³)	786,310	785,262	784,605	785,729	925,217
15	Unit Rate	(cents/m ³)	<u>(0.4951)</u>	<u>0.7279</u>	<u>(1.1688)</u>	<u>(0.2585)</u>	<u>1.9627</u>
<u>Summary of Unit Rates</u>							
16	Unit Rate Q1	(cents/m ³)	0.7030	0.7030	0.7030	(0.2585)	(0.2585)
17	Unit Rate Q2 Expiring rider replaced by new rider	(cents/m ³)	(0.4951)	(0.4951)	(0.4951)	(0.4951)	1.9627
18	Unit Rate Q3	(cents/m ³)	(0.7352)	0.7279	0.7279	0.7279	0.7279
19	Unit Rate Q4	(cents/m ³)	(0.5661)	(0.5661)	(1.1688)	(1.1688)	(1.1688)
20	Total Unit Rate - Prospective Recovery	(cents/m ³)	(1.0934)	0.3697	(0.2330)	(1.1945)	1.2633

Notes:

- (1) EB-2013-0215, Tab 2, Schedule 2, Column (a).
- (2) EB-2013-0316, Tab 2, Schedule 2, Column (a).
- (3) EB-2013-0413, Tab 2, Schedule 2, Column (a).
- (4) EB-2014-0050, Tab 2, Schedule 2, Column (a).

UNION GAS LIMITED
North Tolls - Northern and Eastern Operations Area (Deferral Account 179-100)
Derivation of Amounts and Unit Rates for Prospective Recovery

Line No.	Particulars	Units	Year 2013			Year 2014	
			Apr Q2	Jul Q3 (1)	Oct Q4 (2)	Jan Q1 (3)	Apr Q2 (4)
			(a)	(b)	(c)	(d)	(e)
<u>Deferral Amounts for Recovery</u>							
Change in 12-month deferral account projection:							
1	12-month projection from current QRAM application	(\$000's)	5,838	5,838	4,849	4,630	4,776
2	Less: 12-month projection from previous QRAM application	(\$000's)	14,961	5,838	5,838	4,849	4,630
3	Change (Line 1 - Line 2)	(\$000's)	(9,123)	-	(989)	(219)	146
Previous Quarter: True-up of deferral balances							
4	Actual deferral balances	(\$000's)	3,552	3,495	(472)	(7,510)	1,626
5	Current projected deferral amounts	(\$000's)	3,268	(189)	(6,026)	1,770	3,173
6	Less: Previous projection included in recovery	(\$000's)	3,694	3,268	(189)	(6,026)	1,770
7	Variance (Line 4 + Line 5 - Line 6)	(\$000's)	3,126	38	(6,309)	286	3,029
8	Total Deferral Amounts for Recovery (Line 3 + Line 7)	(\$000's)	(5,997)	38	(7,298)	67	3,175
9	Cumulative Deferral Amounts for Recovery	(\$000's)	28,178	28,216	20,918	20,985	24,160
<u>Previous Quarter: True-up of Prospective Recovery Amounts</u>							
Variance between projected and actual prospective recovery for month(s) with actual data since previous QRAM application:							
10	Forecast prospective recovery amount	(\$000's)	3,878	6,477	921	192	(3,274)
11	Less: Actual prospective recovery amount	(\$000's)	3,934	6,645	1,055	211	(3,835)
12	Variance (Line 10 - Line 11)	(\$000's)	(56)	(167)	(134)	(19)	561
13	Total Amount for Prospective Recovery (Line 8 + Line 12)	(\$000's)	(6,053)	(129)	(7,432)	48	3,736
14	Forecast - 12 month volume	(10 ³ m ³)	1,278,121	1,277,139	1,276,265	1,275,854	1,334,800
15	Unit Rate	(cents/m ³)	<u>(0.4736)</u>	<u>(0.0101)</u>	<u>(0.5823)</u>	<u>0.0038</u>	<u>0.2799</u>
<u>Summary of Unit Rates</u>							
16	Unit Rate Q1	(cents/m ³)	0.2355	0.2355	0.2355	0.0038	0.0038
17	Unit Rate Q2 Expiring rider replaced by new rider	(cents/m ³)	(0.4736)	(0.4736)	(0.4736)	(0.4736)	0.2799
18	Unit Rate Q3	(cents/m ³)	0.2736	(0.0101)	(0.0101)	(0.0101)	(0.0101)
19	Unit Rate Q4	(cents/m ³)	0.4324	0.4324	(0.5823)	(0.5823)	(0.5823)
20	Total Unit Rate - Prospective Recovery	(cents/m ³)	0.4679	0.1842	(0.8305)	(1.0622)	(0.3087)

Notes:

- (1) EB-2013-0215, Tab 2, Schedule 2, Column (b).
- (2) EB-2013-0316, Tab 2, Schedule 2, Column (b).
- (3) EB-2013-0413, Tab 2, Schedule 2, Column (b).
- (4) EB-2014-0050, Tab 2, Schedule 2, Column (b).

UNION GAS LIMITED
North Fuel - Northern and Eastern Operations Area (Deferral Account 179-100)
Derivation of Amounts and Unit Rates for Prospective Recovery

Line No.	Particulars	Units	Year 2013			Year 2014	
			Apr Q2 (a)	Jul Q3 (1) (b)	Oct Q4 (2) (c)	Jan Q1 (3) (d)	Apr Q2 (4) (e)
<u>Deferral Amounts for Recovery</u>							
Change in 12-month deferral account projection:							
1	12-month projection from current QRAM application	(\$000's)	(116)	(75)	(77)	(21)	131
2	Less: 12-month projection from previous QRAM application	(\$000's)	110	(116)	(75)	(77)	(21)
3	Change (Line 1 - Line 2)	(\$000's)	(226)	41	(2)	56	152
Previous Quarter: True-up of deferral balances							
4	Actual deferral balances	(\$000's)	193	305	(653)	(465)	249
5	Current projected deferral amounts	(\$000's)	109	(511)	(249)	(73)	740
6	Less: Previous projection included in recovery	(\$000's)	(7)	109	(511)	(249)	(73)
7	Variance (Line 4 + Line 5 - Line 6)	(\$000's)	309	(315)	(391)	(289)	1,062
8	Total Deferral Amounts for Recovery (Line 3 + Line 7)	(\$000's)	83	(274)	(393)	(233)	1,214
9	Cumulative Deferral Amounts for Recovery	(\$000's)	1,405	1,131	738	505	1,719
<u>Previous Quarter: True-up of Prospective Recovery Amounts</u>							
Variance between projected and actual prospective recovery for month(s) with actual data since previous QRAM application:							
10	Forecast prospective recovery amount	(\$000's)	(144)	176	9	(11)	(145)
11	Less: Actual prospective recovery amount	(\$000's)	(168)	212	12	(12)	(207)
12	Variance (Line 10 - Line 11)	(\$000's)	25	(35)	(3)	1	63
13	Total Amount for Prospective Recovery (Line 8 + Line 12)	(\$000's)	108	(309)	(396)	(232)	1,277
14	Forecast - 12 month sales service volume	(10 ³ m ³)	786,310	785,262	784,605	785,729	925,217
15	Unit Rate	(cents/m ³)	<u>0.0137</u>	<u>(0.0394)</u>	<u>(0.0504)</u>	<u>(0.0295)</u>	<u>0.1380</u>
<u>Summary of Unit Rates</u>							
16	Unit Rate Q1	(cents/m ³)	0.0166	0.0166	0.0166	(0.0295)	(0.0295)
17	Unit Rate Q2 Expiring rider replaced by new rider	(cents/m ³)	0.0137	0.0137	0.0137	0.0137	0.1380
18	Unit Rate Q3	(cents/m ³)	(0.0125)	(0.0394)	(0.0394)	(0.0394)	(0.0394)
19	Unit Rate Q4	(cents/m ³)	(0.0100)	(0.0100)	(0.0504)	(0.0504)	(0.0504)
20	Total Unit Rate - Prospective Recovery	(cents/m ³)	0.0078	(0.0191)	(0.0595)	(0.1056)	0.0187

Notes:

- (1) EB-2013-0215, Tab 2, Schedule 2, Column (c).
- (2) EB-2013-0316, Tab 2, Schedule 2, Column (c).
- (3) EB-2013-0413, Tab 2, Schedule 2, Column (c).
- (4) EB-2014-0050, Tab 2, Schedule 2, Column (c).

UNION GAS LIMITED
South Purchased Gas Variance Account (Deferral Account 179-106)
Derivation of Amounts and Unit Rates for Prospective Recovery

Line No.	Particulars	Units	Year 2013			Year 2014	
			Apr Q2 (a)	Jul Q3 (1) (b)	Oct Q4 (2) (c)	Jan Q1 (3) (d)	Apr Q2 (4) (e)
<u>Deferral Amounts for Recovery</u>							
Change in 12-month deferral account projection:							
1	12-month projection from current QRAM application	(\$000's)	-	-	-	-	-
2	Less: 12-month projection from previous QRAM application	(\$000's)	-	-	-	-	-
3	Change (Line 1 - Line 2)	(\$000's)	-	-	-	-	-
Previous Quarter: True-up of deferral balances							
4	Actual deferral balances	(\$000's)	(2,575)	(9,475)	13,219	(30,793)	4,774
5	Current projected deferral amounts	(\$000's)	(13,341)	18,736	(30,396)	(3,739)	109,410
6	Less: Previous projection included in recovery	(\$000's)	(4,546)	(13,341)	18,736	(30,396)	(3,739)
7	Variance (Line 4 + Line 5 - Line 6)	(\$000's)	(11,370)	22,602	(35,913)	(4,136)	117,923
8	Total Deferral Amounts for Recovery (Line 3 + Line 7)	(\$000's)	(11,370)	22,602	(35,913)	(4,136)	117,923
9	Cumulative Deferral Amounts for Recovery	(\$000's)	(655,598)	(632,996)	(668,909)	(673,045)	(555,122)
<u>Previous Quarter: True-up of Prospective Recovery Amounts</u>							
Variance between projected and actual prospective recovery for month(s) with actual data since previous QRAM application:							
10	Forecast prospective recovery amount	(\$000's)	(15,644)	(20,374)	(3,902)	1,202	(7,534)
11	Less: Actual prospective recovery amount	(\$000's)	(17,563)	(24,280)	(4,870)	1,301	(10,532)
12	Variance (Line 10 - Line 11)	(\$000's)	1,919	3,906	968	(100)	2,997
13	Total Amount for Prospective Recovery (Line 8 + Line 12)	(\$000's)	(9,451)	26,508	(34,945)	(4,236)	120,920
14	Forecast - 12 month sales service volume	(10 ³ m ³)	2,618,264	2,615,546	2,614,754	2,617,516	2,994,724
15	Unit Rate	(cents/m ³)	<u>(0.3610)</u>	<u>1.0135</u>	<u>(1.3364)</u>	<u>(0.1618)</u>	<u>4.0378</u>
<u>Summary of Unit Rates</u>							
16	Unit Rate Q1	(cents/m ³)	(0.2649)	(0.2649)	(0.2649)	(0.1618)	(0.1618)
17	Unit Rate Q2 Expiring rider replaced by new rider	(cents/m ³)	(0.3610)	(0.3610)	(0.3610)	(0.3610)	4.0378
18	Unit Rate Q3	(cents/m ³)	(0.5391)	1.0135	1.0135	1.0135	1.0135
19	Unit Rate Q4	(cents/m ³)	0.1741	0.1741	(1.3364)	(1.3364)	(1.3364)
20	Total Unit Rate - Prospective Recovery	(cents/m ³)	(0.9909)	0.5617	(0.9488)	(0.8457)	3.5531

Notes:

- (1) EB-2013-0215, Tab 2, Schedule 2, Column (d).
- (2) EB-2013-0316, Tab 2, Schedule 2, Column (d).
- (3) EB-2013-0413, Tab 2, Schedule 2, Column (d).
- (4) EB-2014-0050, Tab 2, Schedule 2, Column (d).

UNION GAS LIMITED
Inventory Revaluation (Deferral Account 179-109)
Derivation of Amounts and Unit Rates for Prospective Recovery

Line No.	Particulars	Units	Year 2013			Year 2014	
			Apr Q2 (a)	Jul Q3 (1) (b)	Oct Q4 (2) (c)	Jan Q1 (3) (d)	Apr Q2 (4) (e)
<u>Deferral Amounts for Recovery</u>							
Change in 12-month deferral account projection:							
1	12-month projection from current QRAM application	(\$000's)	699	(8,237)	53,578	(3,800)	(7,918)
2	Less: 12-month projection from previous QRAM application	(\$000's)	(20,529)	699	(8,237)	53,578	(3,800)
3	Change (Line 1 - Line 2)	(\$000's)	21,228	(8,936)	61,815	(57,378)	(4,118)
Previous Quarter: True-up of deferral balances							
4	Actual deferral balances	(\$000's)	(20,063)	738	(8,168)	52,832	(3,177)
5	Current projected deferral amounts	(\$000's)	1	(29)	(16)	(27)	74
6	Less: Previous projection included in recovery	(\$000's)	45	1	(29)	(16)	(27)
7	Variance (Line 4 + Line 5 - Line 6)	(\$000's)	(20,107)	708	(8,155)	52,821	(3,076)
8	Total Deferral Amounts for Recovery (Line 3 + Line 7)	(\$000's)	1,121	(8,228)	53,660	(4,557)	(7,194)
9	Cumulative Deferral Amounts for Recovery	(\$000's)	71,324	63,096	116,756	112,199	105,005
<u>Previous Quarter: True-up of Prospective Recovery Amounts</u>							
Variance between projected and actual prospective recovery for month(s) with actual data since previous QRAM application:							
10	Forecast prospective recovery amount	(\$000's)	3,015	(6,314)	(2,655)	(312)	14,819
11	Less: Actual prospective recovery amount	(\$000's)	3,312	(7,998)	(3,144)	(330)	21,403
12	Variance (Line 10 - Line 11)	(\$000's)	(296)	1,684	490	17	(6,585)
13	Total Amount for Prospective Recovery (Line 8 + Line 12)	(\$000's)	825	(6,544)	54,150	(4,540)	(13,778)
14	Forecast - 12 month sales service volume	(10 ³ m ³)	3,404,574	3,400,808	3,399,360	3,403,245	3,919,940
15	Unit Rate	(cents/m ³)	0.0242	(0.1924)	1.5929	(0.1334)	(0.3515)
<u>Summary of Unit Rates</u>							
16	Unit Rate Q1	(cents/m ³)	(0.5889)	(0.5889)	(0.5889)	(0.1334)	(0.1334)
17	Unit Rate Q2 Expiring rider replaced by new rider	(cents/m ³)	0.0242	0.0242	0.0242	0.0242	(0.3515)
18	Unit Rate Q3	(cents/m ³)	0.0767	(0.1924)	(0.1924)	(0.1924)	(0.1924)
19	Unit Rate Q4	(cents/m ³)	(0.2845)	(0.2845)	1.5929	1.5929	1.5929
20	Total Unit Rate - Prospective Recovery	(cents/m ³)	(0.7725)	(1.0416)	0.8358	1.2913	0.9156

Notes:

- (1) EB-2013-0215, Tab 2, Schedule 2, Column (e).
- (2) EB-2013-0316, Tab 2, Schedule 2, Column (e).
- (3) EB-2013-0413, Tab 2, Schedule 2, Column (e).
- (4) EB-2014-0050, Tab 2, Schedule 2, Column (e).

UNION GAS LIMITED
R01 - Load Balancing (Deferral Account 179-107)
Derivation of Amounts and Unit Rates for Prospective Recovery

Line No.	Particulars	Units	Year 2013			Year 2014	
			Apr Q2 (a)	Jul Q3 (1) (b)	Oct Q4 (2) (c)	Jan Q1 (3) (d)	Apr Q2 (4) (e)
Deferral Amounts for Recovery							
Change in 12-month deferral account projection:							
1	12-month projection from current QRAM application	(\$000's)	-	-	-	-	-
2	Less: 12-month projection from previous QRAM application	(\$000's)	-	-	-	-	-
3	Change (Line 1 - Line 2)	(\$000's)	-	-	-	-	-
Previous Quarter: True-up of deferral balances							
4	Actual deferral balances	(\$000's)	0	0	0	0	-
5	Current projected deferral amounts	(\$000's)	0	0	0	0	5,558
6	Less: Previous projection included in recovery	(\$000's)	0	0	0	0	0
7	Variance (Line 4 + Line 5 - Line 6)	(\$000's)	0	0	0	0	5,558
8	Total Deferral Amounts for Recovery (Line 3 + Line 7)	(\$000's)	0	0	0	0	5,558
Previous Quarter: True-up of Prospective Recovery Amounts							
Variance between projected and actual prospective recovery for month(s) with actual data since previous QRAM application:							
9	Forecast prospective recovery amount	(\$000's)	(1)	(2)	(0)	(0)	(0)
10	Less: Actual prospective recovery amount	(\$000's)	(1)	(2)	(0)	(0)	(0)
11	Variance (Line 9 - Line 10)	(\$000's)	0	0	0	0	0
12	Total Amount for Prospective Recovery (Line 8 + Line 11)	(\$000's)	1	0	0	0	5,558
13	Forecast - 12 month volume	(10 ³ m ³)	856,094	855,078	854,548	854,059	903,219
14	Unit Rate	(cents/m ³)	0.0001	0.0000	0.0000	0.0000	0.6154
Summary of Unit Rates							
15	Unit Rate Q1 Expiring rider replaced by new rider	(cents/m ³)	0.0000	0.0000	0.0000	0.0000	0.0000
16	Unit Rate Q2	(cents/m ³)	0.0001	0.0001	0.0001	0.0001	0.6154
17	Unit Rate Q3	(cents/m ³)	(0.0001)	0.0000	0.0000	0.0000	0.0000
18	Unit Rate Q4	(cents/m ³)	0.0000	0.0000	0.0000	0.0000	0.0000
19	Total Unit Rate - Prospective Recovery	(cents/m ³)	0.0001	0.0001	0.0001	0.0001	0.6154

Notes:

- (1) EB-2013-0215, Working Papers, Schedule 2.
- (2) EB-2013-0316, Working Papers, Schedule 2.
- (3) EB-2013-0413, Working Papers, Schedule 2.
- (4) EB-2014-0050, Working Papers, Schedule 2.

UNION GAS LIMITED
R10 - Load Balancing (Deferral Account 179-107)
Derivation of Amounts and Unit Rates for Prospective Recovery

Line No.	Particulars	Units	Year 2013			Year 2014	
			Apr Q2 (a)	Jul Q3 (1) (b)	Oct Q4 (2) (c)	Jan Q1 (3) (d)	Apr Q2 (4) (e)
Deferral Amounts for Recovery							
Change in 12-month deferral account projection:							
1	12-month projection from current QRAM application	(\$000's)	-	-	-	-	-
2	Less: 12-month projection from previous QRAM application	(\$000's)	-	-	-	-	-
3	Change (Line 1 - Line 2)	(\$000's)	-	-	-	-	-
Previous Quarter: True-up of deferral balances							
4	Actual deferral balances	(\$000's)	0	0	0	0	-
5	Current projected deferral amounts	(\$000's)	0	0	0	0	2,028
6	Less: Previous projection included in recovery	(\$000's)	0	0	0	0	0
7	Variance (Line 4 + Line 5 - Line 6)	(\$000's)	0	0	0	0	2,028
8	Total Deferral Amounts for Recovery (Line 3 + Line 7)	(\$000's)	0	0	0	0	2,028
Previous Quarter: True-up of Prospective Recovery Amounts							
Variance between projected and actual prospective recovery for month(s) with actual data since previous QRAM application:							
9	Forecast prospective recovery amount	(\$000's)	(1)	(1)	(0)	(0)	(0)
10	Less: Actual prospective recovery amount	(\$000's)	(1)	(1)	(0)	0	(0)
11	Variance (Line 9 - Line 10)	(\$000's)	0	0	0	(0)	0
12	Total Amount for Prospective Recovery (Line 8 + Line 11)	(\$000's)	0	0	0	(0)	2,028
13	Forecast - 12 month volume	(10 ³ m ³)	314,979	314,383	313,608	312,945	329,570
14	Unit Rate	(cents/m ³)	0.0001	0.0000	0.0000	(0.0000)	0.6154
Summary of Unit Rates							
15	Unit Rate Q1 Expiring rider replaced by new rider	(cents/m ³)	(0.0001)	(0.0001)	(0.0001)	(0.0000)	(0.0000)
16	Unit Rate Q2	(cents/m ³)	0.0001	0.0001	0.0001	0.0001	0.6154
17	Unit Rate Q3	(cents/m ³)	(0.0002)	0.0000	0.0000	0.0000	0.0000
18	Unit Rate Q4	(cents/m ³)	0.0001	0.0001	0.0000	0.0000	0.0000
19	Total Unit Rate - Prospective Recovery	(cents/m ³)	(0.0002)	0.0001	0.0001	0.0001	0.6154

Notes:

- (1) EB-2013-0215, Working Papers, Schedule 2.
- (2) EB-2013-0316, Working Papers, Schedule 2.
- (3) EB-2013-0413, Working Papers, Schedule 2.
- (4) EB-2014-0050, Working Papers, Schedule 2.

UNION GAS LIMITED
 R20, M1, M2, M4, M5A, M7, M9 - Load Balancing (Deferral Account 179-107)
Derivation of Amounts and Unit Rates for Prospective Recovery

Line No.	Particulars	Units	Year 2013			Year 2014	
			Apr Q2 (a)	Jul Q3 (1) (b)	Oct Q4 (2) (c)	Jan Q1 (3) (d)	Apr Q2 (4) (e)
Deferral Amounts for Recovery							
Change in 12-month deferral account projection:							
1	12-month projection from current QRAM application	(\$000's)	-	-	-	-	-
2	Less: 12-month projection from previous QRAM application	(\$000's)	-	-	-	-	-
3	Change (Line 1 - Line 2)	(\$000's)	-	-	-	-	-
Previous Quarter: True-up of deferral balances							
4	Actual deferral balances	(\$000's)	1	1	1	1	-
5	Current projected deferral amounts	(\$000's)	1	1	1	0	628
6	Less: Previous projection included in recovery	(\$000's)	0	1	1	1	0
7	Variance (Line 4 + Line 5 - Line 6)	(\$000's)	1	1	1	0	627
8	Total Deferral Amounts for Recovery (Line 3 + Line 7)	(\$000's)	1	1	1	0	627
Previous Quarter: True-up of Prospective Recovery Amounts							
Variance between projected and actual prospective recovery for month(s) with actual data since previous QRAM application:							
99	FFoorreccaasstt pproossppeeccttiivvee rreccoovveerry aammoonunntt	(((\$000000'ss))	22	44	11	11	22
10	Less: Actual prospective recovery amount	(\$000's)	3	5	2	1	2
11	Variance (Line 9 - Line 10)	(\$000's)	(1)	(0)	(0)	(0)	(0)
12	Total Amount for Prospective Recovery (Line 8 + Line 11)	(\$000's)	0	1	1	0	627
13	Forecast - 12 month volume	(10 ³ m ³)	4,781,082	4,771,080	4,763,130	4,755,282	102,011
14	Unit Rate	(cents/m ³)	0.0000	0.0000	0.0000	0.0000	0.6150
Summary of Unit Rates							
15	Unit Rate Q1 Expiring rider replaced by new rider	(cents/m ³)	0.0000	0.0000	0.0000	0.0000	0.0000
16	Unit Rate Q2	(cents/m ³)	0.0000	0.0000	0.0000	0.0000	0.6150
17	Unit Rate Q3	(cents/m ³)	0.0001	0.0000	0.0000	0.0000	0.0000
18	Unit Rate Q4	(cents/m ³)	0.0000	0.0000	0.0000	0.0000	0.0000
19	Total Unit Rate - Prospective Recovery	(cents/m ³)	0.0001	0.0001	0.0001	-	0.6151

Notes:

- (1) EB-2013-0215, Working Papers, Schedule 2.
- (2) EB-2013-0316, Working Papers, Schedule 2.
- (3) EB-2013-0413, Working Papers, Schedule 2.
- (4) EB-2014-0050, Working Papers, Schedule 2. Load Balancing charges at April 2014 QRAM only applicable to Union North Rate 20.

UNION GAS LIMITED
Spot Gas Purchases (Deferral Account 179-107)
Derivation of Amounts and Unit Rates for Prospective Recovery

Line No.	Particulars	Units	Year 2013			Year 2014	
			Apr Q2 (a)	Jul Q3 (1) (b)	Oct Q4 (2) (c)	Jan Q1 (3) (d)	Apr Q2 (4) (e)
<u>Deferral Amounts for Recovery</u>							
Change in 12-month deferral account projection:							
1	12-month projection from current QRAM application	(\$000's)	-	-	-	-	-
2	Less: 12-month projection from previous QRAM application	(\$000's)	-	-	-	-	-
3	Change (Line 1 - Line 2)	(\$000's)	-	-	-	-	-
Previous Quarter: True-up of deferral balances							
4	Actual deferral balances	(\$000's)	1	1	1	1	1
5	Current projected deferral amounts	(\$000's)	1	1	1	-	(1,685)
6	Less: Previous projection included in recovery	(\$000's)	-	1	1	1	-
7	Variance (Line 4 + Line 5 - Line 6)	(\$000's)	2	1	1	-	(1,684)
8	Total Deferral Amounts for Recovery (Line 3 + Line 7)	(\$000's)	2	1	1	-	(1,684)
9	Cumulative Deferral Amounts for Recovery	(\$000's)	(6,975)	(6,974)	(6,973)	(6,973)	(8,657)
<u>Previous Quarter: True-up of Prospective Recovery Amounts</u>							
Variance between projected and actual prospective recovery for month(s) with actual data since previous QRAM application:							
10	Forecast prospective recovery amount	(\$000's)	10	20	2	(0)	(1)
11	Less: Actual prospective recovery amount	(\$000's)	13	24	2	(0)	(1)
12	Variance (Line 10 - Line 11)	(\$000's)	(2)	(4)	(1)	(0)	0
13	Total Amount for Prospective Recovery (Line 8 + Line 12)	(\$000's)	(0)	(3)	0	(0)	(1,684)
14	Forecast - 12 month sales service volume	(10 ³ m ³)	786,310	785,262	784,605	785,729	925,217
15	Unit Rate	(cents/m ³)	<u>(0.0000)</u>	<u>(0.0004)</u>	<u>0.0001</u>	<u>(0.0000)</u>	<u>(0.1820)</u>
<u>Summary of Unit Rates</u>							
16	Unit Rate Q1	(cents/m ³)	0.0000	0.0000	0.0000	0.0000	0.0000
17	Unit Rate Q2 Expiring rider replaced by new rider	(cents/m ³)	0.0000	0.0000	0.0000	0.0000	(0.1820)
18	Unit Rate Q3	(cents/m ³)	0.0013	(0.0004)	(0.0004)	(0.0004)	(0.0004)
19	Unit Rate Q4	(cents/m ³)	0.0003	0.0003	0.0001	0.0001	0.0001
20	Total Unit Rate - Prospective Recovery	(cents/m ³)	0.0016	(0.0001)	(0.0003)	(0.0003)	(0.1823)

Notes:

- (1) EB-2013-0215, Tab 2, Schedule 2, Column (g).
- (2) EB-2013-0316, Tab 2, Schedule 2, Column (g).
- (3) EB-2013-0413, Tab 2, Schedule 2, Column (g).
- (4) EB-2014-0050, Tab 2, Schedule 2, Column (g).

UNION GAS LIMITED
Derivation of Unit Rate Changes related to Gas Costs in Distribution Rates
effective April 1, 2014

Line No.	Derivation of Amounts for Recovery		
	<u>Change in Gas Cost:</u>		
1	Ontario Landed Reference Price as per EB-2014-0050	(\$/10 ³ m ³)	236,288
2	Ontario Landed Reference Price as per EB-2013-0413	(\$/10 ³ m ³)	185,325
3	Change in Gas Cost (line 1 - line 2)	(\$/10 ³ m ³)	<u>50,963</u>
4	Fuel and UFG volume: 2013 approved	(10 ³ m ³)	85,662
5	Amount for Recovery - Fuel & UFG (line 3 x line 4)	(\$000's)	<u>4,363</u>
6	Average Gas in Inventory: 2013 approved	(10 ³ m ³)	774,843
7	Change in Gas Costs related to Inventory (line 3 x line 6)	(\$000's)	39,488
8	Composite Rate of Return		5.18% (1)
9	Amount for Recovery - Gas in Storage (line 7 x line 8)	(\$000's)	<u>2,044</u>
10	Total Gas Cost Change to Distribution Rates (line 5 + line 9)	(\$000's)	<u>6,407</u>

Derivation of Unit Rate Changes by Rate Class

Rate Class	Fuel & Unaccounted for Gas			Gas in Storage Carrying Costs			Total Gas Cost Change to Distribution Rates (\$000's) (g) = (c+f)	2013 Annual Distribution Volume (4) (10 ³ m ³) (h)	Unit Rate Change (5) (cents/m ³) (i) = (g/h)	
	Cost Allocation (2) (\$000's) (a)	Allocation Factor (%) (b)	Amount for Recovery (\$000's) (c)	Cost Allocation (3) (\$000's) (d)	Allocation Factor (%) (e)	Amount for Recovery (\$000's) (f)				
	11	R01	1,615	23.94%	1,045	21,804				18.04%
12	R10	508	7.54%	329	5,717	4.73%	97	426	322,887	0.1318
13	R20	181	2.68%	117	1,533	1.27%	26	143	629,802	0.0227
14	R25	-	0.00%	-	-	0.00%	-	-	159,555	-
15	R100	6	0.08%	4	107	0.09%	2	6	1,895,488	0.0003
16	M1	2,466	36.55%	1,595	60,609	50.14%	1,025	2,620	2,939,543	0.0891
17	M2	824	12.22%	533	20,667	17.10%	349	882	975,571	0.0905
18	M4	342	5.07%	221	3,024	2.50%	51	272	404,678	0.0673
19	M5A	431	6.39%	279	4,078	3.37%	69	348	535,132	0.0649
20	M7	127	1.89%	82	1,113	0.92%	19	101	147,143	0.0687
21	M9	54	0.80%	35	511	0.42%	9	44	60,750	0.0720
22	M10	0	0.00%	0	5	0.00%	0	0	189	0.1051
23	T1	-	0.00%	-	217	0.18%	4	4	(5)	
24	T2	-	0.00%	-	1,495	1.24%	25	25	(5)	
25	T3	-	0.00%	-	-	0.00%	-	-	(5)	
26	M12	-	0.00%	-	-	0.00%	-	-	(5)	
27	M13	44	0.65%	28	-	0.00%	-	-	28	(5)
28	M16	148	2.19%	95	-	0.00%	-	-	95	(5)
29	C1	-	0.00%	-	-	0.00%	-	-	-	(5)
30	Total	<u>6,746</u>	<u>100.00%</u>	<u>4,363</u>	<u>120,880</u>	<u>100.00%</u>	<u>2,044</u>	<u>6,407</u>		

Notes:

(1) **Calculation of the Composite Return:**

Common Equity (after tax)	36.00%	8.93%	3.21%
Gross-Up for tax (@ 26%)			<u>1.13%</u>
Common Equity (pre-tax)			4.34%
Short-Term Debt	64.00%	1.31%	<u>0.84%</u>
Composite Rate of Return			<u>5.18%</u>

(2) EB-2011-0210, Decision Cost Study, Operating Expenses, A. Cost of Gas & Production, Other Supplies - UFG and

EB-2011-0210, Decision Cost Study, Operating Expenses, C. Underground Storage & D. Transmission, Compressor Fuel.

(3) EB-2011-0210, Decision Cost Study, Working Capital, Gas in Storage.

(4) EB-2011-0210, Rate Order, Working Papers, Schedule 14, Column (a).

(5) Union supplied fuel (USF) rate changes for Rates T1, T2, T3, M12, M13, M16 and C1 are based on approved 2013 fuel ratios and proposed Ontario Landed Reference Price.

Changes in Union-supplied fuel rates for Rate T1, T2, T3, M12, M13, M16 and C1 are presented at Appendix A, Schedule "C", and EB-2014-0050, Working Papers, Schedule 1, Page 6.

UNION GAS LIMITED
 Union South
General Service Customer Bill Impacts

Line No.	Rate M1 - Residential (Annual Consumption of 2,200 m ³)			Rate M2 - Commercial (Annual Consumption of 73,000 m ³)			
	EB-2013-0413	EB-2014-0050	Impact	EB-2013-0413	EB-2014-0050	Impact	
	Approved 01-Jan-14	Proposed 01-Apr-14		Approved 01-Jan-14	Proposed 01-Apr-14		
	Total Bill (\$) (1)	Total Bill (\$) (1)	(\$)	Total Bill (\$) (1)	Total Bill (\$) (1)	(\$)	
(a)	(b)	(c) = (b) - (a)	(d)	(e)	(f) = (e) - (d)		
	<u>Delivery Charges</u>						
1	Monthly Charge	252.00	252.00	-	840.00	840.00	-
2	Delivery Commodity Charge	77.69	79.66	1.97	2,903.16	2,969.24	66.08
3	Prospective Recovery - Delivery	- (2)	- (3)	-	- (2)	- (3)	-
4	Storage Services	16.23	16.23	-	551.15	551.15	-
5	Total Delivery Charge	345.92	347.89	1.97	4,294.31	4,360.39	66.08
	<u>Supply Charges</u>						
6	Transportation to Union	78.38	75.89	(2.49)	2,601.28	2,518.42	(82.86)
7	Commodity & Fuel	282.89	394.24	111.35	9,387.52	13,082.12	3,694.60
8	Prospective Recovery - Commodity & Fuel	9.81 (4)	98.30 (5)	88.49	325.30 (4)	3,262.14 (5)	2,936.84
9	Subtotal	292.70	492.54	199.84	9,712.82	16,344.26	6,631.44
10	Total Gas Supply Charge	371.08	568.43	197.35	12,314.10	18,862.68	6,548.58
11	Total Bill	717.00	916.32	199.32	16,608.41	23,223.07	6,614.66
12	Impacts for Customer Notices - Sales (line 11)			199.32			6,614.66
13	Impacts for Customer Notices - Direct Purchase (line 5)			1.97			66.08

Notes:

- (1) Excludes temporary charges/(credits).
- (2) Prospective recovery charge of 0.0000 cents/m³ for 12 months.
- (3) Prospective recovery charge of 0.0000 cents/m³ for 12 months.
- (4) Prospective recovery charge of 0.4456 cents/m³ for 12 months.
- (5) Prospective recovery charge of 4.4687 cents/m³ for 12 months.

UNION GAS LIMITED
 Union North
 General Service Customer Bill Impacts

(Fort Frances)
 Rate 01 - Residential

(Western)
 Rate 01 - Residential

(Annual Consumption of 2,200 m³)

(Annual Consumption of 2,200 m³)

Line No.	(Fort Frances) Rate 01 - Residential (Annual Consumption of 2,200 m ³)			(Western) Rate 01 - Residential (Annual Consumption of 2,200 m ³)			
	EB-2013-0413 Approved 01-Jan-14 Total Bill (\$) (1) (a)	EB-2014-0050 Proposed 01-Apr-14 Total Bill (\$) (1) (b)	Impact (\$) (c) = (b) - (a)	EB-2013-0413 Approved 01-Jan-14 Total Bill (\$) (1) (d)	EB-2014-0050 Proposed 01-Apr-14 Total Bill (\$) (1) (e)	Impact (\$) (f) = (e) - (d)	
	<u>Delivery Charges</u>						
1	Monthly Charge	252.00	252.00	-	252.00	252.00	-
2	Delivery Commodity Charge	205.76	209.31	3.55	205.76	209.31	3.55
3	Total Delivery Charge	457.76	461.31	3.55	457.76	461.31	3.55
	<u>Supply Charges</u>						
4	Transportation to Union	95.49	95.49	-	94.37	94.37	-
5	Prospective Recovery - Transportation	(23.36) (2)	6.75 (3)	30.11	(23.36) (2)	6.75 (3)	30.11
6	Storage Services	47.32	47.32	-	52.60	52.60	-
7	Prospective Recovery - Storage	-	-	-	-	-	-
8	Subtotal	119.45	149.56	30.11	123.61	153.72	30.11
9	Commodity & Fuel	277.66	387.32	109.66	279.16	388.89	109.73
10	Prospective Recovery - Commodity & Fuel	(0.19) (4)	44.33 (5)	44.52	(0.19) (4)	44.33 (5)	44.52
11	Subtotal	277.47	431.65	154.18	278.97	433.22	154.25
12	Total Gas Supply Charge	396.92	581.21	184.29	402.58	586.94	184.36
13	Total Bill	854.68	1,042.52	187.84	860.34	1,048.25	187.91
14	Impacts for Customer Notices - Sales (line 13)			187.84			187.91
15	Impacts for Customer Notices - Direct Purchase (line 3 + line 8)			33.66			33.66

Notes:

- (1) Excludes temporary charges/(credits).
- (2) Prospective recovery credit of (1.0621) cents/m³ for 12 months.
- (3) Prospective recovery charge of 0.3067 cents/m³ for 12 months.
- (4) Prospective recovery credit of (0.0091) cents/m³ for 12 months.
- (5) Prospective recovery charge of 2.0153 cents/m³ for 12 months.

UNION GAS LIMITED
 Union North
 General Service Customer Bill Impacts

Line No.		(Northern) Rate 01 - Residential (Annual Consumption of 2,200 m ³)			(Eastern) Rate 01 - Residential (Annual Consumption of 2,200 m ³)		
		EB-2013-0413 Approved 01-Jan-14 Total Bill (\$) (1) (a)	EB-2014-0050 Proposed 01-Apr-14 Total Bill (\$) (1) (b)	Impact (\$) (c) = (b) - (a)	EB-2013-0413 Approved 01-Jan-14 Total Bill (\$) (1) (d)	EB-2014-0050 Proposed 01-Apr-14 Total Bill (\$) (1) (e)	Impact (\$) (f) = (e) - (d)
	<u>Delivery Charges</u>						
1	Monthly Charge	252.00	252.00	-	252.00	252.00	-
2	Delivery Commodity Charge	205.70	209.21	3.51	205.40	208.92	3.52
3	Total Delivery Charge	457.70	461.21	3.51	457.40	460.92	3.52
	<u>Supply Charges</u>						
4	Transportation to Union	122.43	122.43	-	139.25	139.25	-
5	Prospective Recovery - Transportation	(23.38) (2)	6.74 (3)	30.12	(23.36) (2)	6.75 (3)	30.11
6	Storage Services	70.97	70.97	-	78.75	78.75	-
7	Prospective Recovery - Storage	-	-	-	-	-	-
8	Subtotal	170.02	200.14	30.12	194.64	224.75	30.11
9	Commodity & Fuel	281.24	391.96	110.72	282.96	394.45	111.49
10	Prospective Recovery - Commodity & Fuel	(0.19) (4)	44.35 (5)	44.54	(0.20) (4)	44.34 (5)	44.54
11	Subtotal	281.05	436.31	155.26	282.76	438.79	156.03
12	Total Gas Supply Charge	451.07	636.45	185.38	477.40	663.54	186.14
13	Total Bill	908.77	1,097.66	188.89	934.80	1,124.46	189.66
14	Impacts for Customer Notices - Sales (line 13)			188.89			189.66
15	Impacts for Customer Notices - Direct Purchase (line 3 + line 8)			33.63			33.63

Notes:

- (1) Excludes temporary charges/(credits).
- (2) Prospective recovery credit of (1.0621) cents/m³ for 12 months.
- (3) Prospective recovery charge of 0.3067 cents/m³ for 12 months.
- (4) Prospective recovery credit of (0.0091) cents/m³ for 12 months.
- (5) Prospective recovery charge of 2.0153 cents/m³ for 12 months.

UNION GAS LIMITED
Union North
General Service Customer Bill Impacts

Line No.	(Fort Frances) Rate 10 - Commercial / Industrial (Annual Consumption of 93,000 m ³)			(Western) Rate 10 - Commercial / Industrial (Annual Consumption of 93,000 m ³)		
	EB-2013-0413 Approved 01-Jan-14 Total Bill (\$) (1) (a)	EB-2014-0050 Proposed 01-Apr-14 Total Bill (\$) (1) (b)	Impact (\$) (c) = (b) - (a)	EB-2013-0413 Approved 01-Jan-14 Total Bill (\$) (1) (d)	EB-2014-0050 Proposed 01-Apr-14 Total Bill (\$) (1) (e)	Impact (\$) (f) = (e) - (d)
	<u>Delivery Charges</u>					
1	840.00	840.00	-	840.00	840.00	-
2	5,866.18	5,988.76	122.58	5,866.18	5,988.76	122.58
3	6,706.18	6,828.76	122.58	6,706.18	6,828.76	122.58
	<u>Supply Charges</u>					
4	3,598.64	3,598.64	-	3,550.09	3,550.09	-
5	(987.76) (2)	285.22 (3)	1,272.98	(987.76) (2)	285.22 (3)	1,272.98
6	1,117.39	1,117.39	-	1,340.88	1,340.88	-
7	-	-	-	-	-	-
8	3,728.27	5,001.25	1,272.98	3,903.21	5,176.19	1,272.98
9	11,736.88	16,373.28	4,636.40	11,800.57	16,438.68	4,638.11
10	(8.47) (4)	1,874.24 (5)	1,882.71	(8.47) (4)	1,874.24 (5)	1,882.71
11	11,728.41	18,247.52	6,519.11	11,792.10	18,312.92	6,520.82
12	15,456.68	23,248.77	7,792.09	15,695.31	23,489.11	7,793.80
13	22,162.86	30,077.53	7,914.67	22,401.49	30,317.87	7,916.38
14	Impacts for Customer Notices - Sales (line 13)		7,914.67	Impacts for Customer Notices - Sales (line 13)		7,916.38
15	Impacts for Customer Notices - Direct Purchase (line 3 + line 8)		1,395.56	Impacts for Customer Notices - Direct Purchase (line 3 + line 8)		1,395.56

Notes:

- (1) Excludes temporary charges/(credits).
- (2) Prospective recovery credit of (1.0621) cents/m³ for 12 months.
- (3) Prospective recovery charge of 0.3067 cents/m³ for 12 months.
- (4) Prospective recovery credit of (0.0091) cents/m³ for 12 months.
- (5) Prospective recovery charge of 2.0153 cents/m³ for 12 months.

UNION GAS LIMITED
Union North
General Service Customer Bill Impacts

Line No.	(Northern) Rate 10 - Commercial / Industrial (Annual Consumption of 93,000 m ³)			(Eastern) Rate 10 - Commercial / Industrial (Annual Consumption of 93,000 m ³)		
	EB-2013-0413 Approved 01-Jan-14 Total Bill (\$) (1) (a)	EB-2014-0050 Proposed 01-Apr-14 Total Bill (\$) (1) (b)	Impact (\$) (c) = (b) - (a)	EB-2013-0413 Approved 01-Jan-14 Total Bill (\$) (1) (d)	EB-2014-0050 Proposed 01-Apr-14 Total Bill (\$) (1) (e)	Impact (\$) (f) = (e) - (d)
	<u>Delivery Charges</u>					
1	840.00	840.00	-	840.00	840.00	-
2	5,860.58	5,983.14	122.56	5,874.95	5,997.49	122.54
3	6,700.58	6,823.14	122.56	6,714.95	6,837.49	122.54
	<u>Supply Charges</u>					
4	4,737.51	4,737.51	-	5,447.86	5,447.86	-
5	(987.76) (2)	285.23 (3)	1,272.99	(987.75) (2)	285.24 (3)	1,272.99
6	2,116.67	2,116.67	-	2,446.53	2,446.53	-
7	-	-	-	-	-	-
8	5,866.42	7,139.41	1,272.99	6,906.64	8,179.63	1,272.99
9	11,888.56	16,569.89	4,681.33	11,962.42	16,675.28	4,712.86
10	(8.45) (4)	1,874.21 (5)	1,882.66	(8.47) (4)	1,874.23 (5)	1,882.70
11	11,880.11	18,444.10	6,563.99	11,953.95	18,549.51	6,595.56
12	17,746.53	25,583.51	7,836.98	18,860.59	26,729.14	7,868.55
13	24,447.11	32,406.65	7,959.54	25,575.54	33,566.63	7,991.09
14	Impacts for Customer Notices - Sales (line 13)		7,959.54	Impacts for Customer Notices - Sales (line 13)		7,991.09
15	Impacts for Customer Notices - Direct Purchase (line 3 + line 8)		1,395.55	Impacts for Customer Notices - Direct Purchase (line 3 + line 8)		1,395.53

Notes:

- (1) Excludes temporary charges/(credits).
- (2) Prospective recovery credit of (1.0621) cents/m³ for 12 months.
- (3) Prospective recovery charge of 0.3067 cents/m³ for 12 months.
- (4) Prospective recovery credit of (0.0091) cents/m³ for 12 months.
- (5) Prospective recovery charge of 2.0153 cents/m³ for 12 months.

UNION GAS LIMITED
Prospective Recovery - Commodity Unit Rates

Line No.	Particulars	Incremental Amount for Prospective Recovery (1) (\$000's) (a)	Forecast Sales Service Billing Units (2) (10 ³ m ³) (b)	Proposed Incremental Prospective Recovery Unit Rate (cents/m ³) (c) = (a) / (b) x 100
<u>Northern and Eastern Operations Area</u>				
1	North Purchase Gas Variance Account (NPGVA)	18,159	925,217	1.9627
2	Inventory Revaluations	(3,252)	925,217	(0.3515)
3	Spot Gas	(1,684)	925,217	(0.1820)
4	Fuel	1,277	925,217	0.1380
5	Total Northern Commodity	<u>14,501</u>		<u>1.5672</u>
<u>Southern Operations Area</u>				
6	South Purchase Gas Variance Account (SPGVA)	120,920	2,994,724	4.0378
7	Inventory Revaluations	(10,526)	2,994,724	(0.3515)
8	Spot Gas	-	2,994,724	-
9	Total Southern Commodity	<u>110,394</u>		<u>3.6863</u>
10	Total	<u><u>124,894</u></u>		

Notes:

- (1) Tab 2, Schedule 2.
 (2) Forecast volumes for the 12 month period: April 1, 2014 to March 31, 2015.

UNION GAS LIMITED
Prospective Recovery - Transportation Unit Rates

Line No.	Particulars	Incremental Amount for Prospective Recovery (\$000's) (a)	Forecast Firm Bundled Billing Units (3) (10 ³ m ³) (b)	Proposed Incremental Prospective Recovery Unit Rate (cents/m ³) (c) = (a) / (b) x 100
	<u>Northern and Eastern Operations Area</u>			
1	TCPL Tolls and LBA - Transportation R01, R10, R20	3,736 (1)	1,334,800	0.2799
	Load balancing			
2	R01	5,558 (2)	903,219	0.6154
3	R10	2,028 (2)	329,570	0.6154
4	R20	628 (2)	102,011	0.6154
5	Total	<u><u>11,950</u></u>		

Notes:

- (1) Tab 2, Schedule 2.
- (2) Working Papers, Schedule 2, Column (i).
- (3) Forecast volumes for the 12 month period: April 1, 2014 to March 31, 2015.

UNION GAS LIMITED
Prospective Recovery - Delivery Unit Rates

Line No.	Particulars	Incremental Amount for Prospective Recovery (1) (\$000's) (a)	Forecast Delivery Billing Units (2) (10 ³ m ³) (b)	Proposed Incremental Prospective Recovery Unit Rate (cents/m ³) (c) = (a) / (b) x 100
	<u>Southern Operations Area</u>			
1	Load Balancing	-	4,979,450	0.0000
2	Total	-		

Notes:

- (1) Working Papers, Schedule 2, Column (i).
- (2) Forecast volumes for the 12 month period: April 1, 2014 to March 31, 2015.

EB-2014-0050
Index of Appendices

Appendix A	Summary of Changes to Rates
Appendix B	Rate Schedules
Appendix C	Summary of Average Rate and Price Adjustment Changes
Appendix D	Customer Notices

UNION GAS LIMITED
 Union North
 Summary of Changes to Sales Rates
Rate 01A - Small Volume General Firm Service

Line No.	Particulars (cents/m ³)	EB-2013-0413 Approved January 1, 2014 Rate (c)	Rate Change (b)	EB-2014-0050 Approved April 1, 2014 Rate (c)
1	Monthly Charge - All Zones	\$21.00		\$21.00
	Monthly Delivery Charge - All Zones			
2	First 100 m ³	9.6552	0.1598	9.8150
3	Next 200 m ³	9.1307	0.1598	9.2905
4	Next 200 m ³	8.7580	0.1598	8.9178
5	Next 500 m ³	8.4160	0.1598	8.5758
6	Over 1,000 m ³	8.1335	0.1598	8.2933
7	Delivery - Price Adjustment (All Volumes)	-		-
	Gas Transportation Service			
8	Fort Frances	4.3403		4.3403
9	Western Zone	4.2882		4.2882
10	Northern Zone	5.5650		5.5650
11	Eastern Zone	6.3288		6.3288
12	Transportation - Price Adjustment (All Zones)	(1.0621) (1)	1.3688	0.3067 (2)
	Storage Service			
13	Fort Frances	2.1507		2.1507
14	Western Zone	2.3910		2.3910
15	Northern Zone	3.2252		3.2252
16	Eastern Zone	3.5799		3.5799
17	Storage - Price Adjustment (All Zones)	-		-
	Commodity Cost of Gas and Fuel			
18	Fort Frances	12.6203	4.9854	17.6057
19	Western Zone	12.6888	4.9872	17.6760
20	Northern Zone	12.7834	5.0337	17.8171
21	Eastern Zone	12.8628	5.0676	17.9304
22	Commodity and Fuel - Price Adjustment (All Zones)	(0.0091) (3)	2.0244	2.0153 (4)

Notes:

- (1) Includes Prospective Recovery of (0.4735), (0.0101), (0.5823) and 0.0038 cents/m³.
- (2) Includes Prospective Recovery of (0.0101), (0.5823), 0.0038 and 0.8953 cents/m³.
- (3) Includes Prospective Recovery of (0.4572), 0.4957, 0.3738 and (0.4214) cents/m³.
- (4) Includes Prospective Recovery of 0.4957, 0.3738, (0.4214) and 1.5672 cents/m³.

UNION GAS LIMITED
 Union North
 Summary of Changes to Sales Rates
Rate 10 - Large Volume General Firm Service

Line No.	Particulars (cents/m ³)	EB-2013-0413 Approved January 1, 2014 Rate (c)	Rate Change (b)	EB-2014-0050 Approved April 1, 2014 Rate (c)
1	Monthly Charge - All Zones	\$70.00		\$70.00
	Monthly Delivery Charge - All Zones			
2	First 1,000 m ³	7.6415	0.1318	7.7733
3	Next 9,000 m ³	6.2279	0.1318	6.3597
4	Next 20,000 m ³	5.4217	0.1318	5.5535
5	Next 70,000 m ³	4.9056	0.1318	5.0374
6	Over 100,000 m ³	2.9504	0.1318	3.0822
7	Delivery - Price Adjustment (All Volumes)	-		-
	Gas Transportation Service			
8	Fort Frances	3.8695		3.8695
9	Western Zone	3.8173		3.8173
10	Northern Zone	5.0941		5.0941
11	Eastern Zone	5.8579		5.8579
12	Transportation - Price Adjustment (All Zones)	(1.0621) (1)	1.3688	0.3067 (2)
	Storage Service			
13	Fort Frances	1.2015		1.2015
14	Western Zone	1.4418		1.4418
15	Northern Zone	2.2760		2.2760
16	Eastern Zone	2.6307		2.6307
17	Storage - Price Adjustment (All Zones)	-		-
	Commodity Cost of Gas and Fuel			
18	Fort Frances	12.6203	4.9854	17.6057
19	Western Zone	12.6888	4.9872	17.6760
20	Northern Zone	12.7834	5.0337	17.8171
21	Eastern Zone	12.8628	5.0676	17.9304
22	Commodity and Fuel - Price Adjustment (All Zones)	(0.0091) (3)	2.0244	2.0153 (4)

Notes:

- (1) Includes Prospective Recovery of (0.4735), (0.0101), (0.5823) and 0.0038 cents/m³.
- (2) Includes Prospective Recovery of (0.0101), (0.5823), 0.0038 and 0.8953 cents/m³.
- (3) Includes Prospective Recovery of (0.4572), 0.4957, 0.3738 and (0.4214) cents/m³.
- (4) Includes Prospective Recovery of 0.4957, 0.3738, (0.4214) and 1.5672 cents/m³.

UNION GAS LIMITED
 Union North
 Summary of Changes to Sales Rates
 Rate 20 - Medium Volume Firm Service

Line No.	Particulars (cents/m ³)	EB-2013-0413 Approved January 1, 2014 Rate (c)	Rate Change (b)	EB-2014-0050 Approved April 1, 2014 Rate (c)
1	Monthly Charge	\$1,000.00		\$1,000.00
	Delivery Demand Charge			
2	First 70,000 m ³	27.8179		27.8179
3	All over 70,000 m ³	16.3583		16.3583
	Delivery Commodity Charge			
4	First 852,000 m ³	0.5263	0.0227	0.5489
5	All over 852,000 m ³	0.3819	0.0227	0.4046
	Monthly Gas Supply Demand Charge			
6	Fort Frances	21.9979		21.9979
7	Western Zone	24.8397		24.8397
8	Northern Zone	62.6121		62.6121
9	Eastern Zone	82.3684		82.3684
10	Gas Supply Demand - Price Adjustment (All Zones)	-		-
	Commodity Transportation 1			
11	Fort Frances	3.0513		3.0513
12	Western Zone	3.1266		3.1266
13	Northern Zone	3.9709		3.9709
14	Eastern Zone	4.4184		4.4184
15	Transportation 1 - Price Adjustment (All Zones)	(1.0622) (1)	1.3689	0.3067 (2)
	Commodity Transportation 2			
16	Fort Frances	-		-
17	Western Zone	-		-
18	Northern Zone	-		-
19	Eastern Zone	-		-
	Commodity Cost of Gas and Fuel			
20	Fort Frances	12.5615	4.8624	17.4239
21	Western Zone	12.6298	4.8636	17.4934
22	Northern Zone	12.7239	4.9091	17.6330
23	Eastern Zone	12.8029	4.9422	17.7451
24	Commodity and Fuel - Price Adjustment (All Zones)	(0.0091) (3)	2.0244	2.0153 (4)
	Bundled Storage Service (\$/GJ)			
25	Monthly Demand Charge	9.643		9.643
26	Commodity Charge	0.156		0.156
27	Storage Demand - Price Adjustment	-		-

Notes:

- (1) Includes Prospective Recovery of (0.4735), (0.0101), (0.5823) and 0.0038 cents/m³.
- (2) Includes Prospective Recovery of (0.0101), (0.5823), 0.0038 and 0.8953 cents/m³.
- (3) Includes Prospective Recovery of (0.4572), 0.4957, 0.3738 and (0.4214) cents/m³.
- (4) Includes Prospective Recovery of 0.4957, 0.3738, (0.4214) and 1.5672 cents/m³.

UNION GAS LIMITED
 Union North
 Summary of Changes to Sales Rates
Rate 100 - Large Volume High Load Factor Firm Service

Line No.	Particulars (cents/m ³)	EB-2013-0413 Approved January 1, 2014 Rate (c)	Rate Change (b)	EB-2014-0050 Approved April 1, 2014 Rate (c)
1	Monthly Charge	\$1,500.00		\$1,500.00
2	Delivery Demand Charge All Zones	15.3415		15.3415
3	Delivery Commodity Charge All Zones	0.2136	0.0003	0.2139
4	Monthly Gas Supply Demand Charge Fort Frances	59.0298		59.0298
5	Western Zone	62.3453		62.3453
6	Northern Zone	106.4130		106.4130
7	Eastern Zone	129.4620		129.4620
8	Commodity Transportation 1 Fort Frances	5.4887		5.4887
9	Western Zone	5.5452		5.5452
10	Northern Zone	6.1784		6.1784
11	Eastern Zone	6.5140		6.5140
12	Commodity Transportation 2 Fort Frances	-		-
13	Western Zone	-		-
14	Northern Zone	-		-
15	Eastern Zone	-		-
16	Commodity Cost of Gas and Fuel Fort Frances	12.5615	4.8624	17.4239
17	Western Zone	12.6298	4.8636	17.4934
18	Northern Zone	12.7239	4.9091	17.6330
19	Eastern Zone	12.8029	4.9422	17.7451
20	Commodity and Fuel - Price Adjustment (All Zones)	(0.0091) (1)	2.0244	2.0153 (2)
21	Bundled Storage Service (\$/GJ) Monthly Demand Charge	9.643		9.643
22	Commodity Charge	0.156		0.156
23	Storage Demand - Price Adjustment	-		-

Notes:

- (1) Includes Prospective Recovery of (0.4572), 0.4957, 0.3738 and (0.4214) cents/m³.
 (2) Includes Prospective Recovery of 0.4957, 0.3738, (0.4214) and 1.5672 cents/m³.

UNION GAS LIMITED
 Union North
Summary of Changes to Sales Rates

Line No.	Particulars (cents/m ³)	EB-2013-0413 Approved January 1, 2014 <u>Rate</u> (c)	<u>Rate</u> Change (b)	EB-2014-0050 Approved April 1, 2014 <u>Rate</u> (c)
	<u>Rate 25 - Large Volume Interruptible Service</u>			
1	Monthly Charge	\$375.00		\$375.00
2	Delivery Charge - All Zones * Maximum	5.0293	0.1186	5.1479
3	Gas Supply Charges - All Zones Minimum	14.3135		14.3135
4	Maximum	140.5622		140.5622

* see Appendix C.

UNION GAS LIMITED
 Union South
Summary of Changes to Sales Rates

Line No.	Particulars (cents/m ³)	EB-2013-0413	Rate	EB-2014-0050
		Approved January 1, 2014	Change	Approved April 1, 2014
		Rate	(b)	Rate
		(c)	(b)	(c)
	<u>Utility Sales</u>			
1	Commodity and Fuel	12.8596	5.0611	17.9207
2	Commodity and Fuel - Price Adjustment	0.4456 (1)	4.0231	4.4687 (2)
3	Transportation	3.5634	(0.1135)	3.4499
4	Total Gas Supply Commodity Charge	<u>16.8686</u>	<u>8.9707</u>	<u>25.8393</u>
	<u>M4 Firm Commercial/Industrial</u>			
5	Minimum annual gas supply commodity charge	4.1073	0.0596	4.1669
	<u>M5A Interruptible Commercial/Industrial</u>			
6	Minimum annual gas supply commodity charge	4.1073	0.0596	4.1669
	<u>Storage and Transportation Supplemental Services - Rate T1, Rate T2 & Rate T3</u>	<u>\$/GJ</u>		<u>\$/GJ</u>
	Monthly demand charges: (\$/GJ)			
7	Firm gas supply service	46.857		46.857
8	Firm backstop gas	1.778	0.375	2.153
	Commodity charges:			
9	Gas supply	3.327	1.303	4.630
10	Backstop gas	4.722	1.282	6.004
11	Reasonable Efforts Backstop Gas	5.489	1.283	6.772
12	Supplemental Inventory	Note (3)		Note (3)
13	Supplemental Gas Sales Service (cents/m ³)	19.3781	5.2657	24.6438
14	Failure to Deliver	2.533	0.0090	2.542
15	Discretionary Gas Supply Service (DGSS)	Note (4)		Note (4)

Notes:

- (1) Includes Prospective Recovery of (0.3368), 0.8211, 0.2565, and (0.2952) cents/m³.
- (2) Includes Prospective Recovery of 0.8211, 0.2565, (0.2952) and 3.6863 cents/m³.
- (3) The charge for banked gas purchases shall be the higher of the daily spot gas cost at Dawn in the month of or the month following the month in which gas is sold under this rate and shall not be less than Union's approved weighted average cost of gas.
- (4) Reflects the "back to back" price plus gas supply administration charge.

UNION GAS LIMITED
 Union South
Summary of Changes to Sales Rates

Line No.	Particulars (cents/m ³)	EB-2013-0413 Approved January 1, 2014 Rate (c)	Rate Change (b)	EB-2014-0050 Approved April 1, 2014 Rate (c)
<u>Rate M1 - Small Volume General Service Rate</u>				
1	Monthly Charge	\$21.00		\$21.00
2	First 100 m ³	3.7351	0.0891	3.8242
3	Next 150 m ³	3.5286	0.0891	3.6177
4	All over 250 m ³	3.0401	0.0891	3.1292
5	Delivery - Price Adjustment (All Volumes)	-		
6	Storage Service	0.7368		0.7368
7	Storage - Price Adjustment	-		-
<u>Rate M2 - Large Volume General Service Rate</u>				
8	Monthly Charge	\$70.00		\$70.00
9	First 1,000 m ³	4.0965	0.0905	4.1870
10	Next 6,000 m ³	4.0202	0.0905	4.1107
11	Next 13,000 m ³	3.7928	0.0905	3.8833
12	All over 20,000 m ³	3.5199	0.0905	3.6104
13	Delivery - Price Adjustment (All Volumes)	-		-
14	Storage Service	0.7550		0.7550
15	Storage - Price Adjustment	-		-
<u>Rate M4 - Firm comm/ind contract rate</u>				
Monthly demand charge:				
16	First 8,450 m ³	46.6239		46.6239
17	Next 19,700 m ³	20.9050		20.9050
18	All over 28,150 m ³	17.5631		17.5631
Monthly delivery commodity charge:				
19	First block	0.9287	0.0673	0.9960
20	All remaining use	0.3909	0.0673	0.4582
21	Delivery - Price Adjustment (All Volumes)			-
22	Minimum annual delivery commodity charge	1.1219	0.0674	1.1893

UNION GAS LIMITED
 Union South
Summary of Changes to Sales Rates

Line No.	Particulars (cents/m ³)	EB-2013-0413 Approved January 1, 2014 Rate (c)	Rate Change (b)	EB-2014-0050 Approved April 1, 2014 Rate (c)
	<u>Rate M5A - interruptible comm/ind contract</u>			
	<u>Firm contracts</u> *			
1	Monthly demand charge	28.6252		28.6252
2	Monthly delivery commodity charge	1.9055	0.0649	1.9704
3	Delivery - Price Adjustment (All Volumes)	-		-
	<u>Interruptible contracts</u> *			
4	Monthly Charge	\$690.00		\$690.00
	Daily delivery commodity charge:			
5	2,400 m ³ to 17,000 m ³	2.5142	0.0649	2.5791
6	17,000 m ³ to 30,000 m ³	2.3843	0.0649	2.4492
7	30,000 m ³ to 50,000 m ³	2.3160	0.0649	2.3809
8	50,000 m ³ to 60,000 m ³	2.2681	0.0649	2.3330
9	Delivery - Price Adjustment (All Volumes)	-		-
10	Annual minimum delivery commodity charge	2.7075	0.0649	2.7724
	<u>Rate M7 - Special large volume contract</u>			
	<u>Firm</u>			
11	Monthly demand charge	25.3924		25.3924
12	Monthly delivery commodity charge	0.2864	0.0687	0.3552
13	Delivery - Price Adjustment	-		-
	<u>Interruptible</u> *			
14	Monthly delivery commodity charge: Maximum	3.9114	0.0687	3.9801
15	Delivery - Price Adjustment	-		-
	<u>Seasonal</u> *			
16	Monthly delivery commodity charge: Maximum	3.6673	0.0687	3.7360
17	Delivery - Price Adjustment	-		-
	<u>Rate M9 - Large wholesale service</u>			
18	Monthly demand charge	15.1688		15.1688
19	Monthly delivery commodity charge	0.1633	0.0720	0.2353
20	Delivery - Price Adjustment	-		-
	<u>Rate M10 - Small wholesale service</u>			
21	Monthly delivery commodity charge	5.1209	0.1051	5.2260

* Price changes to individual interruptible and seasonal contract rates are provided in Appendix C.

UNION GAS LIMITED
 Union South
Summary of Changes to Contract Carriage Rates

Line No.	Particulars	EB-2013-0413 Approved January 1, 2014 Rate (c)	Rate Change (b)	EB-2014-0050 Approved April 1, 2014 Rate (c)
	<u>Contract Carriage Service</u>			
	<u>Rate T1 - Storage and Transportation</u>			
	<u>Storage (\$ / GJ)</u>			
	Monthly demand charges:			
1	Firm space	0.011		0.011
2	Firm Injection/Withdrawal Right			
3	Union provides deliverability inventory	1.571	0.100	1.671
4	Customer provides deliverability inventory	1.197		1.197
5	Firm incremental injection	1.197		1.197
6	Interruptible withdrawal	1.197		1.197
	Commodity charges:			
7	Withdrawal	0.027	0.005	0.032
8	Customer provides compressor fuel	0.008		0.008
9	Injection	0.027	0.005	0.032
10	Customer provides compressor fuel	0.008		0.008
11	Storage fuel ratio - customer provides fuel	0.395%		0.395%
	<u>Transportation (cents / m³)</u>			
12	Monthly demand charge first 28,150 m ³	31.9554		31.9554
13	Monthly demand charge next 112,720 m ³	22.0775		22.0775
	Firm commodity charges:			
14	Union provides compressor fuel - All volumes	0.1175	0.0127	0.1302
15	Customer provides compressor fuel - All volumes	0.0712		0.0712
16	Interruptible commodity charges: *			
17	Maximum - Union provides compressor fuel	3.9114	0.0687	3.9801
18	Maximum - customer provides compressor fuel	3.8651	0.0560	3.9211
19	Transportation fuel ratio - customer provides fuel	0.250%		0.250%
	<u>Authorized overrun services</u>			
	<u>Storage (\$ / GJ)</u>			
	Commodity charges			
20	Injection / Withdrawals	0.101	0.014	0.115
21	Customer provides compressor fuel	0.059	0.004	0.063
22	Transportation commodity charge (cents/m ³)	1.1681	0.0127	1.1808
23	Customer provides compressor fuel	1.1218		1.1218
24	<u>Monthly Charge</u>	\$1,936.13		\$1,936.13

* Price changes to individual interruptible contract rates are provided in Appendix C.

UNION GAS LIMITED
 Union South
Summary of Changes to Contract Carriage Rates

Line No.	Particulars	EB-2013-0413 Approved January 1, 2014 Rate (c)	Rate Change (b)	EB-2014-0050 Approved April 1, 2014 Rate (c)
	<u>Contract Carriage Service</u>			
	<u>Rate T2 - Storage and Transportation</u>			
	<u>Storage (\$ / GJ)</u>			
	Monthly demand charges:			
1	Firm space	0.011		0.011
2	Firm Injection/Withdrawal Right			
3	Union provides deliverability inventory	1.571	0.100	1.671
4	Customer provides deliverability inventory	1.197		1.197
5	Firm incremental injection	1.197		1.197
6	Interruptible withdrawal	1.197		1.197
	Commodity charges:			
7	Withdrawal	0.027	0.005	0.032
8	Customer provides compressor fuel	0.008		0.008
9	Injection	0.027	0.005	0.032
10	Customer provides compressor fuel	0.008		0.008
11	Storage fuel ratio - customer provides fuel	0.395%		0.395%
	<u>Transportation (cents / m³)</u>			
12	Monthly demand charge first 140,870 m ³	20.1911		20.1911
13	Monthly demand charge all over 140,870 m ³	10.6802		10.6802
	Firm commodity charges:			
14	Union provides compressor fuel - All volumes	0.0535	0.0126	0.0661
15	Customer provides compressor fuel - All volumes	0.0078		0.0078
16	Interruptible commodity charges: *			
17	Maximum - Union provides compressor fuel	3.9114	0.0687	3.9801
18	Maximum - customer provides compressor fuel	3.8657	0.0562	3.9218
19	Transportation fuel ratio - customer provides fuel	0.247%		0.247%
	<u>Authorized overrun services</u>			
	<u>Storage (\$ / GJ)</u>			
	Commodity charges			
20	Injection / Withdrawals	0.101	0.014	0.115
21	Customer provides compressor fuel	0.059	0.003	0.063
22	Transportation commodity charge (cents/m ³)	0.7173	0.0126	0.7299
23	Customer provides compressor fuel	0.6716		0.6716
24	<u>Monthly Charge</u>	\$6,000.00		\$6,000.00

* Price changes to individual interruptible contract rates are provided in Appendix C.

UNION GAS LIMITED
 Union South
Summary of Changes to Contract Carriage Rates

Line No.	Particulars	EB-2013-0413 Approved January 1, 2014 Rate (c)	Rate Change (b)	EB-2014-0050 Approved April 1, 2014 Rate (c)
<u>Rate T3 - Storage and Transportation</u>				
<u>Storage (\$ / GJ)</u>				
Monthly demand charges:				
1	Firm space	0.011		0.011
2	Firm Injection/Withdrawal Right Union provides deliverability inventory	1.571	0.100	1.671
3	Customer provides deliverability inventory	1.197		1.197
4	Firm incremental injection	1.197		1.197
5	Interruptible withdrawal	1.197		1.197
Commodity charges:				
6	Withdrawal	0.027		0.032
7	Customer provides compressor fuel	0.008		0.008
8	Injection	0.027	0.005	0.032
9	Customer provides compressor fuel	0.008		0.008
10	Storage fuel ratio- Cust. provides fuel	0.395%		0.395%
<u>Transportation (cents / m³)</u>				
11	Monthly demand charge	9.3582		9.3582
Firm commodity charges				
12	Union supplies compressor fuel	0.0635	0.0145	0.0780
13	Customer provides compressor fuel	0.0107		0.0107
14	Transportation fuel ratio- Cust. provides fuel	0.285%		0.285%
<u>Authorized overrun services</u>				
Storage (\$ / GJ)				
Commodity charges:				
15	Injection / Withdrawals	0.101	0.014	0.115
16	Customer provides compressor fuel	0.059	0.004	0.063
17	Transportation commodity charge (cents/m ³)	0.3712	0.0145	0.3857
18	Customer provides compressor fuel (cents/m ³)	0.3184		0.3184
<u>Monthly Charge</u>				
19	City of Kitchener	\$20,371.35		\$20,371.35
20	Natural Resource Gas	\$3,127.21		\$3,127.21
21	Six Nations	\$1,042.40		\$1,042.40

UNION GAS LIMITED
 Union South
Summary of Changes to Unbundled Rates

Line No.	Particulars	EB-2013-0413 Approved January 1, 2014 Rate (c)	Rate Change (b)	EB-2014-0050 Approved April 1, 2014 Rate (c)
	<u>U2 Unbundled Service</u>			
	<u>Storage (\$ / GJ)</u>			
	Monthly demand charges:			
	Standard Storage Service (SSS)			
1	Combined Firm Space & Deliverability	0.024		0.024
	Standard Peaking Service (SPS)			
2	Combined Firm Space & Deliverability	0.116		0.116
3	Incremental firm injection right	1.041		1.041
4	Incremental firm withdrawal right	1.041		1.041
	Commodity charges:			
5	Injection customer provides compressor fuel	0.026		0.026
6	Withdrawal customer provides compressor fuel	0.026		0.026
7	Storage fuel ratio - Customer provides fuel	0.395%		0.395%
	<u>Authorized overrun services</u>			
	<u>Storage (\$ / GJ)</u>			
	Commodity charges:			
8	Injection customer provides compressor fuel	0.060		0.060
9	Withdrawal customer provides compressor fuel	0.060		0.060

UNION GAS LIMITED
Summary of Changes to Storage and Transportation Rates

Line No.	Particulars (\$/GJ)	EB-2013-0413 Approved January 1, 2014 Rate (a)	Rate Change (b)	EB-2014-0050 Approved April 1, 2014 Rate (c)
<u>M12 Transportation Service</u>				
<u>Firm transportation</u>				
Monthly demand charges:				
1	Dawn to Kirkwall	2.011		2.011
2	Dawn to Oakville/Parkway	2.382		2.382
3	Kirkwall to Parkway	0.372		0.372
4	F24-T	0.068		0.068
<u>M12-X Firm Transportation</u>				
5	Between Dawn, Kirkwall and Parkway	2.961		2.961
Commodity charges:				
6	Easterly	Note (1)		Note (1)
7	Westerly	Note (1)		Note (1)
8	Parkway (TCPL) to Parkway (Cons)	Note (1)		Note (1)
<u>Limited Firm/Interruptible</u>				
Monthly demand charges:				
9	Maximum	5.718		5.718
Commodity charges :				
10	Others	Note (1)		Note (1)
<u>Authorized Overrun</u>				
Transportation commodity charges:				
Easterly:				
11	Dawn to Kirkwall - Union supplied fuel	Note (1)		Note (1)
12	Dawn to Oakville/Parkway - Union supplied fuel	Note (1)		Note (1)
13	Dawn to Kirkwall - Shipper supplied fuel	0.066 (1)		0.066 (1)
14	Dawn to Oakville/Parkway - Shipper supplied fuel	0.078 (1)		0.078 (1)
15	Kirkwall to Parkway - Union supplied fuel	Note (1)		Note (1)
16	Kirkwall to Parkway - Shipper supplied fuel	0.012		0.012
17	Westerly - Union supplied fuel	Note (1)		Note (1)
18	Westerly - Shipper supplied fuel	0.078 (1)		0.078 (1)
M12-X Firm Transportation				
19	Between Dawn, Kirkwall and Parkway - Union supplied fuel	Note (1)		Note (1)
20	Between Dawn, Kirkwall and Parkway - Shipper supplied fuel	0.097 (1)		0.097 (1)
<u>M13 Transportation of Locally Produced Gas</u>				
21	Monthly fixed charge per customer station	\$926.60		\$926.60
22	Transmission commodity charge to Dawn	0.034		0.034
23	Commodity charge - Union supplies fuel	0.007	0.002	0.009
24	Commodity charge - Shipper supplies fuel	Note (2)		Note (2)
25	Authorized Overrun - Union supplies fuel	0.076	0.002	0.078
26	Authorized Overrun - Shipper supplies fuel	0.069 (2)		0.069 (2)

Notes:

- (1) Monthly fuel rates and ratios per Schedule "C".
 (2) Plus customer supplied fuel per rate schedule.

UNION GAS LIMITED
Summary of Changes to Storage and Transportation Rates

Line No.	Particulars (\$/GJ)	EB-2013-0413 Approved January 1, 2014 Rate (a)	Rate Change (b)	EB-2014-0050 Approved April 1, 2014 Rate (c)
<u>M16 Storage Transportation Service</u>				
1	Monthly fixed charge per customer station	\$1,474.12		\$1,474.12
Monthly demand charges:				
2	East of Dawn	0.741		0.741
3	West of Dawn	1.059		1.059
4	Transmission commodity charge to Dawn	0.034		0.034
Transportation Fuel Charges to Dawn:				
5	East of Dawn - Union supplied fuel	0.007	0.002	0.009
6	West of Dawn - Union supplied fuel	0.007	0.002	0.009
7	East of Dawn - Shipper supplied fuel	Note (1)		Note (1)
8	West of Dawn - Shipper supplied fuel	Note (1)		Note (1)
Transportation Fuel Charges to Pools:				
9	East of Dawn - Union supplied fuel	0.007	0.002	0.009
10	West of Dawn - Union supplied fuel	0.021	0.006	0.027
11	East of Dawn - Shipper supplied fuel	Note (1)		Note (1)
12	West of Dawn - Shipper supplied fuel	Note (1)		Note (1)
<u>Authorized Overrun</u>				
Transportation Fuel Charges to Dawn:				
13	East of Dawn - Union supplied fuel	0.066	0.002	0.068
14	West of Dawn - Union supplied fuel	0.076	0.002	0.078
15	East of Dawn - Shipper supplied fuel	0.058 (1)		0.058 (1)
16	West of Dawn - Shipper supplied fuel	0.069 (1)		0.069 (1)
Transportation Fuel Charges to Pools:				
17	East of Dawn - Union supplied fuel	0.032	0.002	0.034
18	West of Dawn - Union supplied fuel	0.056	0.006	0.062
19	East of Dawn - Shipper supplied fuel	0.024 (1)		0.024 (1)
20	West of Dawn - Shipper supplied fuel	0.035 (1)		0.035 (1)
<u>C1 - Cross Franchise Transportation Service</u>				
<u>Transportation service</u>				
Monthly demand charges:				
21	St. Clair / Bluewater & Dawn	1.059		1.059
22	Ojibway & Dawn	1.059		1.059
23	Parkway to Dawn	0.579		0.579
24	Parkway to Kirkwall	0.579		0.579
25	Kirkwall to Dawn	1.021		1.021
26	Dawn to Kirkwall	2.011		2.011
27	Dawn to Parkway	2.382		2.382
28	Kirkwall to Parkway	0.372		0.372
29	Dawn to Dawn-Vector	0.029		0.029
30	Dawn to Dawn-TCPL	0.134		0.134
Short-term:				
31	Maximum	75.00		75.00
Commodity charges:				
32	St. Clair / Bluewater & Dawn - Union supplied fuel (Nov. 1 - Mar. 31)	0.013	0.003	0.016
33	St. Clair / Bluewater & Dawn - Union supplied fuel (Apr. 1 - Oct. 31)	0.010	0.002	0.012
34	Ojibway & Dawn - Union supplied fuel (Nov. 1 - Mar. 31)	0.014	0.004	0.018
35	Ojibway & Dawn - Union supplied fuel (Apr. 1 - Oct. 31)	0.021	0.006	0.027
36	Parkway to Kirkwall / Dawn - Union supplied fuel (Nov. 1 - Mar. 31)	0.007	0.002	0.009
37	Parkway to Kirkwall / Dawn - Union supplied fuel (Apr. 1 - Oct. 31)	0.013	0.004	0.017
38	Kirkwall to Dawn - Union supplied fuel (Nov. 1 - Mar. 31)	0.007	0.002	0.009
39	Kirkwall to Dawn - Union supplied fuel (Apr. 1 - Oct. 31)	0.007	0.002	0.009
40	Dawn to Kirkwall - Union supplied fuel (Nov. 1 - Mar. 31)	0.035	0.010	0.045
41	Dawn to Kirkwall - Union supplied fuel (Apr. 1 - Oct. 31)	0.015	0.004	0.019
42	Dawn to Parkway - Union supplied fuel (Nov. 1 - Mar. 31)	0.047	0.013	0.060
43	Dawn to Parkway - Union supplied fuel (Apr. 1 - Oct.31)	0.026	0.006	0.032
44	Kirkwall to Parkway - Union supplied fuel (Nov. 1 - Mar. 31)	0.019	0.006	0.025
45	Kirkwall to Parkway - Union supplied fuel (Apr. 1 - Oct.31)	0.018	0.005	0.023

Notes:

(1) Plus customer supplied fuel per rate schedule.

UNION GAS LIMITED
Summary of Changes to Storage and Transportation Rates

Line No.	Particulars (\$/GJ)	EB-2013-0413 Approved January 1, 2014 Rate (a)	Rate Change (b)	EB-2014-0050 Approved April 1, 2014 Rate (c)
<u>C1 - Cross Franchise Transportation Service</u>				
<u>Transportation service cont'd</u>				
1	St. Clair / Bluewater & Dawn - Shipper supplied fuel (Nov. 1 - Mar. 31)	Note (1)		Note (1)
2	St. Clair / Bluewater & Dawn - Shipper supplied fuel (Apr. 1 - Oct. 31)	Note (1)		Note (1)
3	Ojibway & Dawn - Shipper supplied fuel (Nov. 1 - Mar. 31)	Note (1)		Note (1)
4	Ojibway & Dawn - Shipper supplied fuel (Apr. 1 - Oct. 31)	Note (1)		Note (1)
5	Parkway to Kirkwall / Dawn - Shipper supplied fuel (Nov. 1 - Mar. 31)	Note (1)		Note (1)
6	Parkway to Kirkwall / Dawn - Shipper supplied fuel (Apr. 1 - Oct. 31)	Note (1)		Note (1)
7	Kirkwall to Dawn - Shipper supplied fuel (Nov. 1 - Mar. 31)	Note (1)		Note (1)
8	Kirkwall to Dawn - Shipper supplied fuel (Apr. 1 - Oct. 31)	Note (1)		Note (1)
9	Dawn to Kirkwall - Shipper supplied fuel (Nov. 1 - Mar. 31)	Note (1)		Note (1)
10	Dawn to Kirkwall - Shipper supplied fuel (Apr. 1 - Oct. 31)	Note (1)		Note (1)
11	Dawn to Parkway - Shipper supplied fuel (Nov. 1 - Mar. 31)	Note (1)		Note (1)
12	Dawn to Parkway - Shipper supplied fuel (Apr. 1 - Oct. 31)	Note (1)		Note (1)
13	Kirkwall to Parkway - Shipper supplied fuel (Nov. 1 - Mar. 31)	Note (1)		Note (1)
14	Kirkwall to Parkway - Shipper supplied fuel (Apr. 1 - Oct. 31)	Note (1)		Note (1)
15	Dawn to Dawn-Vector - Shipper supplied fuel (Nov. 1 - Mar. 31)	Note (1)		Note (1)
16	Dawn to Dawn-Vector - Shipper supplied fuel (Apr. 1 - Oct. 31)	Note (1)		Note (1)
17	Dawn to Dawn-TCPL - Shipper supplied fuel (Nov. 1 - Mar. 31)	Note (1)		Note (1)
18	Dawn to Dawn-TCPL - Shipper supplied fuel (Apr. 1 - Oct. 31)	Note (1)		Note (1)
Interruptible commodity charges:				
19	Maximum	75.00		75.00
20	Dawn(Tecumseh), Dawn(Facilities or TCPL), Dawn (Vector) and Dawn (TSLE)	Note (1)		Note (1)
<u>Authorized Overrun</u>				
Firm transportation commodity charges:				
21	St. Clair / Bluewater & Dawn - Union supplied fuel (Nov. 1 - Mar. 31)	0.047	0.004	0.051
22	St. Clair / Bluewater & Dawn - Union supplied fuel (Apr. 1 - Oct. 31)	0.045	0.002	0.047
23	Ojibway & Dawn - Union supplied fuel (Nov. 1 - Mar. 31)	0.049	0.004	0.053
24	Ojibway & Dawn - Union supplied fuel (Apr. 1 - Oct. 31)	0.056	0.006	0.062
25	Parkway to Kirkwall / Dawn - Union supplied fuel (Nov. 1 - Mar. 31)	0.115	0.010	0.125
26	Parkway to Kirkwall / Dawn - Union supplied fuel (Apr. 1 - Oct. 31)	0.121	0.011	0.132
27	Kirkwall to Dawn - Union supplied fuel (Nov. 1 - Mar. 31)	0.041	0.011	0.052
28	Kirkwall to Dawn - Union supplied fuel (Apr. 1 - Oct. 31)	0.041	0.011	0.052
29	Dawn to Kirkwall - Union supplied fuel (Nov. 1 - Mar. 31)	0.131	0.017	0.148
30	Dawn to Kirkwall - Union supplied fuel (Apr. 1 - Oct. 31)	0.110	0.012	0.122
31	Dawn to Parkway - Union supplied fuel (Nov. 1 - Mar. 31)	0.159	0.013	0.172
32	Dawn to Parkway - Union supplied fuel (Apr. 1 - Oct. 31)	0.134	0.013	0.147
33	Kirkwall to Parkway - Union supplied fuel (Nov. 1 - Mar. 31)	0.065	0.005	0.070
34	Kirkwall to Parkway - Union supplied fuel (Apr. 1 - Oct. 31)	0.064	0.004	0.068
35	St. Clair / Bluewater & Dawn - Shipper supplied fuel (Nov. 1 - Mar. 31)	0.035 (1)		0.035 (1)
36	St. Clair / Bluewater & Dawn - Shipper supplied fuel (Apr. 1 - Oct. 31)	0.035 (1)		0.035 (1)
37	Ojibway & Dawn - Shipper supplied fuel (Nov. 1 - Mar. 31)	0.035 (1)		0.035 (1)
38	Ojibway & Dawn - Shipper supplied fuel (Apr. 1 - Oct. 31)	0.035 (1)		0.035 (1)
39	Parkway to Kirkwall / Dawn - Shipper supplied fuel (Nov. 1 - Mar. 31)	0.019 (1)		0.019 (1)
40	Parkway to Kirkwall / Dawn - Shipper supplied fuel (Apr. 1 - Oct. 31)	0.019 (1)		0.019 (1)
41	Kirkwall to Dawn - Shipper supplied fuel (Nov. 1 - Mar. 31)	0.034 (1)		0.034 (1)
42	Kirkwall to Dawn - Shipper supplied fuel (Apr. 1 - Oct. 31)	0.034 (1)		0.034 (1)
43	Dawn to Kirkwall - Shipper supplied fuel (Nov. 1 - Mar. 31)	0.066 (1)		0.066 (1)
44	Dawn to Kirkwall - Shipper supplied fuel (Apr. 1 - Oct. 31)	0.066 (1)		0.066 (1)
45	Dawn to Parkway - Shipper supplied fuel (Nov. 1 - Mar. 31)	0.078 (1)		0.078 (1)
46	Dawn to Parkway - Shipper supplied fuel (Apr. 1 - Oct. 31)	0.078 (1)		0.078 (1)
47	Kirkwall to Parkway - Shipper supplied fuel (Nov. 1 - Mar. 31)	0.012 (1)		0.012 (1)
48	Kirkwall to Parkway - Shipper supplied fuel (Apr. 1 - Oct. 31)	0.012 (1)		0.012 (1)
49	Dawn to Dawn-Vector - Shipper supplied fuel (Nov. 1 - Mar. 31)	0.001 (1)		0.001 (1)
50	Dawn to Dawn-Vector - Shipper supplied fuel (Apr. 1 - Oct. 31)	0.001 (1)		0.001 (1)
51	Dawn to Dawn-TCPL - Shipper supplied fuel (Nov. 1 - Mar. 31)	0.004 (1)		0.004 (1)
52	Dawn to Dawn-TCPL - Shipper supplied fuel (Apr. 1 - Oct. 31)	0.004 (1)		0.004 (1)
Short Term Firm transportation commodity charges:				
53	Maximum	75.00		75.00

Notes:

(1) Plus customer supplied fuel per rate schedule.



RATE 01A - SMALL VOLUME GENERAL FIRM SERVICE

ELIGIBILITY

Any customer in Union's Fort Frances, Western, Northern or Eastern Zones who is an end user whose total gas requirements at that location are equal to or less than 50,000 m³ per year.

SERVICES AVAILABLE

The following services are available under this rate schedule:

(a) **Sales Service**

For continuous supply of natural gas by Union and associated transportation and storage services necessary to ensure deliverability in accordance with the customer's needs. For this service, the Monthly, Delivery and Gas Supply Charges shall apply.

(b) **Transportation Service**

For continuous delivery on Union's distribution system from the Point of Receipt on TCPL's system to the Point of Consumption on the customer's premises of natural gas owned by the customer and transported by TCPL under a firm transportation service tariff or equivalent National Energy Board Order. For this service, the Monthly and Delivery Charges shall apply. Unless otherwise authorized by Union, customers who initiate a movement to Transportation Service from a Sales Service or Bundled Transportation Service must accept an assignment from Union of transportation capacity on upstream pipeline systems.

(c) **Bundled Transportation Service**

For continuous delivery by Union of gas owned by the customer and for the associated transportation and storage services necessary to ensure deliverability in accordance with the customer's needs. For this service the Monthly, and Delivery Charges, as well as the Storage and Transportation Charges of the Gas Supply Charge shall apply.

MONTHLY RATES AND CHARGES

Zone Rate Schedule No.	<u>Fort Frances</u> 201	<u>Western</u> 101	<u>Northern</u> 301	<u>Eastern</u> 601
<u>APPLICABLE TO ALL SERVICES</u>				
<u>MONTHLY CHARGE</u>	\$21.00	\$21.00	\$21.00	\$21.00
<u>DELIVERY CHARGE</u>	<u>¢ per m³</u>	<u>¢ per m³</u>	<u>¢ per m³</u>	<u>¢ per m³</u>
First 100 m ³ per month @	9.8150	9.8150	9.8150	9.8150
Next 200 m ³ per month @	9.2905	9.2905	9.2905	9.2905
Next 200 m ³ per month @	8.9178	8.9178	8.9178	8.9178
Next 500 m ³ per month @	8.5758	8.5758	8.5758	8.5758
Over 1,000 m ³ per month @	8.2933	8.2933	8.2933	8.2933
Delivery-Price Adjustment (All Volumes)	-	-	-	-



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ADDITIONAL CHARGES FOR SALES SERVICE

GAS SUPPLY CHARGES

Gas Supply Charge (if applicable)

The gas supply charge is comprised of charges for transportation and for commodity and fuel.
The applicable rates are provided in Schedule "A".

MONTHLY BILL

The monthly bill will equal the sum of the monthly charges plus the rates multiplied by the applicable gas quantities delivered plus all applicable taxes.
If the customer transports its own gas, the Gas Supply Charge under Sales Service will not apply.

MINIMUM MONTHLY BILL

The Minimum Monthly Bill shall be the Monthly Charge.

DELAYED PAYMENT

The monthly late payment charge equal to 1.5% per month or 18% per annum (for an approximate effective rate of 19.56% per annum) multiplied by the total of all unpaid charges will be added to the bill if full payment is not received by the late payment effective date, which is 20 days after the bill has been issued.

SERVICE AGREEMENT

Customers providing their own gas supply in whole or in part, for transportation by Union, must enter into a Service Agreement with Union.

TERMS AND CONDITIONS OF SERVICE

1. If multiple end-users are receiving service from a customer under this rate, for billing purposes, the Monthly Charge, the Delivery Charge and any other charge that is specific to the location of each end-user shall be used to develop a monthly bill for each end-user at each location. Upon request, possibly for a fee, Union will combine the individual bills on a single invoice or statement for administrative convenience. However, Union will not combine the quantities or demands of several end-use locations so that eligibility to a different rate class will result. Further, Union will not combine the monthly billing data of individual end-users to generate a single bill which is less than the sum of the monthly bills of the individual end-users involved at each location.
2. Customers must enter into a Service Agreement with Union prior to the commencement of service.
3. The identified rates (excluding gas supply charges, if applicable) represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated, which may be higher than the identified rates.

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Chatham, Ontario

Supersedes EB-2013-0413 Rate Schedule effective January 1, 2014.



RATE 10 - LARGE VOLUME GENERAL FIRM SERVICE

ELIGIBILITY

Any customer in Union's Fort Frances, Western, Northern or Eastern Zones who is an end-user whose total firm gas requirements at one or more Company-owned meters at one location exceed 50,000 m³ per year.

SERVICES AVAILABLE

The following services are available under this rate schedule:

(a) **Sales Service**

For continuous supply of natural gas by Union and associated transportation and storage services necessary to ensure deliverability in accordance with the customer's needs. For this service, the Monthly, Delivery and Gas Supply Charges shall apply.

(b) **Transportation Service**

For continuous delivery on Union's distribution system from the Point of Receipt on TCPL's system to the Point of Consumption on the customer's premises of natural gas owned by the customer and transported by TCPL under a firm transportation service tariff or equivalent National Energy Board Order. For this service, the Monthly, and Delivery Charges shall apply. Unless otherwise authorized by Union, customers who initiate a movement to Transportation Service from a Sales Service or Bundled Transportation Service must accept an assignment from Union of transportation capacity on upstream pipeline systems. Customers may reduce their assignment of transportation capacity in compliance with Union's Turnback Policy.

(c) **Bundled Transportation Service**

For continuous delivery by Union of gas owned by the customer and for the associated transportation and storage services necessary to ensure deliverability in accordance with the customer's needs. For this service the Monthly, and Delivery Charges, as well as the Storage and Transportation Charges of the Gas Supply Charge shall apply.

MONTHLY RATES AND CHARGES

Zone	<u>Fort Frances</u>	<u>Western</u>	<u>Northern</u>	<u>Eastern</u>
Rate Schedule No.	210	110	310	610
<u>APPLICABLE TO ALL SERVICES</u>				
<u>MONTHLY CHARGE</u>	\$70.00	\$70.00	\$70.00	\$70.00
<u>DELIVERY CHARGE</u>	<u>¢ per m³</u>	<u>¢ per m³</u>	<u>¢ per m³</u>	<u>¢ per m³</u>
First 1,000 m ³ per month @	7.7733	7.7733	7.7733	7.7733
Next 9,000 m ³ per month @	6.3597	6.3597	6.3597	6.3597
Next 20,000 m ³ per month @	5.5535	5.5535	5.5535	5.5535
Next 70,000 m ³ per month @	5.0374	5.0374	5.0374	5.0374
Over 100,000 m ³ per month @	3.0822	3.0822	3.0822	3.0822
Delivery-Price Adjustment (All Volumes)	-	-	-	-



ADDITIONAL CHARGES FOR SALES SERVICE

GAS SUPPLY CHARGES

Gas Supply Charge (if applicable)

The gas supply charge is comprised of charges for transportation and for commodity and fuel.
The applicable rates are provided in Schedule "A".

MONTHLY BILL

The monthly bill will equal the sum of the monthly charges plus the rates multiplied by the applicable gas quantities delivered plus all applicable taxes.
If the customer transports its own gas, the Gas Supply Charge under Sales Service will not apply.

MINIMUM MONTHLY BILL

The Minimum Monthly Bill shall be the Monthly Charge.

DELAYED PAYMENT

The monthly late payment charge equal to 1.5% per month or 18% per annum (for an approximate effective rate of 19.56% per annum) multiplied by the total of all unpaid charges will be added to the bill if full payment is not received by the late payment effective date, which is 20 days after the bill has been issued.

SERVICE AGREEMENT

Customers providing their own gas supply in whole or in part, for transportation by Union and customers purchasing gas from Union with maximum daily requirements in excess of 3,000 m³ per day must enter into a Service Agreement with Union.

TERMS AND CONDITIONS OF SERVICE

1. Service shall be for a minimum term of one year.
2. If multiple end-users are receiving service from a customer under this rate, for billing purposes, the Monthly Charge, the Delivery Charge and any other charge that is specific to the location of each end-user shall be used to develop a monthly bill for each end-user at each location. Upon request, possibly for a fee, Union will combine the individual bills on a single invoice or statement for administrative convenience. However, Union will not combine the quantities or demands of several end-use locations so that eligibility to a different rate class will result. Further, Union will not combine the monthly billing data of individual end-users to generate a single bill which is less than the sum of the monthly bills of the individual end-users involved at each location.
3. Customers must enter into a Service Agreement with Union prior to the commencement of service.
4. For the purposes of qualifying for a rate class, the total quantities of gas consumed or expected to be consumed on the customer's contiguous property will be used, irrespective of the number of meters installed.
5. The identified rates (excluding gas supply charges, if applicable) represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated, which may be higher than the identified rates.

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Chatham, Ontario

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RATE 20 - MEDIUM VOLUME FIRM SERVICE

ELIGIBILITY

Any customer in Union's Fort Frances, Western, Northern or Eastern Zones who is an end-user or who is authorized to serve an end-user of gas through one or more Company-owned meters at one location, and whose total maximum daily requirements for firm or combined firm and interruptible service is 14,000 m³ or more.

SERVICES AVAILABLE

The following services are available under this rate schedule:

(a) **Sales Service**

For continuous supply of natural gas by Union and associated transportation and storage services necessary to ensure deliverability in accordance with the customer's needs. For this service, the Monthly, Delivery and Gas Supply Charges shall apply.

(b) **Transportation Service**

For continuous delivery on Union's distribution system from the Point of Receipt on TCPL's system to the Point of Consumption on the customer's premises of natural gas owned by the customer. The customer is responsible for obtaining the requisite regulatory approvals for the supply and transmission of such gas to Union's distribution system. For this service, the Monthly, Delivery, Transportation Account and Diversion Transaction Charges shall apply. Unless otherwise authorized by Union, customers who initiate a movement to Transportation Service from a Sales Service or Bundled Transportation Service must accept an assignment from Union of transportation capacity on upstream pipeline systems. Customers may reduce their assignment of transportation capacity in compliance with Union's Turnback Policy.

(c) **Bundled Transportation Service**

For continuous delivery by Union of gas owned by the customer and for the associated transportation and storage services necessary to ensure deliverability in accordance with the customer's needs. For this service the Monthly, Delivery, Gas Supply Demand and Commodity Transportation Charges shall apply.

(d) **Storage Service**

For load balancing purposes for customers using Transportation Service on this rate schedule. If at the sole discretion of Union, adequate supplies exist, bundled and unbundled storage and delivery/redelivery services will be provided.

The charge for Bundled Storage Service will consist of the charges for Transportation Service plus the charges for Bundled Storage Service.

NOTE: Union has a short-term intermittent gas supply service under Rate 30 of which customers may avail themselves, if they qualify for use of the service.



MONTHLY RATES AND CHARGES

APPLICABLE TO ALL SERVICES - ALL ZONES (1)

<u>MONTHLY CHARGE</u>	\$1,000.00
<u>DELIVERY CHARGES</u> (cents per month per m ³)	
Monthly Demand Charge for first 70,000 m ³ of Contracted Daily Demand	27.8179
Monthly Demand Charge for all units over 70,000 m ³ of Contracted Daily Demand	16.3583
Commodity Charge for first 852,000 m ³ of gas volumes delivered	0.5489
Commodity Charge for all units over 852,000 m ³ of gas volumes delivered	0.4046

NOTE

(1) Either the utility or a customer, or potential customer, may apply to the Ontario Energy Board to fix rates, charges and terms and conditions applicable thereto, different from the rates, charges and terms and conditions specified herein if changed rates, charges and terms and conditions are considered by either party to be necessary, desirable and in the public interest.

ADDITIONAL CHARGES FOR SALES SERVICE

Gas Supply Charge

The gas supply charge is comprised of charges for transportation and for commodity and fuel.
The applicable rates are provided in Schedule "A".

Commodity Transportation

Charge 1 applies for all gas volumes delivered in the billing month up to the volume represented by the Contract Demand multiplied by the number of days in the billing month multiplied by 0.4.

Charge 2 applies for all additional gas volumes delivered in the billing month.

HEAT CONTENT ADJUSTMENT

The gas supply commodity charges hereunder will be adjusted upwards or downwards as described below if the average total heating value of the gas per cubic metre (m³) determined in accordance with Union's Terms and Conditions in any month falls above or below 37.89 MJ per m³, respectively.

The adjustment shall be determined by multiplying the amount otherwise payable by a fraction, where the numerator is the monthly weighted average total heating value per cubic meter and the denominator 37.89.



COMMISSIONING AND DECOMMISSIONING RATE

The contract may provide that the Monthly Demand Charges specified above shall not apply on all or part of the daily contracted demand used by the customer either during the testing, commissioning and phasing in of gas using equipment or, alternatively, in the decommissioning and phasing out of gas using equipment being displaced by other gas using equipment, for a period not to exceed one year ("the transition period"). To be eligible the new or displaced gas using equipment must be separately meterable. In such event, the contract will provide the following rates that such volume during the transitional period will be charged.

Zone	<u>Fort Frances</u>	<u>Western</u>	<u>Northern</u>	<u>Eastern</u>
Rate Schedule No.	220	120	320	620
<u>MONTHLY CHARGE</u>	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00
<u>DELIVERY CHARGES</u>	<u>cents per m³</u>	<u>cents per m³</u>	<u>cents per m³</u>	<u>cents per m³</u>
Commodity Charge for each unit of gas volumes delivered	2.3781	2.3781	2.3781	2.3781

GAS SUPPLY CHARGES

The gas supply charge is comprised of charges for transportation and for commodity and fuel. The applicable rates are provided in Schedule "A".

ADDITIONAL CHARGES FOR TRANSPORTATION AND STORAGE SERVICES – ALL ZONES

MONTHLY TRANSPORTATION ACCOUNT CHARGE

For customers that currently have installed or will require installing telemetering equipment \$219.43

BUNDLED (T-SERVICE) STORAGE SERVICE CHARGES

Monthly Demand Charge for each unit of Contracted Daily Storage Withdrawal Entitlement (\$/GJ/Month) \$9.643

Monthly Storage Demand- Price Adjustment for each unit of Contracted Daily Storage Withdrawal Entitlement: (\$/GJ/Month) -

Commodity Charge for each unit of gas withdrawn from storage (\$/GJ) \$0.156

Authorized Overrun Commodity Charge on each additional unit of gas Union authorizes for withdrawal from storage (\$/GJ) \$0.473

The Authorized Overrun Commodity Charge is payable on all quantities on any Day in excess of the customer's contractual rights, for which authorization has been received. Overrun will be authorized by Union at its sole discretion.

DIVERSION TRANSACTION CHARGE

Charge to a customer Receiving Delivery of diverted gas each time such customer requests a diversion and Union provides the service: \$10.00

THE BILL

The bill will equal the sum of the charges for all services selected plus the rates multiplied by the applicable gas quantities delivered or withdrawn for each service chosen plus all applicable taxes. If the customer transports its own gas, the Gas Supply Charge under Sales Service will not apply. If the customer selects Union's Sales Service which includes the Gas Supply Charge, no additional charges for Transportation and Storage Services will apply.

MINIMUM BILL

The minimum bill shall be the Monthly Charge, the Transportation Account Charge and the Demand Charges, as applicable.



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DELAYED PAYMENT

The monthly late payment charge equal to 1.5% per month or 18% per annum (for an approximate effective rate of 19.56% per annum) multiplied by the total of all unpaid charges will be added to the bill if full payment is not received by the late payment effective date, which is 20 days after the bill has been issued.

SERVICE AGREEMENT

All customers must enter into a Service Agreement with Union before receiving service under this rate schedule.

TERMS AND CONDITIONS OF SERVICE

1. Service shall be for a minimum term of one year.
2. If multiple end-users are receiving service from a customer under this rate, for billing purposes, the Monthly Charge, the Delivery Charge, the Transportation Account Charge and any other charge that is specific to the location of each end-user shall be used to develop a monthly bill for each end-user at each location. Upon request, possibly for a fee, Union will combine the individual bills on a single invoice or statement for administrative convenience. However, Union will not combine the quantities or demands of several end-use locations so that eligibility to a different rate class will result. Further, Union will not combine the billing data of individual end-users to generate a single bill which is less than the sum of the bills of the individual end-users involved at each location.
3. Customers must enter into a Service Agreement with Union prior to the commencement of service.
4. For the purposes of qualifying for a rate class, the total quantities of gas consumed or expected to be consumed on the customer's contiguous property will be used, irrespective of the number of meters installed.
5. The identified rates (excluding gas supply charges, if applicable) represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated, which may be higher than the identified rates.

Effective

April 1, 2014
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Chatham, Ontario

Supersedes EB-2013-0413 Rate Schedule effective January 1, 2014.



RATE 25 - LARGE VOLUME INTERRUPTIBLE SERVICE

ELIGIBILITY

Any customer in Union's Fort Frances, Western, Northern or Eastern Zones who is an end-user or who is authorized to serve an end-user of gas through one or more Company-owned meters at one location, and whose total maximum daily interruptible requirement is 3,000 m³ or more or the interruptible portion of a maximum daily requirement for combined firm and interruptible service is 14,000 m³ or more and whose operations, in the judgement of Union, can readily accept interruption and restoration of gas service.

SERVICES AVAILABLE

The following services are available under this rate schedule:

(a) **Sales Service**

For interruptible supply of natural gas by Union and associated transportation services necessary to ensure its delivery in accordance with customer's needs. For this service, the Monthly, Delivery and Gas Supply Charges shall apply.

(b) **Transportation Service**

For delivery of natural gas owned by the customer on Union's distribution system from the Point of Receipt from TCPL's system to the Point of Consumption on the customer's or end-user's premises, providing that, in the judgement of Union, acting reasonably, the customer-owned gas does not displace service from Union under a Rate 20 or Rate 100 contract specific to that location. The customer is responsible for obtaining the requisite regulatory approvals for the supply and transmission of such gas to Union's distribution system. For this service, the Monthly, Delivery, Transportation Account and Diversion Transaction Charges shall apply.

NOTE: Union has a short-term intermittent gas supply service under Rate 30 which customers may avail themselves of, if they qualify for use of the service.

MONTHLY RATES AND CHARGES

APPLICABLE TO ALL SERVICES – ALL ZONES (1)

MONTHLY CHARGE \$375.00

DELIVERY CHARGES cents per m³

A Delivery Price for all volumes delivered to the customer to be negotiated between Union and the customer and the average price during the period in which these rates remain in effect shall not exceed: 5.1479

Notes:

(1) Either the utility or a customer, or potential customer, may apply to the Ontario Energy Board to fix rates, charges and terms and conditions applicable thereto, different from the rates, charges and terms and conditions specified herein if changed rates, charges and terms and conditions are considered by either party to be necessary, desirable and in the public interest.



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ADDITIONAL CHARGES FOR SALES SERVICE

Gas Supply Charge

As per applicable rate provided in Schedule "A".

Interruptible Service

Applicable all year at a price agreed upon between Union and the customer and the average price during the period in which these rates remain in effect.

HEAT CONTENT ADJUSTMENT

The gas supply commodity charges hereunder will be adjusted upwards or downwards as described below if the average total heating value of the gas per cubic metre (m³) determined in accordance with Union's Terms and Conditions in any month falls above or below 37.89 MJ per m³, respectively.

The adjustment shall be determined by multiplying the amount otherwise payable by a fraction, where the numerator is the monthly weighted average total heating value per cubic meter and the denominator 37.89.

ADDITIONAL CHARGES FOR TRANSPORTATION – ALL ZONES

MONTHLY TRANSPORTATION ACCOUNT CHARGE:

For customers that currently have installed or will require installing telemetering equipment.

\$219.43

THE BILL

The bill will equal the sum of the monthly charges for all services selected plus the rates multiplied by the applicable gas volumes delivered or withdrawn for each service chosen plus all applicable taxes. If the customer transports its own gas, the Gas Supply Charge under Sales Service will not apply. If the customer selects Union's Sales Service which includes the Gas Supply Charge, no additional charges for Transportation will apply.

MINIMUM BILL

The minimum bill shall be the Monthly Charge and the Transportation Account Charge, if applicable.

DELAYED PAYMENT

The monthly late payment charge equal to 1.5% per month or 18% per annum (for an approximate effective rate of 19.56% per annum) multiplied by the total of all unpaid charges will be added to the bill if full payment is not received by the late payment effective date, which is 20 days after the bill has been issued.

SERVICE AGREEMENT

All customers must enter into a Service Agreement with Union before receiving service under this rate schedule.



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TERMS AND CONDITIONS OF SERVICE

1. Service shall be for a minimum term of one year.
2. If multiple end-users are receiving service from a customer under this rate, for billing purposes, the Monthly Charge, the Delivery Charge, the Transportation Account Charge and any other charge that is specific to the location of each end-user shall be used to develop a monthly bill for each end-user at each location. Upon request, Union will combine the individual bills on a single invoice or statement for administrative convenience. However, Union will not combine the volumes or demands of several end-use locations so that eligibility to a different rate class will result. Further, Union will not combine the monthly billing data of individual end-users to generate a single bill which is less than the sum of the monthly bills of the individual end-users involved at each location.
3. Customers must enter into a Service Agreement with Union prior to the commencement of service.
4. For the purposes of qualifying for a rate class, the total volumes of gas consumed or expected to be consumed on the customer's contiguous property will be used, irrespective of the number of meters installed.
5. The identified rates (excluding gas supply charges, if applicable) represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated, which may be higher than the identified rates.

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RATE 30 - INTERMITTENT GAS SUPPLY SERVICE
AND SHORT TERM STORAGE / BALANCING SERVICE

ELIGIBILITY

Any customer in Union's Fort Frances, Western, Northern or Eastern Zones already connected to Union's gas distribution system who is an end-user or is authorized to serve an end-user.

SERVICE AVAILABLE

For intermittent, short-term gas supply which will be a substitute for energy forms other than Company owned gas sold under other rate schedules. This may include situations where customer-owned gas supplies are inadequate and short-term backstopping service is requested or during a situation of curtailment on the basis of price when the purchase price of Spot gas is outside the interruptible service price range. The gas supply service available hereunder is offered only in conjunction with service to the customer under an applicable firm or interruptible service rate schedule of Union. The service is for intermittent gas supply and short term storage / balancing service and will be billed in combination with Monthly, Delivery, and other applicable charges for such services under the applicable rate schedule. Gas supply under this rate will be provided when, at the sole discretion of Union, adequate supplies are available.

GAS SUPPLY CHARGE

The gas supply charge shall be \$5.00 per 10³m³ plus the greater of the incremental cost of gas for Union and the customer's gas supply charge.

SHORT TERM STORAGE / BALANCING SERVICE

Short Term Storage / Balancing Service is:

- i) a combined space and interruptible deliverability service for short-term or off-peak storage in Union's storage facilities, OR
- ii) short-term firm deliverability, OR
- iii) a component of an operational balancing service offered.

In negotiating the rate to be charged for service, the matters that are to be considered include:

- i) the minimum amount of storage service to which a customer is willing to commit,
- ii) whether the customer is contracting for firm or interruptible service during Union's peak or non-peak periods,
- iii) utilization of facilities, and
- iv) competition.

A commodity charge to be negotiated between Union and the customer not to exceed \$6.000/GJ.

THE BILL

The bill for gas supply and/or short term supplemental services under this rate shall be rendered in conjunction with the billing for delivery and other services under the customer's applicable rate for such services.

SERVICE AGREEMENT

All customers must enter into a Service Agreement with Union for this service and must agree therein to curtail or interrupt use of gas under this rate schedule whenever requested to do so by Union.



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TERMS AND CONDITIONS OF SERVICE

1. Failure of the customer to interrupt or curtail use of gas on this rate as requested by Union shall be subject to the Unauthorized Overrun Gas Penalty as provided in Union's Terms and Conditions. Anytime the customer has such failure, Union reserves the right to cancel service under this rate.
2. The Terms and Conditions of the applicable rate schedule for delivery of the gas sold hereunder shall also apply.
3. The identified rates (excluding gas supply charges, if applicable) represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated, which may be higher than the identified rates.

Effective

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Chatham, Ontario

Supersedes EB-2013-0413 Rate Schedule effective January 1, 2014.



RATE 100 – LARGE VOLUME HIGH LOAD FACTOR FIRM SERVICE

ELIGIBILITY

Any customer in Union's Fort Frances, Western, Northern or Eastern Zones who is an end-user or who is authorized to serve an end-user of gas through one or more Company-owned meters at one location, and whose maximum daily requirement for firm service is 100,000 m³ or more, and whose annual requirement for firm service is equal to or greater than its maximum daily requirement multiplied by 256.

SERVICES AVAILABLE

The following services are available under this rate schedule:

(a) **Sales Service**

For continuous supply of natural gas by Union and associated transportation and storage services necessary to ensure deliverability in accordance with the customer's needs. For this service, the Monthly, Delivery and Gas Supply Charges shall apply.

(b) **Transportation Service**

For continuous delivery on Union's distribution system from the Point of Receipt on TCPL's system to the Point of Consumption on the customer's premises of natural gas owned by the customer. The customer is responsible for obtaining the requisite regulatory approvals for the supply and transmission of such gas to Union's distribution system. For this service, the Monthly, Delivery, Transportation Account and Diversion Transaction Charges shall apply. Unless otherwise authorized by Union, customers who initiate a movement to Transportation Service from a Sales Service or Bundled Transportation Service must accept an assignment from Union of transportation capacity on upstream pipeline systems. Customers may reduce their assignment of transportation capacity in compliance with Union's Turnback Policy.

(c) **Bundled Transportation Service**

For continuous delivery by Union of gas owned by the customer and for the associated transportation and storage services necessary to ensure deliverability in accordance with the customer's needs. For this service the Monthly, Delivery, Gas Supply Demand and Commodity Transportation Charges shall apply.

(d) **Storage Service**

For load balancing purposes for customers using Transportation Service on this rate schedule. If at the sole discretion of Union, adequate supplies exist, bundled and unbundled storage and delivery/redelivery services will be provided.

The charge for Bundled Storage Service will consist of the charges for Transportation Service plus the charges for Bundled Storage Service.

NOTE: Union has a short-term intermittent gas supply service under Rate 30 which customers may avail themselves of, if they qualify for use of the service.



MONTHLY RATES AND CHARGES

APPLICABLE TO ALL SERVICES - ALL ZONES (1)

<u>MONTHLY CHARGE</u>	\$1,500.00
<u>DELIVERY CHARGES</u> (cents per Month per m ³ of Daily Contract Demand)	
Monthly Demand Charge for each unit of Contracted Daily Demand	15.3415
Commodity Charge for each unit of gas volumes delivered (cents/m ³)	0.2139

NOTE:

(1) Either the utility or a customer, or potential customer, may apply to the Ontario Energy Board to fix rates, charges and terms and conditions applicable thereto, different from the rates, charges and terms and conditions specified herein if changed rates, charges and terms and conditions are considered by either party to be necessary, desirable and in the public interest.

ADDITIONAL CHARGES FOR SALES SERVICE

Gas Supply Charges

The gas supply charge is comprised of charges for transportation and for commodity and fuel. The applicable rates are provided in Schedule "A".

Commodity Transportation

Charge 1 applies for all gas volumes delivered in the billing month up to the volume represented by the Contract Demand multiplied by the number of days in the billing month multiplied by 0.3.

Charge 2 applies for all additional gas volumes delivered in the billing month.

HEAT CONTENT ADJUSTMENT

The gas supply commodity charges hereunder will be adjusted upwards or downwards as described below if the average total heating value of the gas per cubic metre (m³) determined in accordance with Union's Terms and Conditions in any month falls above or below 37.89 MJ per m³, respectively.

The adjustment shall be determined by multiplying the amount otherwise payable by a fraction, where the numerator is the monthly weighted average total heating value per cubic meter and the denominator 37.89.



COMMISSIONING AND DECOMMISSIONING RATE

The contract may provide that the Monthly Demand Charges specified above shall not apply on all or part of the daily contracted demand used by the customer either during the testing, commissioning and phasing in of gas using equipment or, alternatively, in the decommissioning and phasing out of gas using equipment being displaced by other gas using equipment, for a period not to exceed one year ("the transitional period"). To be eligible the new or displaced gas using equipment must be separately meterable. In such event, the contract will provide the following rates that such volume during the transitional period will be charged.

Zone	<u>Fort Frances</u>	<u>Western</u>	<u>Northern</u>	<u>Eastern</u>
Rate Schedule No.	2100	1100	3100	6100
<u>MONTHLY CHARGE</u>	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00
<u>DELIVERY CHARGES</u>	<u>cents per m³</u>	<u>cents per m³</u>	<u>cents per m³</u>	<u>cents per m³</u>
Commodity Charge for each unit of gas volumes delivered	0.9344	0.9344	0.9344	0.9344

GAS SUPPLY CHARGES

The gas supply charge is comprised of charges for transportation and for commodity and fuel. The applicable rates are provided in Schedule "A".

ADDITIONAL CHARGES FOR TRANSPORTATION AND STORAGE SERVICES – ALL ZONES

MONTHLY TRANSPORTATION ACCOUNT CHARGE

For customers that currently have installed or will require installing telemetering equipment \$219.43

BUNDLED (T-SERVICE) STORAGE SERVICE CHARGES

Monthly Demand Charge for each unit of Contracted Daily Storage Withdrawal Entitlement (\$/GJ/Month) \$9.643

Monthly Storage Demand- Price Adjustment for each unit of Contracted Daily Storage Withdrawal Entitlement: (\$/GJ/Month) -

Commodity Charge for each unit of gas withdrawn from storage (\$/GJ) \$0.156

Authorized Overrun Commodity Charge on each additional unit of gas Union authorizes for withdrawal from storage (\$/GJ) \$0.473

The Authorized Overrun Commodity Charge is payable on all quantities on any Day in excess of the customer's contractual rights, for which authorization has been received. Overrun will be authorized by Union at its sole discretion.

DIVERSION TRANSACTION CHARGE

Charge to a customer Receiving Delivery of diverted gas each time such customer requests a diversion and Union provides the service: \$10.00

THE BILL

The bill will equal the sum of the charges for all services selected plus the rates multiplied by the applicable gas quantities delivered or withdrawn for each service chosen plus all applicable taxes. If the customer transports its own gas, the Gas Supply Charge under Sales Service will not apply. If the customer selects Union's Sales Service which includes the Gas Supply Charge, no additional charges for Transportation and Storage Services will apply.

MINIMUM BILL

The minimum bill shall be the Monthly Charge, the Transportation Account Charge and the Demand Charges, as applicable.



DELAYED PAYMENT

The monthly late payment charge equal to 1.5% per month or 18% per annum (for an approximate effective rate of 19.56% per annum) multiplied by the total of all unpaid charges will be added to the bill if full payment is not received by the late payment effective date, which is 20 days after the bill has been issued.

SERVICE AGREEMENT

All customers must enter into a Service Agreement with Union before receiving service under this rate schedule.

TERMS AND CONDITIONS OF SERVICE

1. Service shall be for a minimum term of one year.
2. If multiple end-users are receiving service from a customer under this rate, for billing purposes, the Monthly Charge, the Delivery Charge, the Transportation Account Charge and any other charge that is specific to the location of each end-user shall be used to develop a monthly bill for each end-user at each location. Upon request, possibly for a fee, Union will combine the individual bills on a single invoice or statement for administrative convenience. However, Union will not combine the quantities or demands of several end-use locations so that eligibility to a different rate class will result. Further, Union will not combine the billing data of individual end-users to generate a single bill which is less than the sum of the bills of the individual end-users involved at each location.
3. Customers must enter into a Service Agreement with Union prior to the commencement of service.
4. For the purposes of qualifying for a rate class, the total quantities of gas consumed or expected to be consumed on the customer's contiguous property will be used, irrespective of the number of meters installed.
5. The identified rates (excluding gas supply charges, if applicable) represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated, which may be higher than the identified rates.

Effective

April 1, 2014
O.E.B. Order # EB-2014-0050

Chatham, Ontario

Supersedes EB-2013-0413 Rate Schedule effective January 1, 2014.



RATE S1 - GENERAL FIRM SERVICE STORAGE RATES

ELIGIBILITY

Any customer or agent in Union's Fort Frances, Western, Northern or Eastern Zones who is authorized to serve an end-user of gas, paying for delivery services under Rate 01A or Rate 10.

SERVICES AVAILABLE

The following services are available under this rate schedule:

(a) **Transportation Service**

The customer is responsible for obtaining all Gas Supply services to the end-user including the requisite regulatory approvals for the supply and transmission of such gas to Union's distribution system. For this service, the Diversion Transaction Charge shall apply. Unless otherwise authorized by Union, customers who initiate a movement to Transportation Service from a Sales Service or Bundled Transportation Service must accept an assignment from Union of transportation capacity on upstream pipeline systems.

(b) **Storage Service**

For load balancing purposes for customers using Transportation Service on this rate schedule. If at the sole discretion of Union, adequate supplies exist, unbundled storage and delivery/redelivery services will be provided.

The charge for Unbundled Storage Service will consist of the charges for Transportation Service plus the charges for Unbundled Storage Service which must include charges for delivery/redelivery service to/from storage.

MONTHLY RATES AND CHARGES

UNBUNDLED STORAGE SERVICE CHARGES

Storage Space Charge	
Applied to Contracted Maximum Storage Space (\$ per GJ per Month)	\$0.085
Fuel Ratio	
Applied to all gas injected and withdrawn from storage (%)	0.395%
Commodity Charge	
Applied to all gas injected and withdrawn from storage (\$ per GJ)	\$0.026

UNBUNDLED STORAGE SERVICE AUTHORIZED OVERRUN CHARGES

Fuel Ratio	
Applied to all gas injected and withdrawn from storage (%)	0.853%
Commodity Charge	
Applied to all gas injected and withdrawn from storage (\$ per GJ)	\$0.053

The Authorized Overrun Commodity Charge is payable on all quantities on any Day in excess of the customer's contractual rights, for which authorization has been received. Overrun will be authorized by Union at its sole discretion.



UNBUNDLED STORAGE SERVICE UNAUTHORIZED OVERRUN CHARGES

If in any month, the customer has gas in storage in excess of the contracted Maximum Storage Space or the gas storage balance for the account of the customer is less than zero or the customer has injected or withdrawn volumes from storage which exceeds their contractual rights, and which has not been authorized by Union or provided for under a short term storage/balancing service, such an event will constitute an occurrence of Unauthorized Overrun. The Unauthorized Overrun rate during the November 1 to April 15 period will be \$60.00 per GJ. The Unauthorized Overrun rate during the April 16 to October 31 period will be \$6.000 per GJ.

Zone	<u>Fort Frances</u>	<u>Western</u>	<u>Northern</u>	<u>Eastern</u>
<u>Delivery Service to Storage Facilities (1)</u>				
Demand Charge (\$/GJ/month)	N/A	\$23.187	\$9.083	\$0.908
Commodity (\$/GJ)	N/A	\$0.049	\$0.023	\$0.008
<u>Redelivery Service from Storage Facilities</u>				
Demand Charge (\$/GJ/month)	\$1.798	\$1.798	\$1.798	\$7.836
Commodity (\$/GJ)	N/A	\$0.035	\$0.035	\$0.049

Notes:

1. Delivery Service to Storage Facilities is not available to Northern Zone customers in the Sault Ste. Marie Delivery Area (SSMDA).
2. Daily Firm Injection and Withdrawal Rights shall be pursuant to the storage contract.
3. Storage Space, Withdrawal Rights, and Injection Rights are not assignable to any other party without the prior written consent of Union and where necessary, approval from the Ontario Energy Board.

Diversion Transaction Charge

Charge to a customer receiving delivery of diverted gas each time such customer requests a diversion and Union provides the service: \$10.00

MONTHLY BILL

The monthly bill will equal the sum of the monthly charges for all services selected plus the rates multiplied by the applicable gas quantities delivered or withdrawn for each service chosen plus all applicable taxes.

DELAYED PAYMENT

The monthly late payment charge equal to 1.5% per month or 18% per annum (for an approximate effective rate of 19.56% per annum) multiplied by the total of all unpaid charges will be added to the bill if full payment is not received by the late payment effective date, which is 20 days after the bill has been issued.

TERMS AND CONDITIONS OF SERVICE

1. Customers must enter into a Service Agreement with Union prior to the commencement of service.
2. The identified rates represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated, which may be higher than the identified rates.

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O.E.B. Order # EB-2014-0050

Supersedes EB-2013-0413 Rate Schedule effective January 1, 2014.



uniongas

Effective
2014-04-01
Schedule "A"
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Union Gas Limited
Union North
Gas Supply Charges

(A) Availability

Available to customers in Union's Fort Frances, Western, Northern and Eastern Delivery Zones.

(B) Applicability:

To all sales customers served under Rate 01A, Rate 10, Rate 20, Rate 100 and Rate 25.

(C) Rates

Utility Sales

	<u>Fort Frances</u>	<u>Western</u>	<u>Northern</u>	<u>Eastern</u>
<u>Rate 01A (cents / m³)</u>				
Storage	2.1507	2.3910	3.2252	3.5799
Storage - Price Adjustment	-	-	-	-
Commodity and Fuel (1)	17.6057	17.6760	17.8171	17.9304
Commodity and Fuel - Price Adjustment	2.0153	2.0153	2.0153	2.0153
Transportation	4.3403	4.2882	5.5650	6.3288
Transportation - Price Adjustment	0.3067	0.3067	0.3067	0.3067
Total Gas Supply Charge	<u>26.4187</u>	<u>26.6771</u>	<u>28.9292</u>	<u>30.1610</u>

Rate 10 (cents / m³)

Storage	1.2015	1.4418	2.2760	2.6307
Storage - Price Adjustment	-	-	-	-
Commodity and Fuel (1)	17.6057	17.6760	17.8171	17.9304
Commodity and Fuel - Price Adjustment	2.0153	2.0153	2.0153	2.0153
Transportation	3.8695	3.8173	5.0941	5.8579
Transportation - Price Adjustment	0.3067	0.3067	0.3067	0.3067
Total Gas Supply Charge	<u>24.9987</u>	<u>25.2571</u>	<u>27.5092</u>	<u>28.7410</u>

Notes:

(1) The Commodity and Fuel rate includes a gas supply administration charge of 0.1933 cents/m³.



Union Gas Limited
Union North
Gas Supply Charges

Utility Sales

	<u>Fort Frances</u>	<u>Western</u>	<u>Northern</u>	<u>Eastern</u>
<u>Rate 20 (cents / m³)</u>				
Commodity and Fuel (1)	17.4239	17.4934	17.6330	17.7451
Commodity and Fuel - Price Adjustment	2.0153	2.0153	2.0153	2.0153
Commodity Transportation - Charge 1	3.0513	3.1266	3.9709	4.4184
Transportation 1 - Price Adjustment	0.3067	0.3067	0.3067	0.3067
Commodity Transportation - Charge 2	-	-	-	-
Monthly Gas Supply Demand	21.9979	24.8397	62.6121	82.3684
Gas Supply Demand - Price Adjustment	-	-	-	-
Commissioning and Decommissioning Rate	4.1328	4.3799	7.5390	9.1960
<u>Rate 100 (cents / m³)</u>				
Commodity and Fuel (1)	17.4239	17.4934	17.6330	17.7451
Commodity and Fuel - Price Adjustment	2.0153	2.0153	2.0153	2.0153
Commodity Transportation - Charge 1	5.4887	5.5452	6.1784	6.5140
Commodity Transportation - Charge 2	-	-	-	-
Monthly Gas Supply Demand	59.0298	62.3453	106.4130	129.4620
Commissioning and Decommissioning Rate	5.1247	5.3047	7.6458	8.8721
<u>Rate 25 (cents / m³)</u>				
Gas Supply Charge:				
Interruptible Service				
Minimum	14.3135	14.3135	14.3135	14.3135
Maximum	140.5622	140.5622	140.5622	140.5622

Notes:

(1) The Commodity and Fuel rate includes a gas supply administration charge of 0.1933 cents/m³.

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Chatham, Ontario

Supersedes EB-2013-0413 Rate Schedule effective January 1, 2014.



SMALL VOLUME GENERAL SERVICE RATE

(A) Availability

Available to customers in Union's Southern Delivery Zone.

(B) Applicability

To general service customers whose total consumption is equal to or less than 50,000 m³ per year.

(C) Rates

The identified rates (excluding gas supply charges, if applicable) represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated which may be higher than the identified rates.

a)	Monthly Charge		\$21.00
b)	Delivery Charge		
	First	100 m ³	3.8242 ¢ per m ³
	Next	150 m ³	3.6177 ¢ per m ³
	All Over	250 m ³	3.1292 ¢ per m ³
	Delivery – Price Adjustment (All Volumes)		0.0000 ¢ per m ³
c)	Storage Charge (if applicable)		0.7368 ¢ per m ³

Applicable to all bundled customers (sales and bundled transportation service).

d) Gas Supply Charge (if applicable)

The gas supply charge is comprised of charges for transportation and for commodity and fuel. The applicable rates are provided in Schedule "A".

During any month in which a customer terminates service or begins service, the fixed charge for the month will be prorated to such customer.

(D) Supplemental Service to Commercial and Industrial Customers Under Group Meters

Combination of readings from several meters may be authorized by the Company and the Company will not reasonably withhold authorization in cases where meters are located on contiguous pieces of property of the same owner not divided by a public right-of-way

(E) Delayed Payment

The monthly late payment charge equal to 1.5% per month or 18% per annum (for an approximate effective rate of 19.56% per annum) multiplied by the total of all unpaid charges will be added to the bill if full payment is not received by the late payment effective date, which is 20 days after the bill has been issued.



(F) Direct Purchase

Unless otherwise authorized by Union, customers who are delivering gas to Union under direct purchase arrangements must obligate to deliver at a point(s) specified by Union, and must acquire and maintain firm transportation on all upstream pipeline systems. Customers initiating direct purchase arrangements, who previously received Gas Supply service, must also accept, unless otherwise authorized by Union, an assignment from Union of transportation capacity on upstream pipeline systems.

(G) Overrun Charge

In the event that a direct purchase customer fails to deliver its contracted volumes to Union, and Union has the capability to continue to supply the customer, Union will do so. The customer may pay 4.5611 ¢ per m³ for the delivery and the total gas supply charge for utility sales provided in Schedule "A" per m³, plus 7¢ per m³.

(H) Bundled Direct Purchase Delivery

Where a customer elects transportation service under this rate schedule, the customer must enter into a Bundled T Gas Contract with Union for delivery of gas to Union. Bundled T Gas Contract Rates and Gas Purchase Contract Rates are described in rate schedule R1.

(I) Company Policy Relating to Terms of Service

- a. Customers who temporarily discontinue service during any twelve consecutive months without payment of the monthly fixed charge for the months in which the gas is temporarily disconnected shall pay for disconnection and reconnection.
- b. When gas is delivered at an absolute pressure in excess of 101.325 kilopascals, then for purposes of measurement, hereunder, such volume of gas shall be corrected to an absolute pressure of 101.325 kilopascals. Atmospheric pressure is assumed to be the levels shown below in kilopascals (absolute) regardless of the actual atmospheric pressure at which the gas is measured and delivered.

<u>Zone</u>	<u>Assumed Atmospheric Pressure kPa</u>
1	100.148
2	99.494
3	98.874
4	98.564
5	98.185
6	97.754
7	97.582
8	97.065
9	96.721
10	100.561
11	99.321
12	98.883

Effective

April 1, 2014
O.E.B. Order # EB-2014-0050

Chatham, Ontario

Supersedes EB-2013-0413 Rate Schedule effective January 1, 2014.



LARGE VOLUME GENERAL SERVICE RATE

(A) Availability

Available to customers in Union's Southern Delivery Zone.

(B) Applicability

To general service customers whose total consumption is greater than 50,000 m³ per year.

(C) Rates

The identified rates (excluding gas supply charges, if applicable) represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated which may be higher than the identified rates.

a)	Monthly Charge		\$70.00
b)	Delivery Charge		
	First	1 000 m ³	4.1870 ¢ per m ³
	Next	6 000 m ³	4.1107 ¢ per m ³
	Next	13 000 m ³	3.8833 ¢ per m ³
	All Over	20 000 m ³	3.6104 ¢ per m ³
	Delivery – Price Adjustment (All Volumes)		0.0000 ¢ per m ³
c)	Storage Charge (if applicable)		0.7550 ¢ per m ³

Applicable to all bundled customers (sales and bundled transportation service).

d) Gas Supply Charge (if applicable)

The gas supply charge is comprised of charges for transportation and for commodity and fuel. The applicable rates are provided in Schedule "A".

During any month in which a customer terminates service or begins service, the fixed charge for the month will be prorated to such customer.

(D) Supplemental Service to Commercial and Industrial Customers Under Group Meters

Combination of readings from several meters may be authorized by the Company and the Company will not reasonably withhold authorization in cases where meters are located on contiguous pieces of property of the same owner not divided by a public right-of-way.

(E) Delayed Payment

The monthly late payment charge equal to 1.5% per month or 18% per annum (for an approximate effective rate of 19.56% per annum) multiplied by the total of all unpaid charges will be added to the bill if full payment is not received by the late payment effective date, which is 20 days after the bill has been issued.



(F) Direct Purchase

Unless otherwise authorized by Union, customers who are delivering gas to Union under direct purchase arrangements must obligate to deliver at a point(s) specified by Union, and must acquire and maintain firm transportation on all upstream pipeline systems. Customers initiating direct purchase arrangements, who previously received Gas Supply service, must also accept, unless otherwise authorized by Union, an assignment from Union of transportation capacity on upstream pipeline systems.

(G) Overrun Charge

In the event that a direct purchase customer fails to deliver its contracted volumes to Union, and Union has the capability to continue to supply the customer, Union will do so. The customer may pay 4.9420 ¢ per m³ for the delivery and the total gas supply charge for utility sales provided in Schedule "A" per m³, plus 7¢ per m³.

(H) Bundled Direct Purchase Delivery

Where a customer elects transportation service under this rate schedule, the customer must enter into a Bundled T Gas Contract with Union for delivery of gas to Union. Bundled T Gas Contract Rates and Gas Purchase Contract Rates are described in rate schedule R1.

(I) Company Policy Relating to Terms of Service

- a. Customers who temporarily discontinue service during any twelve consecutive months without payment of the monthly fixed charge for the months in which the gas is temporarily disconnected shall pay for disconnection and reconnection.
- b. When gas is delivered at an absolute pressure in excess of 101.325 kilopascals, then for purposes of measurement, hereunder, such volume of gas shall be corrected to an absolute pressure of 101.325 kilopascals. Atmospheric pressure is assumed to be the levels shown below in kilopascals (absolute) regardless of the actual atmospheric pressure at which the gas is measured and delivered.

<u>Zone</u>	<u>Assumed Atmospheric Pressure kPa</u>
1	100.148
2	99.494
3	98.874
4	98.564
5	98.185
6	97.754
7	97.582
8	97.065
9	96.721
10	100.561
11	99.321
12	98.883

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FIRM INDUSTRIAL AND COMMERCIAL CONTRACT RATE

(A) Availability

Available to customers in Union's Southern Delivery Zone.

(B) Applicability

To a customer who enters into a contract for the purchase or transportation of gas for a minimum term of one year that specifies a daily contracted demand between 2 400 m³ and 60 000 m³.

(C) Rates

The identified rates (excluding gas supply charges, if applicable) represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated which may be higher than the identified rates.

1. Bills will be rendered monthly and shall be the total of:

(i)	A Monthly Demand Charge		
	First	8 450 m ³ of daily contracted demand	46.6239 ¢ per m ³
	Next	19 700 m ³ of daily contracted demand	20.9050 ¢ per m ³
	All Over	28 150 m ³ of daily contracted demand	17.5631 ¢ per m ³
(ii)	A Monthly Delivery Commodity Charge		
	First 422 250 m ³ delivered per month		0.9960 ¢ per m ³
	Next volume equal to 15 days use of daily contracted demand		0.9960 ¢ per m ³
	For remainder of volumes delivered in the month		0.4582 ¢ per m ³
	Delivery- Price Adjustment (All Volumes)		0.0000 ¢ per m ³
(iii)	Gas Supply Charge (if applicable)		

The gas supply charge is comprised of charges for transportation and for commodity and fuel. The applicable rates are provided in Schedule "A"

2. Overrun Charge

Authorized overrun gas is available provided that it is authorized by Union in advance. Union will not unreasonably withhold authorization. Overrun means gas taken on any day in excess of 103% of contracted daily demand. Authorized overrun will be available April 1 through October 31 and will be paid for at a Delivery Rate of 2.5288 ¢ per m³ and, if applicable, the total gas supply charge for utility sales provided in Schedule "A" per m³ for all volumes purchased.

Unauthorized overrun gas taken in any month shall be paid for at the rate of 4.5611 ¢ per m³ for the delivery and the total gas supply charge for utility sales provided in Schedule "A" per m³ for all gas supply volumes purchased.

3. Minimum Annual Charge

In each contract year, the customer shall purchase from Union or pay for a minimum volume of gas or transportation services equivalent to 146 days use of contracted demand. Overrun gas volumes will not contribute to the minimum volume. In the event that the customer shall not take such minimum volume the customer shall pay an amount equal to the deficiency from the minimum volume times a Delivery Charge of 1.1893 ¢ per m³ and, if applicable a gas supply commodity charge provided in Schedule "A".

In the event that the contract period exceeds one year the annual minimum volume will be prorated for any part year.



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(D) Delayed Payment

The monthly late payment charge equal to 1.5% per month or 18% per annum (for an approximate effective rate of 19.56% per annum) multiplied by the total of all unpaid charges will be added to the bill if full payment is not received by the late payment effective date, which is 20 days after the bill has been issued.

(E) Direct Purchase

Unless otherwise authorized by Union, customers who are delivering gas to Union under direct purchase arrangements must obligate to deliver at a point(s) specified by Union, and must acquire and maintain firm transportation on all upstream pipeline systems for all volumes. Customers initiating direct purchase arrangements, who previously received Gas Supply service, must also accept, unless otherwise authorized by Union, an assignment from Union of transportation capacity on upstream pipeline systems.

(F) Bundled Direct Purchase Delivery

Where a customer elects transportation service under this rate schedule the customer must enter into a Bundled T Gas Contract with Union for delivery of gas to Union.

Bundled T Gas Contract Rates and Gas Purchase Contract Rates are described in rate schedule R1.

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April 1, 2014
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Chatham, Ontario

Supersedes EB-2013-0413 Rate Schedule effective January 1, 2014.



INTERRUPTIBLE INDUSTRIAL AND COMMERCIAL CONTRACT RATE

(A) Availability

Available to customers in Union's Southern Delivery Zone.

(B) Applicability

To a customer who enters into a contract for the purchase or transportation of gas for a minimum term of one year that specifies a daily contracted demand between 2 400 m³ and 60 000 m³ inclusive.

(C) Rates

The identified rates (excluding gas supply charges, if applicable) represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated which may be higher than the identified rates.

1. Interruptible Service

The price of all gas delivered by Union pursuant to any contract, contract amendment, or contract renewal shall be determined on the basis of the following schedules:

a) (i) Monthly Delivery Commodity Charge

<u>Daily Contracted Demand Level (CD)</u>	<u>Price per m³</u>
2 400 m ³ ≤ CD < 17 000 m ³	2.5791 ¢ per m ³
17 000 m ³ ≤ CD < 30 000 m ³	2.4492 ¢ per m ³
30 000 m ³ ≤ CD < 50 000 m ³	2.3809 ¢ per m ³
50 000 m ³ ≤ CD ≤ 60 000 m ³	2.3330 ¢ per m ³

Delivery- Price Adjustment (All Volumes) 0.0000 ¢ per m³

(ii) Days Use of Interruptible Contract Demand

The price determined under Paragraph 1(a) of "Rates" will be reduced by the amount based on the number of Days Use of Contracted Demand as scheduled below:

For 75 days use of contracted demand	0.0530 ¢ per m ³
For each additional days use of contracted demand up to a maximum of 275 days, an additional discount of	0.00212 ¢ per m ³

(iii) Gas Supply Charge (if applicable)

The gas supply charge is comprised of charges for transportation and for commodity and fuel. The applicable rates are provided in Schedule "A"

(iv) Monthly Charge \$690.00 per month



2. In each contract year, the customer shall take delivery from Union, or in any event pay for, if available and not accepted by the customer, a minimum volume of gas or transportation services as specified in the contract between the parties and which will not be less than 350 000 m³ per annum. Overrun volumes will not contribute to the minimum volume. In the event that the customer shall not take such minimum volume, the customer shall pay an amount equal to the deficiency from the minimum volume times a Delivery Charge of 2.7724 ¢ per m³, and if applicable, a gas supply charge provided in Schedule "A".

In the event that the contract period exceeds one year, the annual minimum volume will be prorated for any part year.

3. Overrun gas is available without penalty provided that it is authorized by Union in advance. Union will not unreasonably withhold authorization. Overrun means gas taken on any day in excess of 105% of contracted daily demand.

Unauthorized overrun gas taken in any month shall be paid for at the rate of 4.5611 ¢ per m³ for the delivery and the total gas supply charge for utility sales provided in Schedule "A" per m³ for all gas supply volumes purchased.

4. Non-Interruptible Service

Union may agree, in its sole discretion, to combine an interruptible service with a firm service in which case the amount of firm daily demand to be delivered shall be agreed upon by Union and the customer.

- a) The monthly demand charge for firm daily deliveries will be 28.6252 ¢ per m³.
- b) The commodity charge for firm service shall be the rate for firm service at Union's firm rates net of a monthly demand charge of 28.6252 ¢ per m³ of daily contracted demand and a delivery commodity price adjustment of 0.0000 ¢ per m³.
- c) The interruptible commodity charge will be established under Clause 1 of this schedule.

(D) Delayed Payment

The monthly late payment charge equal to 1.5% per month or 18% per annum (for an approximate effective rate of 19.56% per annum) multiplied by the total of all unpaid charges will be added to the bill if full payment is not received by the late payment effective date, which is 20 days after the bill has been issued.

(E) Direct Purchase

Unless otherwise authorized by Union, customers who are delivering gas to Union under direct purchase arrangements must obligate to deliver at a point(s) specified by Union, and must acquire and maintain firm transportation on all upstream pipeline systems. Customers initiating direct purchase arrangements, who previously received Gas Supply service, must also accept, unless otherwise authorized by Union, an assignment from Union of transportation capacity on upstream pipeline systems.

(F) Bundled Direct Purchase Delivery

Where a customer elects transportation service under this rate schedule the customer must enter into a Bundled T Gas Contract with Union for delivery of gas to Union.

Bundled T Gas Contract Rates and Gas Purchase Contract Rates are described in rate schedule R1.

Effective

April 1, 2014
O.E.B. Order # EB-2014-0050

Chatham, Ontario

Supersedes EB-2013-0413 Rate Schedule effective January 1, 2014.



SPECIAL LARGE VOLUME
INDUSTRIAL AND COMMERCIAL CONTRACT RATE

(A) Availability

Available to customers in Union's Southern Delivery Zone.

(B) Applicability

To a Customer

- a) who enters into a contract for the purchase or transportation of gas for a minimum term of one year that specifies a combined maximum daily requirement for firm, interruptible and seasonal service of at least 60 000 m³; and
- b) who has site specific energy measuring equipment installed at each Point of Consumption that will be used in determining energy balances.

(C) Rates

The identified rates (excluding gas supply charges, if applicable) represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated which may be higher than the identified rates.

1. Bills will be rendered monthly and shall be the total of:

(i) A Monthly Demand Charge

A negotiated Monthly Demand Charge of up to 25.3924 ¢ per m³ for each m³ of daily contracted firm demand.

(ii) A Monthly Delivery Commodity Charge

(1) A Monthly Firm Delivery Commodity Charge for all firm volumes of 0.3552 ¢ per m³ for each m³, and a Delivery - Price Adjustment of 0.0000 ¢ per m³.

(2) A Monthly Interruptible Delivery Commodity Charge for all interruptible volumes to be negotiated between Union and the customer not to exceed an annual average of 3.9801 ¢ per m³, and a Delivery - Price Adjustment of 0.0000 ¢ per m³.

(3) A Monthly Seasonal Delivery Commodity Charge for all seasonal volumes to be negotiated between Union and the customer not to exceed an annual average of 3.7360 ¢ per m³, and a Delivery - Price Adjustment of 0.0000 ¢ per m³.

(iii) Gas Supply Charge (if applicable)

The gas supply charge is comprised of charges for transportation and for commodity and fuel.
The applicable rates are provided in Schedule "A".



(iv) **Overrun Gas**

Overrun gas is available without penalty provided that it is authorized by Union in advance. Union will not unreasonably withhold authorization.

Unauthorized overrun gas taken in any month shall be paid for at the M1 rate in effect at the time the overrun occurs, plus, if applicable, the total gas supply charge for utility sales provided in Schedule "A" per m³ for all the gas supply volumes purchased.

2. In negotiating the Monthly Interruptible and Seasonal Commodity Charges, the matters to be considered include:
 - (a) The volume of gas for which the customer is willing to contract,
 - (b) The load factor of the customer's anticipated gas consumption, the pattern of annual use, and the minimum annual quantity of gas which the customer is willing to contract to take or in any event pay for,
 - (c) Interruptible or curtailment provisions, and
 - (d) Competition.
3. In each contract year, the customer shall take delivery from Union, or in any event, pay for if available and not accepted by the customer, a minimum volume of gas as specified in the contract between the parties. Overrun gas volumes will not contribute to the minimum volume.
4. The contract may provide that the Monthly Demand Charge specified in Rate Section 1 above shall not apply on all or part of the daily contracted firm demand used by the customer during the testing, commissioning, phasing in, decommissioning and phasing out of gas-using equipment for a period not to exceed one year (the "transition period"). In such event, the contract will provide for a Monthly Delivery Commodity Charge to be applied on such volume during the transition of 2.8895 ¢ per m³ and the total gas supply charge for utility sales provided in Schedule "A" per m³, if applicable.
5. Either the utility or a customer, or potential customer, may apply to the Ontario Energy Board to fix rates and other charges different from the rates and other charges specified herein if the changed rates and other charges are considered by either party to be necessary, desirable and in the public interest.

(D) Delayed Payment

The monthly late payment charge equal to 1.5% per month or 18% per annum (for an approximate effective rate of 19.56% per annum) multiplied by the total of all unpaid charges will be added to the bill if full payment is not received by the late payment effective date, which is 20 days after the bill has been issued.

(E) Direct Purchase

Unless otherwise authorized by Union, customers who are delivering gas to Union under direct purchase arrangements must obligate to deliver at a point(s) specified by Union, and must acquire and maintain firm transportation on all upstream pipeline systems. Customers initiating direct purchase arrangements, who previously received Gas Supply service, must also accept, unless otherwise authorized by Union, an assignment from Union of transportation capacity on upstream pipeline systems.

(F) Bundled Direct Purchase Delivery and Short Term Supplemental Services

Where a customer elects transportation service and/or a short term supplemental service under this rate schedule, the customer must enter into a Contract under rate schedule R1.

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Chatham, Ontario

Supersedes EB-2013-0413 Rate Schedule effective January 1, 2014.



LARGE WHOLESALE SERVICE RATE

(A) Availability

Available to customers in Union's Southern Delivery Zone.

(B) Applicability

To a distributor who enters into a contract to purchase and/or receive delivery of a firm supply of gas for distribution to its customers and who agrees to take or pay for an annual quantity of at least two million cubic metres.

(C) Rates

The identified rates (excluding gas supply charges, if applicable) represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated which may be higher than the identified rates.

1. (i) A Monthly Demand Charge of 15.1688 ¢ per m³ of established daily demand determined in accordance with the service contract, such demand charge to be computed on a calendar month basis and a pro-rata charge to be made for the fraction of a calendar month which will occur if the day of first regular delivery does not fall on the first day of a month,
- (ii) A Delivery Commodity Charge of 0.2353 ¢ per m³, a Delivery Price Adjustment of 0.0000 ¢ per m³ for gas delivered and,
- (iii) Gas Supply Charge (if applicable)

The gas supply charge is comprised of charges for transportation and for commodity and fuel.
The applicable rates are provided in Schedule "A".

(D) Delayed Payment

The monthly late payment charge equal to 1.5% per month or 18% per annum (for an approximate effective rate of 19.56% per annum) multiplied by the total of all unpaid charges will be added to the bill if full payment is not received by the late payment effective date, which is 20 days after the bill has been issued.

(E) Direct Purchase

Unless otherwise authorized by Union, customers who are delivering gas to Union under direct purchase arrangements must obligate to deliver at a point(s) specified by Union, and must acquire and maintain firm transportation on all upstream pipeline systems. Customers initiating direct purchase arrangements, who previously received Gas Supply service, must also accept, unless otherwise authorized by Union, an assignment from Union of transportation capacity on upstream pipeline systems.

(F) Overrun Charge

Authorized:

For all quantities on any day in excess of 103% of the customer's contractual rights, for which authorization has been received, the customer will be charged 0.7340 ¢ per m³. Overrun will be authorized by Union at its sole discretion.

Unauthorized:

For all quantities on any day in excess of 103% of the customer's contractual rights, for which authorization has not been received, the customer will be charged 36.0 ¢ per m³.



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(G) Bundled Direct Purchase Delivery

Where a customer elects transportation service under this rate schedule the customer must enter into a Bundled T Gas Contract with Union for delivery of gas to Union.

Bundled T Gas Contract Rates and Gas Purchase Contract Rates are described in rate schedule R1.

Effective

April 1, 2014
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Chatham, Ontario

Supersedes EB-2013-0413 Rate Schedule effective January 1, 2014.



SMALL WHOLESALE SERVICE RATE

(A) Availability

Available to customers in Union's Southern Delivery Zone.

(B) Applicability

To a non-contract distributor who purchases and/or receives delivery of a firm supply of gas for distribution only to its own customers.

(C) Rates

The identified rates (excluding gas supply charges, if applicable) represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated which may be higher than the identified rates.

1. A Delivery Commodity Charge of 5.2260 ¢ per m³ for gas delivered.
2. Gas Supply Charge (if applicable)

The gas supply charge is comprised of charges for transportation and for commodity and fuel.
The applicable rates are provided in Schedule "A".

(D) Delayed Payment

The monthly late payment charge equal to 1.5% per month or 18% per annum (for an approximate effective rate of 19.56% per annum) multiplied by the total of all unpaid charges will be added to the bill if full payment is not received by the late payment effective date, which is 20 days after the bill has been issued.

(E) Direct Purchase

Unless otherwise authorized by Union, customers who are delivering gas to Union under direct purchase arrangements must obligate to deliver at a point(s) specified by Union, and must acquire and maintain firm transportation on all upstream pipeline systems. Customers initiating direct purchase arrangements must also accept, unless otherwise authorized by Union, an assignment from Union of transportation capacity on upstream pipeline systems.

(F) Overrun Charge

In the event that a direct purchase customer fails to deliver its contracted volumes to Union, and Union has the capability to continue to supply the customer, Union will do so. This gas shall be paid for at the rate of 4.5611 ¢ per m³ for the delivery and, if applicable, the total gas supply charge for utility sales provided in Schedule "A" per m³, plus 7 ¢ per m³ for all gas supply volumes purchased.

(G) Bundled Direct Purchase Delivery

Where a customer elects transportation service under this rate schedule, the customer must enter into a Bundled T Gas Contract with Union for delivery of gas to Union.

Bundled T Gas Contract Rates and Gas Purchase Contract Rates are described in rate schedule R1.

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Chatham, Ontario

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BUNDLED DIRECT PURCHASE CONTRACT RATE

(A) Availability

Available to customers in Union's Southern Delivery Zone.

(B) Applicability

To a customer who enters into a Receipt Contract or Gas Purchase Contract for delivery and/or sale of gas to Union.

(C) Rates

	<u>Demand Charge Rate/GJ/month</u>	<u>Commodity Charges/Credits Rate/GJ</u>
a) Transportation by Union For gas delivered to Union at any point other than the Ontario Point(s) of Receipt, Union will charge a customer all approved tolls and charges, incurred by Union to transport the gas to the Ontario Point(s) of Receipt		
b) Firm Backstop Gas Applied to the contracted Firm Backstop Gas Supply Service	\$2.153	
Backstop Gas Commodity Charge On all quantities supplied by Union to the Ontario Point(s) of Receipt		\$6.004
c) Reasonable Efforts Backstop Gas Paid on all quantities of gas supplied by Union to the customer's Point(s) of Consumption		\$6.772
d) Banked Gas Purchase T-service		Note (1)
e) Failure to Deliver Applied to all quantities not delivered to Union in the event the customer's supply fails		\$2.542
f) Short Term Storage / Balancing Service (2) Maximum		\$6.000
g) Discretionary Gas Supply Service ("DGSS")		Note (3)



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Notes:

- (1) The charge for banked gas purchases shall be the higher of the daily spot cost at Dawn in the month of or the month following the month in which gas is sold under this rate and shall not be less than Union's approved weighted average cost of gas.
- (2) Short Term Storage / Balancing Service is:
 - i) a combined space and interruptible deliverability service for short-term or off-peak storage in Union's storage facilities, OR
 - ii) short-term firm deliverability, OR
 - iii) a component of an operational balancing service offered.

In negotiating the rate to be charged for short term storage services, the matters that are to be considered include:

 - i) The minimum amount of storage service to which a customer is willing to commit,
 - ii) Whether the customer is contracting for firm or interruptible service during Union's peak or non-peak periods,
 - iii) Utilization of facilities, and
 - iv) Competition
- (3) Discretionary Gas Supply Service price reflects the "back-to-back" price plus gas supply administration charge.

Effective

April 1, 2014
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Chatham, Ontario

Supersedes EB-2013-0413 Rate Schedule effective January 1, 2014.



STORAGE AND TRANSPORTATION RATES
FOR CONTRACT CARRIAGE CUSTOMERS

(A) Availability

Available to customers in Union's Southern Delivery Zone.

(B) Applicability

To a customer:

- a) whose qualifying annual transportation volume for combined firm and interruptible service is at least 2 500 000 m³ or greater and has a daily firm contracted demand up to 140,870 m³; and
- b) who enters into a Carriage Service Contract with Union for the transportation or the storage and transportation of Gas for use at facilities located within Union's gas franchise area; and
- c) who has meters with electronic recording at each Point of Consumption; and
- d) who has site specific energy measuring equipment installed at each Point of Consumption that will be used in determining energy balances; and
- e) for whom Union has determined transportation and/or storage capacity is available.

For the purposes of qualifying for a rate class, the total quantities of gas consumed or expected to be consumed on the customer's contiguous property will be used, irrespective of the number of meters installed.

(C) Rates

The following rates shall be charged for all quantities contracted or handled as appropriate. The identified rates represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated, which may be higher than the identified rates.

STORAGE SERVICE:

	Demand Charge <u>Rate/GJ/mo</u>	Commodity Charge <u>Rate/GJ</u>	<u>For Customers Providing Their Own Compressor Fuel</u>	
			<u>Fuel Ratio</u>	<u>Commodity Charge Rate/GJ</u>
a) Annual Firm Storage Space Applied to contracted Maximum Annual Storage Space	\$0.011			
b) Annual Firm Injection/Withdrawal Right: Applied to the contracted Maximum Annual Firm Injection/Withdrawal Right Union provides deliverability Inventory Customer provides deliverability Inventory (4)	\$1.671 \$1.197			
c) Incremental Firm Injection Right: Applied to the contracted Maximum Incremental Firm Injection Right	\$1.197			
d) Annual Interruptible Withdrawal Right: Applied to the contracted Maximum Annual Interruptible Withdrawal Right	\$1.197			



	Demand Charge <u>Rate/GJ/mo</u>	Commodity Charge <u>Rate/GJ</u>	For Customers Providing Their Own Compressor Fuel	
			Fuel Ratio	Commodity Charge <u>Rate/GJ</u>
e) Withdrawal Commodity Paid on all quantities withdrawn from storage up to the Maximum Daily Storage Withdrawal Quantity		\$0.032	0.395%	\$0.008
f) Injection Commodity Paid on all quantities injected into storage up to the Maximum Daily Storage Injection Quantity		\$0.032	0.395%	\$0.008
g) Short Term Storage / Balancing Service Maximum		\$6.000		

Notes:

1. Demand charges for Annual Services are paid monthly during the term of the contract for not less than one year unless Union, in its sole discretion, accepts a term of less than one year. Demand charges apply whether Union or the customer provides the fuel.
2. Annual Firm Injection Rights are equal to 100% of their respective Annual Firm Withdrawal Rights. Injection Rights in excess of the Annual Firm Injection Rights will be charged at the Incremental Firm Injection Right.
3. Annual Firm Storage Space

The maximum storage space available to a customer at the rates specified herein is determined by one of the following storage allocation methodologies:

3.1 Aggregate Excess

Aggregate excess is the difference between a customer's gas consumption in the 151-day winter period and consumption during the balance of the year. This calculation will be done using two years of historical data (with 25% weighting for each year) and one year of forecast data (with 50% weighting). If a customer is new, or an existing customer is undergoing a significant change in operations, the allocation will be based on forecast consumption only, as negotiated between Union and the customer. Once sufficient historical information is available for the customer, the standard calculation will be done. At each contract renewal, the aggregate excess calculation will be performed to set the new space allocation.

3.2 Obligated daily contract quantity multiple of 15

Obligated daily contract quantity is the firm daily quantity of gas which the customer must deliver to Union. The 15 x obligated daily contract quantity calculation will be done using the daily contract quantity for the upcoming contract year. At each contract renewal, the 15 x obligated daily contract quantity calculation will be performed to set the new space allocation.

Customers may contract for less than their maximum entitlement of firm storage space.



4. Annual Injection/Withdrawal Right

The maximum level of deliverability available to a customer at the rates specified herein is determined by one of the following methodologies

4.1 The greater of obligated daily contract quantity or firm daily contract demand less obligated daily contract quantity.

Customers may contract for less than their maximum entitlement of deliverability. A customer may contract up to this maximum entitlement with a combination of firm and interruptible deliverability as specified in Section (C) Storage Service.

5. Additional storage space or deliverability, in excess of the allocated entitlements per Notes 3 and 4, may be available at market prices.

6. Storage Space and Withdrawal Rights are not assignable to any other party without the prior written consent of Union.

7. Deliverability Inventory being defined as 20% of annual storage space.

8. Short Term Storage / Balancing Service is:

- i) a combined space and interruptible deliverability service for short-term or off-peak storage in Union's storage facilities, or
- ii) short-term firm deliverability, or
- iii) a component of an operational balancing service offered.

In negotiating the rate to be charged for service, the matters that are to be considered include:

- i) The minimum amount of storage service to which a customer is willing to commit,
- ii) Whether the customer is contracting for firm or interruptible service during Union's peak or non-peak periods
- iii) Utilization of facilities, and
- iv) Competition



TRANSPORTATION CHARGES:

	Demand Charge <u>Rate/m³/mo</u>	Commodity Charge <u>Rate/m³</u>	For Customers Providing Their Own Compressor Fuel Fuel Ratio (5) (6)	Commodity Charge <u>Rate/m³</u>
a) Annual Firm Transportation Demand Applied to the Firm Daily Contract Demand First 28,150 m ³ per month Next 112,720 m ³ per month	31.9554 ¢ 22.0775 ¢			
b) Firm Transportation Commodity Paid on all firm quantities redelivered to the customer's Point(s) of Consumption Commodity Charge (All volumes)		0.1302 ¢	0.250%	0.0712 ¢
c) Interruptible Transportation Commodity Paid on all interruptible quantities redelivered to the customer's Point(s) of Consumption Maximum		3.9801 ¢	0.250%	3.9211 ¢

Notes:

1. All demand charges are paid monthly during the term of the contract for not less than one year unless Union, at its sole discretion, accepts a term of less than one year. Demand charges apply whether Union or the customer provides the fuel.
2. In negotiating the rate to be charged for the transportation of gas under Interruptible Transportation, the matters that are to be considered include:
 - a) The amount of the interruptible transportation for which customer is willing to contract,
 - b) The anticipated load factor for the interruptible transportation quantities,
 - c) Interruptible or curtailment provisions, and
 - d) Competition.
3. In each contract year, the customer shall pay for a Minimum Interruptible Transportation Activity level as specified in the Contract. Overrun activity will not contribute to the minimum activity level.
4. Transportation fuel ratios do not apply to customers served from dedicated facilities directly connected to third party transmission systems with custody transfer metering at the interconnect.
5. Either Union or a customer, or potential customer, may apply to the Ontario Energy Board to fix rates and other charges different from the rates and other charges specified herein if the changed rates and other charges are considered by either party to be necessary, desirable and in the public interest.



SUPPLEMENTAL CHARGES:

Rates for supplemental services are provided in Schedule "A"

Notes:

1. All demand charges are paid monthly during the term of the contract for not less than one year unless Union, in its sole discretion, accepts a term of less than one year.

OVERRUN SERVICE:

1. Annual Storage Space

Authorized

Authorized Overrun is provided as Storage/Balancing Service. It is payable on all quantities on any Day in excess of the customer's contracted Maximum Storage Space. Overrun will be authorized by Union at its sole discretion. Storage Space Overrun equal to the customer's firm deliveries from TCPL: less the customer's Firm Daily Contract Demand, all multiplied by the Days of Interruption called during the period of November 1 to March 31, will be automatically authorized until the following July 1.

Unauthorized

If in any month, the customer has gas in storage in excess of the contracted Maximum Storage Space, and which has not been authorized by Union or provided for under a short term supplemental storage service, such an event will constitute an occurrence of Unauthorized Overrun. The Unauthorized Overrun rate will be \$6.000 per GJ applied to the greatest excess for each occurrence.

If on any Day the gas storage balance for the account of the customer is less than zero, the Unauthorized Overrun charge will apply for each GJ of gas below a zero inventory level and this amount of gas shall be deemed not to have been withdrawn from storage. The gas shall be deemed to have been sold to the customer at the highest spot price at Dawn in the month of occurrence and the month following occurrence as identified in the Canadian Gas Price Reporter and shall not be less than Union's approved weighted average cost of gas. If the customer has contracted to provide its own deliverability inventory, the zero inventory level shall be deemed to mean twenty percent (20%) of the Annual Firm Storage Space.



2. Injection, Withdrawals and Transportation

Authorized

The following Overrun rates are applied to any quantities transported, injected or withdrawn in excess of 103% of the Contract parameters. Overrun will be authorized by Union at its sole discretion.

Automatic authorization of Injection Overrun will be given during all Days a customer has been interrupted

	Union Providing Fuel	For Customers Providing Their Own Compressor Fuel Firm or Interruptible Service	
	Firm or Interruptible Service	Fuel Ratio	Commodity Charge
Storage Injections	\$0.115/GJ	0.853%	\$0.063/GJ
Storage Withdrawals	\$0.115/GJ	0.853%	\$0.063/GJ
Transportation	1.1808 ¢/m ³	0.250%	1.1218 ¢/m ³

Unauthorized

For all quantities on any Day in excess of 103% of the customer's contractual rights, for which authorization has not been received, the customer will be charged 4.5611 ¢ per m³ or \$1.191 per GJ, as appropriate.

3. Storage / Balancing Service

Authorized

The following Overrun rates are applied to any quantities stored in excess of the Contract parameters. Overrun will be authorized by Union Gas at its sole discretion.

	Firm Service Rate/GJ
Space	\$6.000
Injection / Withdrawal Maximum	\$6.000



OTHER SERVICES & CHARGES:

1. Monthly Charge

In addition to the rates and charges described previously for each Point of Consumption, a Monthly Charge shall be applied as follows:

Monthly Charge	\$1,936.13
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2. Diversion of Gas

The availability of the right to divert gas will be based on Union's ability to accommodate the diversion. The price to be charged for the right to divert shall be determined through negotiation.

3. Delivery Obligations

Unless otherwise authorized by Union, all other customers who are delivering gas to Union under direct purchase arrangements must obligate to deliver at a point(s) specified by Union and must acquire and maintain firm transportation on all upstream pipeline systems. Customers initiating direct purchase arrangements, who previously received Gas Supply service, must also accept, unless otherwise authorized by Union, an assignment from Union of transportation capacity on upstream pipeline systems.

4. Additional Service Information

Additional information on Union's T1 service offering can be found at:

The additional information consists of, but is not limited to, the following:

www.uniongas.com/business/account-services/unionline/contracts-rates/T1-service-features

- i. Storage space and deliverability entitlement;
- ii. The determination of gas supply receipt points and delivery obligations;
- iii. The nomination schedule;
- iv. The management of multiple redelivery points by a common fuel manager; and
- v. The availability of supplemental transactional services including title transfers.

(D) Delayed Payment

The monthly late payment charge equal to 1.5% per month or 18% per annum (for an approximate effective rate of 19.56% per annum) multiplied by the total of all unpaid charges will be added to the bill if full payment is not received by the late payment effective date, which is 20 days after the bill has been issued.

Effective

April 1, 2014
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Chatham, Ontario

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STORAGE AND TRANSPORTATION RATES
FOR CONTRACT CARRIAGE CUSTOMERS

(A) Availability

Available to customers in Union's Southern Delivery Zone.

(B) Applicability

To a customer:

- a) who has a daily firm contracted demand of at least 140 870 m³. Firm and/or interruptible daily contracted demand of less than 140,870 m³ cannot be combined for the purposes of qualifying for this rate class; and
- b) who enters into a Carriage Service Contract with Union for the transportation or the storage and transportation of Gas for use at facilities located within Union's gas franchise area; and
- c) who has meters with electronic recording at each Point of Consumption; and
- d) who has site specific energy measuring equipment installed at each Point of Consumption that will be used in determining energy balances; and
- e) for whom Union has determined transportation and/or storage capacity is available.

For the purposes of qualifying for a rate class, the total quantities of gas consumed or expected to be consumed on the customer's contiguous property will be used, irrespective of the number of meters installed.

(C) Rates

The following rates shall be charged for all quantities contracted or handled as appropriate. The identified rates represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated, which may be higher than the identified rates.

STORAGE SERVICE:

	Demand Charge <u>Rate/GJ/mo</u>	Commodity Charge <u>Rate/GJ</u>	<u>For Customers Providing Their Own Compressor Fuel</u>	
			<u>Fuel Ratio</u>	<u>Commodity Charge Rate/GJ</u>
a) Annual Firm Storage Space Applied to contracted Maximum Annual Storage Space	\$0.011			
b) Annual Firm Injection/Withdrawal Right: Applied to the contracted Maximum Annual Firm Injection/Withdrawal Right Union provides deliverability Inventory Customer provides deliverability Inventory (4)	\$1.671 \$1.197			
c) Incremental Firm Injection Right: Applied to the contracted Maximum Incremental Firm Injection Right	\$1.197			
d) Annual Interruptible Withdrawal Right: Applied to the contracted Maximum Annual Interruptible Withdrawal Right	\$1.197			



	Demand Charge <u>Rate/GJ/mo</u>	Commodity Charge <u>Rate/GJ</u>	For Customers Providing Their Own Compressor Fuel	
			Fuel Ratio	Commodity Charge <u>Rate/GJ</u>
e) Withdrawal Commodity Paid on all quantities withdrawn from storage up to the Maximum Daily Storage Withdrawal Quantity		\$0.032	0.395%	\$0.008
f) Injection Commodity Paid on all quantities injected into storage up to the Maximum Daily Storage Injection Quantity		\$0.032	0.395%	\$0.008
g) Short Term Storage / Balancing Service Maximum		\$6.000		

Notes:

1. Demand charges for Annual Services are paid monthly during the term of the contract for not less than one year unless Union, in its sole discretion, accepts a term of less than one year. Demand charges apply whether Union or the customer provides the fuel.
2. Annual Firm Injection Rights are equal to 100% of their respective Annual Firm Withdrawal Rights. Injection Rights in excess of the Annual Firm Injection Rights will be charged at the Incremental Firm Injection Right.
3. Annual Firm Storage Space

The maximum storage space available to a customer at the rates specified herein is determined by one of the following storage allocation methodologies:

3.1 Aggregate Excess

Aggregate excess is the difference between a customer's gas consumption in the 151-day winter period and consumption during the balance of the year. This calculation will be done using two years of historical data (with 25% weighting for each year) and one year of forecast data (with 50% weighting). If a customer is new, or an existing customer is undergoing a significant change in operations, the allocation will be based on forecast consumption only, as negotiated between Union and the customer. Once sufficient historical information is available for the customer, the standard calculation will be done. At each contract renewal, the aggregate excess calculation will be performed to set the new space allocation.

3.2 Obligated daily contract quantity multiple of 15

Obligated daily contract quantity is the firm daily quantity of gas which the customer must deliver to Union. The 15 x obligated daily contract quantity calculation will be done using the daily contract quantity for the upcoming contract year. At each contract renewal, the 15 x obligated daily contract quantity calculation will be performed to set the new space allocation.

3.3 For new, large (daily firm transportation demand requirements in excess of 1,200,000 m³/day) gas fired power generation customers, storage space is determined by peak hourly consumption x 24 x 4 days. Should the customer elect firm deliverability less than their maximum entitlement (see Note 4.2), the maximum storage space available at the rates specified herein is 10 x firm storage deliverability contracted, not to exceed peak hourly consumption x 24 x 4 days.

Customers may contract for less than their maximum entitlement of firm storage space.



4. Annual Injection/Withdrawal Right

The maximum level of deliverability available to a customer at the rates specified herein is determined by one of the following methodologies

4.1 The greater of obligated daily contract quantity or firm daily contract demand less obligated daily contract quantity.

4.2 For new, large (daily firm transportation demand requirements in excess of 1,200,000 m³/day) gas fired power generation customers, the maximum entitlement of firm storage deliverability is 24 times the customer's peak hourly consumption, with 1.2% firm deliverability available at the rates specified herein.

Customers may contract for less than their maximum entitlement of deliverability. A customer may contract up to this maximum entitlement with a combination of firm and interruptible deliverability as specified in Section (C) Storage Service.

5. Additional storage space or deliverability, in excess of the allocated entitlements per Notes 3 and 4, may be available at market prices.
6. Storage Space and Withdrawal Rights are not assignable to any other party without the prior written consent of Union.
7. Deliverability Inventory being defined as 20% of annual storage space.
8. Short Term Storage / Balancing Service is:
 - i) a combined space and interruptible deliverability service for short-term or off-peak storage in Union's storage facilities, or
 - ii) short-term firm deliverability, or
 - iii) a component of an operational balancing service offered.

In negotiating the rate to be charged for service, the matters that are to be considered include:

- i) The minimum amount of storage service to which a customer is willing to commit,
- ii) Whether the customer is contracting for firm or interruptible service during Union's peak or non-peak periods
- iii) Utilization of facilities, and
- iv) Competition



TRANSPORTATION CHARGES:

	Demand Charge <u>Rate/m³/mo</u>	Commodity Charge <u>Rate/m³</u>	For Customers Providing Their Own Compressor Fuel Fuel Ratio (5) (6)	Commodity Charge <u>Rate/m³</u>
a) Annual Firm Transportation Demand Applied to the Firm Daily Contract Demand First 140,870 m ³ per month All over 140,870 m ³ per month	20.1911 ¢ 10.6802 ¢			
b) Firm Transportation Commodity Paid on all firm quantities redelivered to the customer's Point(s) of Consumption Commodity Charge (All volumes)		0.0661 ¢	0.247%	0.0078 ¢
c) Interruptible Transportation Commodity Paid on all interruptible quantities redelivered to the customer's Point(s) of Consumption Maximum		3.9801 ¢	0.247%	3.9218 ¢

Notes:

1. All demand charges are paid monthly during the term of the contract for not less than one year unless Union, at its sole discretion, accepts a term of less than one year. Demand charges apply whether Union or the customer provides the fuel.
2. Effective January 1, 2007, new customers and existing customers with incremental daily firm demand requirements in excess of 1,200,000 m³/day and who are directly connected to i) the Dawn-Trafalgar transmission system in close proximity to Parkway or ii) a third party pipeline, have the option to pay for service using a Billing Contract Demand. The Billing Contract Demand shall be determined by Union such that the annual revenues over the term of the contract will recover the invested capital, return on capital and operating and maintenance costs associated with the dedicated service in accordance with Union's system expansion policy. The firm transportation demand charge will be applied to the Billing Contract Demand. For customers choosing the Billing Contract Demand option, the authorized transportation overrun rate will apply to all volumes in excess of the Billing Contract Demand but less than the daily firm demand requirement.
3. In negotiating the rate to be charged for the transportation of gas under Interruptible Transportation, the matters that are to be considered include:
 - a) The amount of the interruptible transportation for which customer is willing to contract,
 - b) The anticipated load factor for the interruptible transportation quantities,
 - c) Interruptible or curtailment provisions, and
 - d) Competition.
4. In each contract year, the customer shall pay for a Minimum Interruptible Transportation Activity level as specified in the Contract. Overrun activity will not contribute to the minimum activity level.
5. Transportation fuel ratios do not apply to customers served from dedicated facilities directly connected to third party transmission systems with custody transfer metering at the interconnect.



6. Firm transportation fuel ratio does not apply to new customers or existing customers with incremental daily firm demand requirements in excess of 1,200,000 m³/day that contract for M12 Dawn to Parkway transportation service equivalent to 100% of their daily firm demand requirement. If a customer with a daily firm demand requirement in excess of 1,200,000 m³/day contracts for M12 Dawn to Parkway transportation service at less than 100% of their firm daily demand requirement, the firm transportation fuel ratio will be applicable to daily volumes not transported under the M12 transportation contract.
7. Either Union or a customer, or potential customer, may apply to the Ontario Energy Board to fix rates and other charges different from the rates and other charges specified herein if the changed rates and other charges are considered by either party to be necessary, desirable and in the public interest.

SUPPLEMENTAL CHARGES:

Rates for supplemental services are provided in Schedule "A"

Notes:

1. All demand charges are paid monthly during the term of the contract for not less than one year unless Union, in its sole discretion, accepts a term of less than one year.

OVERRUN SERVICE:

1. Annual Storage Space

Authorized

Authorized Overrun is provided as Storage/Balancing Service. It is payable on all quantities on any Day in excess of the customer's contracted Maximum Storage Space. Overrun will be authorized by Union at its sole discretion. Storage Space Overrun equal to the customer's firm deliveries from TCPL: less the customer's Firm Daily Contract Demand, all multiplied by the Days of Interruption called during the period of November 1 to March 31, will be automatically authorized until the following July 1.

Unauthorized

If in any month, the customer has gas in storage in excess of the contracted Maximum Storage Space, and which has not been authorized by Union or provided for under a short term supplemental storage service, such an event will constitute an occurrence of Unauthorized Overrun. The Unauthorized Overrun rate will be \$6.000 per GJ applied to the greatest excess for each occurrence.

If on any Day the gas storage balance for the account of the customer is less than zero, the Unauthorized Overrun charge will apply for each GJ of gas below a zero inventory level and this amount of gas shall be deemed not to have been withdrawn from storage. The gas shall be deemed to have been sold to the customer at the highest spot price at Dawn in the month of occurrence and the month following occurrence as identified in the Canadian Gas Price Reporter and shall not be less than Union's approved weighted average cost of gas. If the customer has contracted to provide its own deliverability inventory, the zero inventory level shall be deemed to mean twenty percent (20%) of the Annual Firm Storage Space.



2. Injection, Withdrawals and Transportation

Authorized

The following Overrun rates are applied to any quantities transported, injected or withdrawn in excess of 103% of the Contract parameters. Overrun will be authorized by Union at its sole discretion.

Automatic authorization of Injection Overrun will be given during all Days a customer has been interrupted

	Union Providing Fuel	For Customers Providing Their Own Compressor Fuel Firm or Interruptible Service	
	Firm or Interruptible Service	Fuel Ratio	Commodity Charge
Storage Injections	\$0.115/GJ	0.853%	\$0.063/GJ
Storage Withdrawals	\$0.115/GJ	0.853%	\$0.063/GJ
Transportation	0.7299 ¢/m ³	0.247%	0.6716 ¢/m ³

Unauthorized

For all quantities on any Day in excess of 103% of the customer's contractual rights, for which authorization has not been received, the customer will be charged 4.5611 ¢ per m³ or \$1.191 per GJ, as appropriate.

3. Storage / Balancing Service

Authorized

The following Overrun rates are applied to any quantities stored in excess of the Contract parameters. Overrun will be authorized by Union Gas at its sole discretion.

	Firm Service Rate/GJ
Space	\$6.000
Injection / Withdrawal Maximum	\$6.000



OTHER SERVICES & CHARGES:

1. Monthly Charge

In addition to the rates and charges described previously for each Point of Consumption, a Monthly Charge shall be applied as follows:

Monthly Charge	\$6,000.00
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2. Diversion of Gas

The availability of the right to divert gas will be based on Union's ability to accommodate the diversion. The price to be charged for the right to divert shall be determined through negotiation.

3. Delivery Obligations

Effective January 1, 2007, new customers and existing customers with incremental daily firm demand requirements in excess of 1,200,000 m³/day who are delivering gas to Union under direct purchase arrangements may be entitled to non-obligated deliveries. The delivery options available to customers are detailed at www.uniongas.com/business/account-services/unionline/contracts-rates/T1-service-features

Unless otherwise authorized by Union, all other customers who are delivering gas to Union under direct purchase arrangements must obligate to deliver at a point(s) specified by Union and must acquire and maintain firm transportation on all upstream pipeline systems. Customers initiating direct purchase arrangements, who previously received Gas Supply service, must also accept, unless otherwise authorized by Union, an assignment from Union of transportation capacity on upstream pipeline systems.

4. Nominations

Effective January 1, 2007, new customers and existing customers with incremental daily firm demand requirements in excess of 1,200,000 m³/day who have non obligated deliveries may contract to use Union's 5 additional nomination windows (13 in total) for the purposes of delivering gas to Union. These windows are in addition to the standard NAESB and TCPL STS nomination windows. Customers taking the additional nomination window service will pay an additional monthly demand charge of \$0.068/GJ/day/month multiplied by the non-obligated daily contract quantity.

5. Additional Service Information

Additional information on Union's T2 service offering can be found at:

The additional information consists of, but is not limited to, the following:
www.uniongas.com/business/account-services/unionline/contracts-rates/T1-service-features

- i. Storage space and deliverability entitlement;
- ii. The determination of gas supply receipt points and delivery obligations;
- iii. The nomination schedule;
- iv. The management of multiple redelivery points by a common fuel manager; and
- v. The availability of supplemental transactional services including title transfers.



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(D) Delayed Payment

The monthly late payment charge equal to 1.5% per month or 18% per annum (for an approximate effective rate of 19.56% per annum) multiplied by the total of all unpaid charges will be added to the bill if full payment is not received by the late payment effective date, which is 20 days after the bill has been issued.

Effective

April 1, 2014
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Chatham, Ontario

Supersedes EB-2013-0413 Rate Schedule effective January 1, 2014.



STORAGE AND TRANSPORTATION RATES
FOR CONTRACT CARRIAGE CUSTOMERS

(A) Availability

Available to customers in Union's Southern Delivery Zone.

(B) Applicability

To a Distributor:

- a) whose minimum annual transportation of natural gas is 700 000 m³ or greater; and
- b) who enters into a Carriage Service Contract with Union for the transportation or the storage and transportation of Gas for distribution to its customers; and
- c) who has meters with electronic recording at each Point of Redelivery; and
- d) for whom Union has determined transportation and/or storage capacity is available.

(C) Rates

The following rates shall be charged for all quantities contracted or handled as appropriate. The identified rates represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated, which may be higher than the identified rates.

STORAGE SERVICE:

	Demand Charge <u>Rate/GJ/mo</u>	Commodity Charge <u>Rate/GJ</u>	<u>For Customers Providing Their Own Compressor Fuel</u>	
			<u>Fuel Ratio</u>	<u>Commodity Charge Rate/GJ</u>
a) Annual Firm Storage Space Applied to contracted Maximum Annual Storage Space	\$0.011			
b) Annual Firm Injection/Withdrawal Right: Applied to the contracted Maximum Annual Firm Injection/Withdrawal Right Union provides deliverability Inventory Customer provides deliverability Inventory (4)	\$1.671 \$1.197			
c) Incremental Firm Injection Right: Applied to the contracted Maximum Incremental Firm Injection Right	\$1.197			
d) Annual Interruptible Withdrawal Right: Applied to the contracted Maximum Annual Interruptible Withdrawal Right	\$1.197			



	Demand Charge <u>Rate/GJ/mo</u>	Commodity Charge <u>Rate/GJ</u>	For Customers Providing Their Own Compressor Fuel	
			Fuel Ratio	Commodity Charge <u>Rate/GJ</u>
e) Withdrawal Commodity Paid on all quantities withdrawn from storage up to the Maximum Daily Storage Withdrawal Quantity		\$0.032	0.395%	\$0.008
f) Injection Commodity Paid on all quantities injected into storage up to the Maximum Daily Storage Injection Quantity		\$0.032	0.395%	\$0.008
g) Short Term Storage / Balancing Service Maximum		\$6.000		

Notes:

1. Demand charges for Annual Services are paid monthly during the term of the contract for not less than one year unless Union, in its sole discretion, accepts a term of less than one year. Demand charges apply whether Union or the customer provides the fuel.
2. Annual Firm Injection Rights are equal to 100% of their respective Annual Firm Withdrawal Rights. Injection Rights in excess of the Annual Firm Injection Rights will be charged at the Incremental Firm Injection Right.
3. Annual Firm Storage Space

The maximum storage space available to a customer at the rates specified herein is determined by one of the following storage allocation methodologies:

3.1 Aggregate Excess

Aggregate excess is the difference between a customer's gas consumption in the 151-day winter period and consumption during the balance of the year. This calculation will be done using two years of historical data (with 25% weighting for each year) and one year of forecast data (with 50% weighting). If a customer is new, or an existing customer is undergoing a significant change in operations, the allocation will be based on forecast consumption only, as negotiated between Union and the customer. Once sufficient historical information is available for the customer, the standard calculation will be done. At each contract renewal, the aggregate excess calculation will be performed to set the new space allocation.

3.2 Obligated daily contract quantity multiple of 15

Obligated daily contract quantity is the firm daily quantity of gas which the customer must deliver to Union. The 15 x obligated daily contract quantity calculation will be done using the daily contract quantity for the upcoming contract year. At each contract renewal, the 15 x obligated daily contract quantity calculation will be performed to set the new space allocation.

Customers may contract for less than their maximum entitlement of firm storage space.

4. Annual Injection/Withdrawal Right

The maximum level of deliverability available to a customer at the rates specified herein is determined to be the greater of obligated daily contract quantity or firm daily contract demand less obligated daily contract quantity.

Customers may contract for less than their maximum entitlement of deliverability. A customer may contract up to this maximum entitlement with a combination of firm and interruptible deliverability as specified in Section (C) Storage Service.



5. Additional storage space or deliverability, in excess of the allocated entitlements per Notes 3 and 4, may be available at market prices.
6. Storage Space and Withdrawal Rights are not assignable to any other party without the prior written consent of Union.
7. Deliverability Inventory being defined as 20% of annual storage space.
8. Short Term Storage / Balancing Service is:
 - i) a combined space and interruptible deliverability service for short-term or off-peak storage in Union's storage facilities, OR
 - ii) short-term firm deliverability, OR
 - iii) a component of an operational balancing service offered.

In negotiating the rate to be charged for this service, the matters that are to be considered include:

- i) The minimum amount of storage service to which a customer is willing to commit,
- ii) Whether the customer is contracting for firm or interruptible service during Union's peak or non-peak periods,
- iii) Utilization of facilities, and
- iv) Competition



TRANSPORTATION CHARGES:

	Demand	Commodity	For Customers Providing Their Own Compressor Fuel	
	Charge	Charge	Fuel	Commodity
	<u>Rate/m³/mo</u>	<u>Rate/m³</u>	<u>Ratio (5) (6)</u>	<u>Charge Rate/m³</u>
a) Annual Firm Transportation Demand (1) Applied to the Firm Daily Contract Demand	9.3582 ¢			
b) Firm Transportation Commodity Paid on all firm quantities redelivered to the Customer's Point(s) of Redelivery		0.0780 ¢	0.285%	0.0107 ¢

Notes:

1. All demand charges are paid monthly during the term of the contract for not less than one year unless Union, in its sole discretion, accepts a term of less than one year. Demand charges apply whether Union or the customer provides the fuel.

SUPPLEMENTAL CHARGES

Rates for supplemental services are provided in Schedule "A".

Notes:

1. All demand charges are paid monthly during the term of the contract for not less than one year unless Union, in its sole discretion, accepts a term of less than one year.

OVERRUN SERVICE

1. Annual Storage Space

Authorized

Authorized Overrun is provided as Storage/Balancing Service. It is payable on all quantities on any Day in excess of the customer's contracted Maximum Storage Space. Overrun will be authorized by Union at its sole discretion.

Unauthorized

If in any month, the customer has gas in storage in excess of the contracted Maximum Storage Space, and which has not been authorized by Union or provided for under a short term supplemental storage service, such an event will constitute an occurrence of Unauthorized Overrun. The Unauthorized Overrun rate will be \$6.000 per GJ applied to the greatest excess for each occurrence.

If on any Day, the gas storage balance for the account of the customer is less than zero, the Unauthorized Overrun charge will apply for each GJ of gas below a zero inventory level and this amount of gas shall be deemed not to have been withdrawn from storage. The gas shall be deemed to have been sold to the customer at the highest spot price at Dawn in the month of occurrence and the month following occurrence as identified in the Canadian Gas Price Reporter and shall not be less than Union's approved weighted average cost of gas. If the customer has contracted to provide its own deliverability inventory, the zero inventory level shall be deemed to mean twenty percent (20%) of the Annual Firm Storage Space.



2. Injection, Withdrawals and Transportation

Authorized

The following Overrun rates are applied to any quantities transported, injected or withdrawn in excess of 103% of the Contract parameters. Overrun will be authorized by Union at its sole discretion.

	Union Providing <u>Fuel</u>	For Customers Providing Their Own Compressor Fuel <u>Firm or Interruptible Service</u>	
	Firm or Interruptible <u>Service</u>	Fuel <u>Ratio</u>	Commodity <u>Charge</u>
Storage Injections	\$0.115/GJ	0.853%	\$0.063/GJ
Storage Withdrawals	\$0.115/GJ	0.853%	\$0.063/GJ
Transportation	0.3857 ¢/m ³	0.285%	0.3184 ¢/m ³

Unauthorized

For all quantities on any Day in excess of 103% of the customer's contractual rights, for which authorization has not been received, the customer will be charged 36.0¢ per m³ or \$9.402 per GJ, as appropriate.

3. Short Term Storage Services

Authorized

The following Overrun rates are applied to any quantities stored in excess of the Contract parameters. Overrun will be authorized by Union Gas at its sole discretion.

	Firm Service <u>Rate/GJ</u>
Space	\$6.000
Injection Maximum	\$6.000



OTHER SERVICES & CHARGES

1. Monthly Charge

In addition to the rates and charges described previously for each Point of redelivery a Monthly Charge shall be applied to each specific customer as follows:

	<u>Monthly Charge</u>
City of Kitchener	\$ 20,371.35
NRG	\$ 3,127.21
Six Nations	\$ 1,042.40

If a customer combines Sales Service with Contract Carriage Service, the monthly charge will be prorated such that the customer will under both services pay no more than the above monthly charge.

2. Diversion of Gas

The availability of the right to divert gas will be based on Union's ability to accommodate the diversion. The price to be charged for the right to divert shall be determined through negotiation.

3. Unless otherwise authorized by Union, customers who are delivering gas to Union under direct purchase arrangements must obligate to deliver at a point(s) specified by Union and must acquire and maintain firm transportation on all upstream pipeline systems. Customers initiating direct purchase arrangements must also accept, unless otherwise authorized by Union, an assignment from Union of transportation capacity on upstream pipeline systems.

(D) Delayed Payment

The monthly late payment charge equal to 1.5% per month or 18% per annum (for an approximate effective rate of 19.56% per annum) multiplied by the total of all unpaid charges will be added to the bill if full payment is not received by the late payment effective date, which is 20 days after the bill has been issued.

Effective

April 1, 2014
O.E.B. Order # EB-2014-0050

Chatham, Ontario

Supersedes EB-2013-0413 Rate Schedule effective January 1, 2014.



Gas Supply Charges

(A) Availability:

Available to customers in Union's Southern Delivery Zone.

(B) Applicability:

To all sales customers served under Rate M1, Rate M2, Rate M4, Rate M5A, Rate M7, Rate M9, Rate M10 and storage and transportation customers taking supplemental services under Rate T1, Rate T2 and Rate T3.

(C) Rates:

cents / m³

Utility Sales

Commodity and Fuel	17.9207 (1)
Commodity and Fuel - Price Adjustment	4.4687
Transportation	3.4499
Total Gas Supply Commodity Charge	25.8393

Minimum Annual Gas Supply Commodity Charge

Rate M4 Firm and Rate M5A Interruptible Contract	4.1669
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Storage and Transportation Supplemental Services - Rate T1, Rate T2 & Rate T3

\$/GJ

Monthly demand charges:	
Firm gas supply service	46.857
Firm backstop gas	2.153
Commodity charges:	
Gas supply	4.630
Backstop gas	6.004
Reasonable Efforts Backstop Gas	6.772
Supplemental Inventory	Note (2)
Supplemental Gas Sales Service (cents / m ³)	24.6438
Failure to Deliver: Applied to quantities not delivered to Union in the event the customer's supply fails	2.542
Discretionary Gas Supply Service (DGSS)	Note (3)

Notes:

- (1) The Commodity and Fuel rate includes a gas supply administration charge of 0.1933 cents/ m³.
- (2) The charge for banked gas purchases shall be the higher of the daily spot gas cost at Dawn in the month of or the month following the month in which gas is sold under this rate and shall not be less than Union's approved weighted average cost of gas.
- (3) Reflects the "back to back" price plus gas supply administration charge.

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Supersedes EB-2013-0413 Rate Schedule effective January 1, 2014.



STORAGE RATES FOR
UNBUNDLED CUSTOMERS

(A) Availability

Available to customers in Union's Southern Delivery Zone.

(B) Applicability

To a customer, or an agent, who is authorized to service residential and non-contract commercial and industrial end-users paying for the Monthly Fixed Charge and Delivery charge under Rate M1 or Rate M2:

- a) who enters into an Unbundled Service Contract with Union for the storage of Gas for use at facilities located within Union's gas franchise area;
- b) who contracts for Standard Peaking Service (SPS) with Union unless the customer can demonstrate that it has a replacement to the deliverability available in the SPS physically tied into Union's system and an OEB approved rate to provide the SPS replacement service;
- c) who accepts daily estimates of consumption at Points of Consumption as prepared by Union so that they may nominate an equivalent amount from storage, upstream transportation, or Ontario Producers authorized to sell to third parties;
- d) who nominates injections and withdrawals from storage and deliveries on upstream pipeline systems daily or Ontario Producers authorized to sell to third parties;
- e) for whom Union has determined storage capacity is available; and
- f) who accepts a monthly bill as prepared by Union.

(C) Rates

The following rates shall be charged for all volumes contracted or handled as appropriate. The identified rates represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated, which may be higher than the identified rates.

STORAGE SERVICE	Demand Charge <u>Rate/GJ/mo</u>	Fuel <u>Ratio</u>	Commodity Charge <u>Rate/GJ</u>
i) Standard Storage Service (SSS)			
a) Combined Storage Space & Deliverability Applied to contracted Maximum Storage Space	\$0.024		
b) Injection Commodity		0.395%	\$0.026
c) Withdrawal Commodity		0.395%	\$0.026
ii) Standard Peaking Service (SPS)			
a) Combined Storage Space & Deliverability Applied to contracted Maximum Storage Space	\$0.116		
b) Injection Commodity		0.395%	\$0.026
c) Withdrawal Commodity		0.853%	\$0.026



	Demand Charge Rate/GJ/mo	Fuel Ratio	Commodity Charge Rate/GJ
iii) Supplemental Service			
a) Incremental Firm Injection Right: (5) Applied to the contracted Maximum Incremental Firm Injection Right	\$1.041		
b) Incremental Firm Withdrawal Right: (5) Applied to the contracted Maximum Incremental Firm Withdrawal Right	\$1.041		
c) Short Term Storage / Balancing Service - Maximum			\$6.000

Notes:

1. Demand charges for Annual Services are paid monthly during the term of the Contract, which shall not be less than one year, unless Union, in its sole discretion, accepts a term of less than one year.
2. Daily Firm Injection and Withdrawal Rights shall be pursuant to the Storage Contract.
3. Storage Space, Withdrawal Rights, and Injection Rights are not assignable to any other party without the prior written consent of Union and where necessary, approval from the Ontario Energy Board.
4. Short Term Storage / Balancing service (less than 2 years) is:
 - i) a combined space and interruptible deliverability service for short-term or off-peak storage in Union's storage facilities, OR
 - ii) short-term incremental firm deliverability, OR
 - iii) a component of an operational balancing service offered.

In negotiating the rate to be charged for service, the matters that are to be considered include:

 - i) The minimum amount of storage service to which a customer is willing to commit,
 - ii) Whether the customer is contracting for firm or interruptible service during Union's peak or non-peak periods,
 - iii) Utilization of facilities,
 - iv) Competition, and
 - v) Term.
5. Union's ability to offer incremental injection and withdrawal rights is subject to annual asset availability.



OVERRUN SERVICE

1. Injection and Withdrawal

Authorized

	<u>Fuel Ratio</u>	<u>Commodity Charge Rate/GJ</u>
Injection	0.853%	\$0.060
Withdrawal	0.853%	\$0.060

The Authorized Overrun rate is payable on all quantities on any Day in excess of the customer's contractual rights, for which authorization has been received. Overrun will be authorized by Union at its sole discretion.

Unauthorized

If in any month, the customer has gas in storage in excess of the contracted Maximum Storage Space or the gas storage balance for the account of the customer is less than zero or the customer has injected or withdrawn volumes from storage which exceeds their contractual rights, and which has not been authorized by Union or provided for under a short term storage/balancing service, such an event will constitute an occurrence of Unauthorized Overrun. The Unauthorized Overrun rate during the November 1 to April 15 period will be \$60.00 per GJ. The Unauthorized Overrun rate during the April 16 to October 31 period will be \$6.000 per GJ.

OTHER SERVICES & CHARGES

1. Unless otherwise authorized by Union, customers who are delivering gas to Union under direct purchase arrangements must commit to provide a call at Parkway, throughout the winter period, for a specified number of days. Customers initiating direct purchase arrangements, who previously received Gas Supply service, must also accept, unless otherwise authorized by Union, an assignment from Union of transportation capacity on upstream pipeline systems.

(D) Delayed Payment

The monthly late payment charge equal to 1.5% per month or 18% per annum (for an approximate effective rate of 19.56% per annum) multiplied by the total of all unpaid charges will be added to the bill if full payment is not received by the late payment effective date, which is 20 days after the bill has been issued.

Effective

April 1, 2014
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Chatham, Ontario

Supersedes EB-2013-0413 Rate Schedule effective January 1, 2014.



TRANSPORTATION RATES

(A) Applicability

The charges under this schedule shall be applicable to a Shipper who enters into a Transportation Service Contract with Union.

Applicable Points

Dawn as a receipt point: Dawn (TCPL), Dawn (Facilities), Dawn (Tecumseh), Dawn (Vector) and Dawn (TSLE).

Dawn as a delivery point: Dawn (Facilities).

(B) Services

Transportation Service under this rate schedule shall be for transportation on Union's Dawn - Trafalgar facilities.

(C) Rates

The identified rates represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated, which may be higher than the identified rates.

	Monthly Demand Charge	Commodity and Fuel Charges	
	(applied to daily contract demand)	Fuel Ratio	Commodity Charge
	<u>Rate/GJ</u>	<u>%</u>	<u>AND</u> <u>Rate/GJ</u>
<u>Firm Transportation (1)</u>			
Dawn to Parkway	\$2.382	Monthly fuel rates and ratios shall be in accordance with schedule "C".	
Dawn to Kirkwall	\$2.011		
Kirkwall to Parkway	\$0.372		
Parkway to Dawn	n/a		
<u>M12-X Firm Transportation</u>			
Between Dawn, Kirkwall and Parkway	\$2.961	Monthly fuel rates and ratios shall be in accordance with schedule "C".	
<u>Limited Firm/Interruptible Transportation (1)</u>			
Dawn to Parkway – Maximum	\$5.718	Monthly fuel rates and ratios shall be in accordance with schedule "C".	
Dawn to Kirkwall – Maximum	\$5.718		
Parkway (TCPL) to Parkway (Cons) (2)		0.153%	

Authorized Overrun (3)

Authorized overrun rates will be payable on all quantities in excess of Union's obligation on any day. The overrun charges payable will be calculated at the following rates. Overrun will be authorized at Union's sole discretion.

	If Union supplies fuel	Commodity and Fuel Charges	
	Commodity Charge	Fuel Ratio	Commodity Charge
	<u>Rate/GJ</u>	<u>%</u>	<u>AND</u> <u>Rate/GJ</u>
Transportation Overrun			
Dawn to Parkway		Monthly fuel rates and ratios shall be in accordance with schedule "C".	\$0.078
Dawn to Kirkwall			\$0.066
Kirkwall to Parkway			\$0.012
Parkway to Dawn			\$0.078
Parkway (TCPL) Overrun (4)	n/a	0.648%	n/a
M12-X Firm Transportation			
Between Dawn, Kirkwall and Parkway		Monthly fuel rates and ratios shall be in accordance with schedule "C".	
			\$0.097



(C) Rates (Cont'd)

Unauthorized Overrun

Authorized Overrun rates will be payable on all quantities up to 2% in excess of Union's contractual obligation.

The Unauthorized Overrun shall be the higher of the reported daily spot price of gas at either Dawn, Parkway, Niagara or Iroquois in the month of or the month following the month in which the overrun occurred plus 25% for all usage on any day in excess of 102% of Union's contractual obligation.

Nomination Variances

Where Union and the shipper have entered into a Limited Balancing Agreement ("LBA"), the rate for unauthorized parking or drafting which results from nomination variances shall equal the "Balancing Fee" rate as described under Article XXII of TransCanada PipeLines Transportation Tariff.

Notes for Section (C) Rates:

- (1) The annual transportation commodity charge is calculated by application of the YCRR Formula, as per Section (D). The annual transportation fuel required is calculated by application of the YCR Formula, as per Section (D).
- (2) This rate is for westerly transportation within the Parkway yard, from Parkway (TCPL) to Parkway (Cons) or Lisgar.
- (3) For purposes of applying the YCRR Formula or YCR Formula (Section (D)) to transportation overrun quantities, the transportation commodity revenue will be deemed to be equal to the commodity charge of the applicable service as detailed in Section (B).
- (4) This ratio will be applied to all gas quantities for which Union is obligated to deliver to Parkway (Cons) or Lisgar and has agreed to deliver to Parkway (TCPL) on an interruptible basis. This will be in addition to any rate or ratio paid for transportation easterly to Parkway (Cons) or Lisgar.
- (5) A demand charge of \$0.068/GJ/day/month will be applicable for customers contracting for firm all day transportation service in addition to the demand charges appearing on this schedule for firm transportation service to either Kirkwall or Parkway

(D) Transportation Commodity

The annual fuel charge in kind or in dollars for transportation service in any contract year shall be equal to the sum of the application of the following equation applied monthly for the 12 months April through March (The "YCRR" or "YCR" Formula). An appropriate adjustment in the fuel charges will be made in May for the previous 12 months ending March 31st to obtain the annual fuel charges as calculated using the applicable "YCRR" or "YCR" Formula. At Union's sole discretion Union may make more frequent adjustments than once per year. The YCRR and YCR adjustments must be paid/remitted to/from Shippers at Dawn within one billing cycle after invoicing.



(D) Transportation Commodity (Cont'd)

$$YCR = \sum_{1}^{4} [(0.001529 \times (QT1 + QT3)) + (DSF \times (QT1 + QT3)) + F_{ST}] \text{ For June 1 to Sept. 30}$$

plus

$$\sum_{5}^{12} [0.001529 \times (QT1 + Q3) + (DWF \times QT1) + F_{WT}] \text{ For Oct. 1 to May 31}$$

$$YCRR = \sum_{1}^{4} [(0.001529 \times (QT1 + QT3)) + (DSF \times (QT1 + QT3)) + F_{ST}] \times R \text{ For June 1 to Sept. 30}$$

plus

$$\sum_{5}^{12} [(0.001529 \times (QT1 + QT3)) + (DWF \times QT1) + F_{WT}] \times R \text{ For Oct. 1 to May 31}$$

where: DSF = 0.00000 for Dawn summer fuel requirements
 DWF = 0.0020 for Dawn winter fuel requirements

in which:

YCR Yearly Commodity Required

The sum of 12 separate monthly calculations of Commodity Quantities required for the period from April through March.

YCRR Yearly Commodity Revenue Required

The sum of 12 separate monthly calculations of Commodity Revenue required for the period April through March.

QT1 Monthly quantities in GJ transported easterly hereunder received at Dawn at not less than 4 850 kPa but less than 5 860 kPa (compression required at Dawn).

QT3 Monthly quantities in GJ transported westerly hereunder received at the Parkway Delivery Point.

F_{WT} The individual Shipper's monthly share of compressor fuel used in GJ which was required at Union's Lobo, Bright, Trafalgar and Parkway Compressor Stations ("Lobo", "Bright", "Trafalgar" and "Parkway") to transport the same Shipper's QT1 monthly quantities easterly.

Lobo, Bright, Trafalgar and Parkway compressor fuel required by each Shipper will be calculated each month.

The monthly Lobo and Bright compressor fuel will be allocated to each Shipper in the same proportion as the Shipper's monthly quantities transported is to the monthly transported quantity for all users including Union.

The monthly Parkway and Trafalgar compressor fuel used will be allocated to each Shipper in the same proportion as the monthly quantity transported to Parkway (TCPL) for each user is to the total monthly quantity transported for all users including Union.



(D) Transportation Commodity (Cont'd)

F_{ST} The individual Shipper's monthly share of compressor fuel used in GJ which was required at Union's Lobo, Bright, Trafalgar and Parkway compressor stations to transport the same Shipper's quantity on the Trafalgar system.

Lobo, Bright, Trafalgar and Parkway compressor fuel required by each Shipper will be calculated each month.

R Union's weighted average cost of gas in \$/GJ.

Notes

(i) In the case of Easterly flow, direct deliveries by TCPL at Parkway to Union or on behalf of Union to Union's Transportation Shippers will be allocated to supply Union's markets on the Dawn-Parkway facilities starting at Parkway and proceeding westerly to successive laterals until exhausted.

(E) Provision for Compressor Fuel

For a Shipper that has elected to provide its own compressor fuel.

Transportation Fuel

On a daily basis, the Shipper will provide Union at the delivery point and delivery pressure as specified in the contract, a quantity (the "Transportation Fuel Quantity") representing the Shipper's share of compressor fuel and unaccounted for gas for transportation service on Union's system.

The Transportation Fuel Quantity will be determined on a daily basis, as follows:

Transportation Fuel Quantity = Transportation Quantity x Transportation Fuel Ratio.

In the event that the actual quantity of fuel supplied by the Shipper was different from the actual fuel quantity as calculated using the YCR formula, an adjustment will be made in May for the previous 12 months ending March 31st.

Nominations

The Shipper will be required to nominate its Transportation Fuel Quantity in addition to its normal nominations for transportation services.

(F) Terms of Service

The General Terms & Conditions applicable to this rate schedule shall be in accordance with the attached Schedule "A" for contracts in effect before October 1, 2010. The General Terms & Conditions applicable to this rate schedule shall be in accordance with the attached Schedule "A 2010" for contracts in effect on or after October 1, 2010.

(G) Nominations

Nominations under this rate schedule shall be in accordance with the attached Schedule "B" for contracts in effect before October 1, 2010. Nominations under this rate schedule shall be in accordance with the attached Schedule "B 2010" for contracts in effect on or after October 1, 2010.



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(H) Monthly Fuel Rates and Ratios

Monthly fuel rates and ratios under this rate schedule shall be in accordance with Schedule "C".

(I) Receipt and Delivery Points and Pressures

Receipt and Delivery Points and Pressures under this rate schedule shall be in accordance with Schedule "D 2010" for contracts in effect on or after October 1, 2010.

Effective

April 1, 2014
O.E.B. Order # EB-2014-0050

Chatham, Ontario

Supersedes EB-2013-0413 Rate Schedule effective January 1, 2014.

**RATE M12
GENERAL TERMS & CONDITIONS**

I. DEFINITIONS

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

1. "Contract" shall refer to the Contract to which these General Terms & Conditions shall apply, and into which they are incorporated;
2. "cubic metre" shall mean the volume of gas which occupies one cubic metre when such gas is at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;
3. "day" shall mean a period of twenty-four (24) consecutive hours beginning at 9:00 a.m. Central Standard time. The reference date for any day shall be the calendar date upon which the twenty-four (24) hour period shall commence;
4. "delivery" shall mean any gas that is delivered by Union into Shipper's possession, or to the possession of Shipper's agent;
5. "firm" shall mean service not subject to curtailment or interruption except under Articles XI and XII of this Schedule "A";
6. "gas" shall mean gas as defined in the Ontario Energy Board Act, 1998, S.O. 1998, c.15, Sch. B, as amended, supplemented or re-enacted from time to time;
7. "gross heating value" shall mean the total heat expressed in megajoules per cubic metre (MJ/m³) produced by the complete combustion at constant pressure of one (1) cubic metre of gas with air, with the gas free of water vapour and the temperature of the gas, air and products of combustion at standard temperature and all water formed by the combustion reaction condensed to the liquid state;
8. "interruptible service" shall mean service subject to curtailment or interruption, after notice, at any time;
9. "Interconnecting Pipeline" shall mean a pipeline that directly connects to the Union pipeline system;
10. "joule" (J) shall mean the work done when the point of application of a force of one (1) newton is displaced a distance of one (1) metre in the direction of the force. The term "megajoule" (MJ) shall mean 1,000,000 joules. The term "gigajoule" (GJ) shall mean 1,000,000,000 joules;
11. "limited interruptible service" shall mean gas service subject to interruption or curtailment on a limited number of days as specified in the Contract;
12. "m³" shall mean cubic metre of gas and "10³m³" shall mean 1,000 cubic metres of gas;
13. "month" shall mean the period beginning at 9:00 a.m. Central Standard time on the first day of a calendar month and ending at 9:00 a.m. Central Standard time on the first day of the following calendar month;
14. "OEB" means the Ontario Energy Board;
15. "pascal" (Pa) shall mean the pressure produced when a force of one (1) newton is applied to an area of one (1) square metre. The term "kilopascal" (kPa) shall mean 1,000 pascals;
16. "receipt" shall mean any gas that is delivered into Union's possession, or the possession of Union's agent;
17. "Shipper" shall have the meaning as defined in the Contract and shall also include Shipper's agent(s);
18. "TCPL" means TransCanada PipeLines Limited;

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

II. GAS QUALITY

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

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

III. MEASUREMENTS

1. Storage, Transportation, and/or Sales Unit: The unit of the gas delivered to Union shall be a megajoule or a gigajoule. The unit of gas transported or stored by Union shall be a megajoule or a gigajoule. The unit of gas delivered by Union shall be a megajoule, a gigajoule, a cubic metre (m³) or one thousand cubic metres (10³m³) at Union's discretion.
2. Determination of Volume and Energy:
 - a. The volume and energy amounts determined under the Contract shall be determined in accordance with the Electricity and Gas Inspection Act (Canada), RSC 1985, c E-4- (the "**Act**") and the Electricity and Gas Inspection Regulations, SOR 86/131 (the "**Regulations**"), and any documents issued under the authority of the Act and Regulations and any amendments thereto.
 - b. The supercompressibility factor shall be determined in accordance with either the "Manual for Determination of Supercompressibility Factors for Natural Gas" (PAR Project NX-19) published in 1962 or with American Gas Association Transmission Measurement Committee Report No. 8, Nov. 1992, at Union's discretion, all as amended from time to time.
 - c. The volume and/or energy of the gas delivered to/by Union hereunder shall be determined by the measurement equipment designated in Article VII herein.
 - d. Upon request by Union, Shipper shall obtain measurement of the total quantity of gas received by Union hereunder from the Interconnecting Pipeline. Such measurement shall be done in accordance with established practices between Union and the Interconnecting Pipeline.

IV. RECEIPT POINT AND DELIVERY POINT

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

V. POSSESSION OF AND RESPONSIBILITY FOR GAS

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VI. FACILITIES ON SHIPPER'S PROPERTY

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

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

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

VII. MEASURING EQUIPMENT

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

VIII. BILLING

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

IX. PAYMENTS

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

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

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

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

X. ARBITRATION

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

XI. FORCE MAJEURE

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

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

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

XII. DEFAULT AND TERMINATION

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

XIII. MODIFICATION

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

XIV. NON-WAIVER AND FUTURE DEFAULT

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XV. LAWS, REGULATIONS AND ORDERS

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

**RATE M12
GENERAL TERMS & CONDITIONS**

I. DEFINITIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"gross heating value" shall mean the total heat expressed in megajoules per cubic metre (MJ/m³) produced by the complete combustion at constant pressure of one (1) cubic metre of gas with air, with the gas free of water vapour and the temperature of the gas, air and products of combustion at standard temperature and all water formed by the combustion reaction condensed to the liquid state;

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

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

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

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

"**joule**" (J) shall mean the work done when the point of application of a force of one (1) newton is displaced a distance of one (1) metre in the direction of the force. The term "**megajoule**" (MJ) shall mean 1,000,000 joules. The term "**gigajoule**" (GJ) shall mean 1,000,000,000 joules;

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

"**m³**" shall mean cubic metre of gas and "**10³m³**" shall mean 1,000 cubic metres of gas;

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

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

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

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

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

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

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

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

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

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

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

II. **GAS QUALITY**

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

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

III. MEASUREMENTS

1. Storage, Transportation, and/or Sales Unit: The unit of the gas delivered to Union shall be a megajoule or a gigajoule. The unit of gas transported or stored by Union shall be a megajoule or a gigajoule. The unit of gas delivered by Union shall be a megajoule, a gigajoule, a cubic metre (m³) or one thousand cubic metres (10³m³) at Union's discretion.
2. Determination of Volume and Energy:
- a. The volume and energy amounts determined under the Contract shall be determined in accordance with the Electricity and Gas Inspection Act (Canada), RSC 1985, c E-4- (the "**Act**") and the Electricity and Gas Inspection Regulations, SOR 86/131 (the "**Regulations**"), and any documents issued under the authority of the Act and Regulations and any amendments thereto.
 - b. The supercompressibility factor shall be determined in accordance with either the "Manual for Determination of Supercompressibility Factors for Natural Gas" (PAR Project NX-19) published in 1962 or with American Gas Association Transmission Measurement Committee Report No. 8, Nov. 1992, at Union's discretion, all as amended from time to time.
 - c. The volume and/or energy of the gas delivered to/by Union hereunder shall be determined by the measurement equipment designated in Article VII herein.
 - d. Upon request by Union, Shipper shall obtain measurement of the total quantity of gas received by Union hereunder from the Interconnecting Pipeline. Such measurement shall be done in accordance with established practices between Union and the Interconnecting Pipeline.

IV. RECEIPT POINT AND DELIVERY POINT

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

V. POSSESSION OF AND RESPONSIBILITY FOR GAS

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

VI. FACILITIES ON SHIPPER'S PROPERTY

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

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

VII. MEASURING EQUIPMENT

1. Metering by Union: Union will install and operate meters and related equipment as required and in accordance with the Act and Regulations referenced in Article III herein.
2. Metering by Others: In the event that all or any gas delivered to/by Union hereunder is measured by a meter that is owned and operated by an Interconnecting Pipeline, then Union and Shipper agree to accept that metering for the purpose of determining the volume and energy of gas delivered to/by Union on behalf of the Shipper. The standard of measurement and tests for the gas delivered to/by Union hereunder shall be in accordance with the general terms and conditions as incorporated in that Interconnecting Pipeline company's gas tariff as approved by its regulatory body.
3. Check Measuring Equipment: Shipper may install, maintain and operate, at the redelivery point, at its own expense, such check measuring equipment as desired, provided that such equipment shall be so installed as not to interfere with the operation of Union's measuring equipment at or near the delivery point, and shall be installed, maintained and operated in conformity with the same standards and specifications applicable to Union's metering facilities.
4. Rights of Parties: The measuring equipment installed by either party, together with any building erected by it for such equipment, shall be and remain its property. However, Union and Shipper shall have the right to have representatives present at the time of any installing, reading, cleaning, changing, repairing, inspecting, testing, calibrating, or adjusting done

in connection with the other's measuring equipment used in measuring or checking the measurement of deliveries of gas to/by Union under the Contract. Either party will give the other party reasonable notice of its intention to carry out the acts herein specified. The records from such measuring equipment shall remain the property of their owner, but upon request each will submit to the other its records and charts, together with calculations therefrom, for inspection and verification, subject to return within ten (10) days after receipt thereof.

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

VIII. BILLING

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

IX. PAYMENTS

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

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

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

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

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

4 Taxes:

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

5. Set Off:

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

X. ARBITRATION

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

XI. FORCE MAJEURE

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

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

XII. DEFAULT AND TERMINATION

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

XIII. AMENDMENT

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

XIV. NON-WAIVER AND FUTURE DEFAULT

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

XV. LAWS, REGULATIONS AND ORDERS

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

XVI. ALLOCATION OF CAPACITY

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

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

XVII. RENEWALS

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

XVIII. SERVICE CURTAILMENT

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

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

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

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

Notes:

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

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

XIX. SHIPPER'S REPRESENTATIONS AND WARRANTIES

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

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

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

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

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

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

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

XX. MISCELLANEOUS PROVISIONS

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

XXI. PRECONDITIONS TO TRANSPORTATION SERVICES

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

**RATE M12
NOMINATIONS**

- a) For Services provided either under this rate schedule or referenced to this rate schedule:
- i) For Services required on any day Shipper shall provide Union with a nomination (the "Shipper's Nomination") of the quantity it desires to be handled at the applicable Receipt Point and/or Delivery Point. Such Shipper's Nomination is to be provided in writing so as to be received by Union's Gas Management Services on or before 1230 hours in the Eastern time zone, unless agreed to otherwise in writing by the parties, on the business day immediately preceding the day for which service is requested.
 - ii) If, in Union's sole opinion, operating conditions permit, a change in Shipper's Nomination may be accepted after 1230 hours in the Eastern time zone.
 - iii) For customers electing firm all day transportation service, nominations shall be provided to Union's Gas Management Services as outlined in the F24 –T Agreement.
- b) Union shall determine whether or not all or any portion of Shipper's Nomination will be accepted. In the event Union determines that it will not accept such nomination, Union shall advise Shipper, on or before 1730 hours in the Eastern time zone on the business day immediately preceding the day for which service is requested, of the reduced quantity (the "Quantity Available") for Services at the applicable points. Forthwith after receiving such advice from Union but no later than 1800 hours in the Eastern time zone on the same day, Shipper shall provide a "Revised Nomination" to Union which shall be no greater than the Quantity Available. If such Revised Nomination is not provided within the time allowed as required above or such Revised Nomination is greater than the Quantity Available, then the Revised Nomination shall be deemed to be the Quantity Available. If the Revised Nomination (delivered within the time allowed as required above) is less than the Quantity Available, then such lesser amount shall be the Revised Nomination.
- c) That portion of a Shipper's Nomination or Revised Nomination, as set out in (a) and (b), above, which Union shall accept for Services hereunder, shall be known as Shipper's "Authorized Quantity".
- d) If on any day the actual quantities handled by Union, for each of the Services authorized, exceed Shipper's Authorized Quantity, and such excess was caused by either Shipper's incorrect nomination or by its delivering or receiving too much gas, then the amount by which the actual quantities handled for each of the Services exceed Shipper's Authorized Quantity, such excess shall be deemed "Unauthorized Overrun".
- e) The daily quantity of gas nominated by Shipper will be delivered by Shipper at rates of flow that are as nearly constant as possible, however, Union shall use reasonable efforts to take receipt of gas on any day at an hourly rate of flow up to one twentieth (1/20) of the quantity received for that day. Union shall have the right to limit Services when on any day the cumulative hourly imbalance between receipts and deliveries exceeds one twentieth (1/20) of the quantity handled for that day, for each applicable Service.
- f) A nomination for a daily quantity of gas on any day shall remain in effect and apply to subsequent days unless and until Union receives a new nomination from Shipper or unless Union gives Shipper written notice that it is not acceptable in accordance with either (a) or (b) of this schedule.
- g) Except for periods of gas or quantity balancing as provided in the Contract, nominations by Shipper for deliveries to Union and redeliveries by Union shall be the same delivery of gas by Union either to Shipper or a Shipper's Account with Union.

**RATE M12
NOMINATIONS**

1. For Transportation Services required on any Day under the Contract, Shipper shall provide Union with a nomination(s) providing the Shipper's requested Receipt Point(s), contract numbers, the applicable service, the quantity of Gas to be transported, the requested Delivery Point(s), and such additional information as Union determines to be necessary (a "**Nomination**").
2. All Nominations shall be submitted by electronic means via *Unionline*. Union, in its sole discretion, may amend or modify the nominating procedures or *Unionline* at any time. Nominations shall be submitted so as to be received by Union in accordance with timelines established by Union, which reflect the NAESB standard nomination cycles. Union will accept all nominations on each of the nomination cycles. Nominations made after the applicable deadline shall not be accepted except at the sole discretion of Union. All times referred to herein are Eastern Clock Time. For greater certainty, NAESB nomination cycle timelines are as follows:
 - a. The Timely Nomination Cycle: 12:45 pm for Nominations leaving control of the nominating party; 3:30 pm for receipt of Quantities Available by Shipper; 4:30 pm for receipt of completed confirmations by Union from upstream and downstream connected parties; 5:30 pm for receipt of Scheduled Quantities by Shipper (Day prior to flow).
 - b. The Evening Nomination Cycle: 7:00 pm for Nominations leaving control of the nominating party; 9:00 pm for receipt of Quantities Available by Shipper; 10:00 pm for receipt of completed confirmations by Union from upstream and downstream connected parties; 11:00 pm for receipt of Scheduled Quantities by Shipper (Day prior to flow).
 - c. The Intra-day 1 Nomination Cycle: 11:00 am for Nominations leaving control of the nominating party; 1:00 pm for receipt of Quantities Available by Shipper; 2:00 pm for receipt of completed confirmations by Union from upstream and downstream connected parties; 3:00 pm for receipt of Scheduled Quantities Available by Shipper, on Day. Quantities Available resulting from Intra-day 1 Nominations should be effective at 6:00 pm on same Day.
 - d. The Intra-day 2 Nomination Cycle: 6:00 pm for Nominations leaving control of the nominating party; 8:00 pm for receipt of Quantities Available by Shipper; 9:00 pm for receipt of completed confirmations by Union from upstream and downstream connected parties; 10:00 pm for receipt of Scheduled Quantities by Shipper on Day. Quantities Available resulting from Intra-day 2 Nominations should be effective at 10:00 pm on same Day.
3. Union shall determine whether or not all or any portion of the Nomination will be scheduled at each nomination cycle. With respect to each nomination cycle, in the event Union determines that it will not schedule such Nomination, Union shall advise Shipper of the reduced quantity (the "**Quantities Available**") for Transportation Services at the applicable points as outlined in each nomination cycle. After receiving such advice from Union, but no later than one half hour after the Quantities Available deadline as outlined in each nomination cycle, Shipper shall provide a revised nomination ("**Revised Nomination**") to Union which shall be no greater than the Quantity Available. If such Revised Nomination is not provided within the time allowed as required above or such Revised Nomination is greater than the Quantities Available, then the Revised Nomination shall be deemed to be the Quantities Available. If the Revised Nomination (delivered with the time allowed as required above) is less than the Quantity Available, then such lesser amount shall be the Revised Nomination.
4. For Shippers electing firm all day transportation service, nominations shall be provided to Union's Gas Management Services as outlined in the F24 –T Agreement.
5. For Transportation Services requiring Shipper to provide compressor fuel in kind, the nominated fuel requirements will be calculated by rounding to the nearest whole GJ.

6. All Timely Nominations shall have rollover options. Specifically, Shippers shall have the ability to nominate for several days, months or years, provided the Nomination start date and end date are both within the term of the Transportation Agreement.
7. Nominations received after the nomination deadline shall, if accepted by Union, be scheduled after Nominations received before the nomination deadline.
8. All Services are required to be nominated in whole Gigajoules (GJ).
9. To the extent Union is unable to complete a Nomination confirmation due to inaccurate, untimely or incomplete data involving an Interconnecting Pipeline entity, Union shall undertake reasonable efforts to confirm the transaction on a non-discriminatory basis until such time that the transaction is adequately verified by the parties, or until such time that Union determines that the Nomination is invalid at which time the Union shall reject the Nomination.
10. That portion of a Shipper's Nomination or Revised Nomination, as set out in paragraphs 1 and 3 above, which Union shall schedule for Transportation Services hereunder, shall be known as Shipper's "**Authorized Quantity**".
11. If on any day the actual quantities handled by Union, for each of the Transportation Services authorized, exceed Shipper's Authorized Quantity, and such excess was caused by either Shipper's incorrect nomination or by its delivering or receiving too much gas, then the amount by which the actual quantities handled for each of the Transportation Services exceed Shipper's Authorized Quantity shall be deemed "**Unauthorized Overrun**".
12. The daily quantity of gas nominated by Shipper will be delivered by Shipper at rates of flow that are as nearly constant as possible, however, Union shall use reasonable efforts to take receipt of gas on any day at an hourly rate of flow up to one twentieth (1/20th) of the quantity received for that day. Union shall have the right to limit Transportation Services when on any day the cumulative hourly imbalance between receipts and deliveries exceeds one twentieth (1/20th) of the quantity handled for that day, for each applicable Transportation Service.
13. The parties hereto recognize that with respect to Transportation Services, on any day, receipts of gas by Union and deliveries of gas by Union may not always be exactly equal, but each party shall cooperate with the other in order to balance as nearly as possible the quantities transacted on a daily basis, and any imbalances arising shall be allocated to the Facilitating Agreement and shall be subject to the respective terms and charges contained therein, and shall be resolved in a timely manner.
14. Shipper may designate a third party as agent for purposes of providing a Nomination, and for giving and receiving notices related to Nominations, and Union shall only accept nominations from the agent. Shipper shall provide Union with written notice of such designation, such notice to be acceptable to Union. Any such designation, if acceptable to Union, shall be effective starting the Month following the receipt of the written notice and will remain in effect until revoked in writing by Shipper.

UNION GAS LIMITED
M12 Monthly Transportation Fuel Ratios and Rates
 Firm or Interruptible Transportation Commodity
Effective April 1, 2014

Month	VT1 Easterly Dawn to Parkway (TCPL) With Dawn Compression		VT1 Easterly Dawn to Kirkwall, Lisgar, Parkway (Consumers) With Dawn Compression		VT3 Westerly Parkway to Kirkwall, Dawn	
	Fuel Ratio	Fuel Rate	Fuel Ratio	Fuel Rate	Fuel Ratio	Fuel Rate
	(%)	(\$/GJ)	(%)	(\$/GJ)	(%)	(\$/GJ)
April	0.802	0.050	0.533	0.033	0.153	0.009
May	0.567	0.035	0.359	0.022	0.153	0.009
June	0.463	0.029	0.260	0.016	0.357	0.022
July	0.451	0.028	0.248	0.015	0.356	0.022
August	0.355	0.022	0.154	0.010	0.354	0.022
September	0.352	0.022	0.154	0.009	0.351	0.022
October	0.697	0.043	0.463	0.029	0.153	0.009
November	0.840	0.052	0.603	0.037	0.153	0.009
December	0.945	0.058	0.702	0.043	0.153	0.009
January	1.086	0.067	0.831	0.051	0.153	0.009
February	1.033	0.064	0.786	0.048	0.153	0.009
March	0.972	0.060	0.719	0.044	0.153	0.009

Month	M12-X Easterly Kirkwall to Parkway (TCPL)		M12-X Easterly Kirkwall to Lisgar, Parkway (Consumers)		M12-X Westerly Parkway to Kirkwall, Dawn	
	Fuel Ratio	Fuel Rate	Fuel Ratio	Fuel Rate	Fuel Ratio	Fuel Rate
	(%)	(\$/GJ)	(%)	(\$/GJ)	(%)	(\$/GJ)
April	0.422	0.026	0.153	0.009	0.268	0.017
May	0.361	0.022	0.153	0.009	0.268	0.017
June	0.357	0.022	0.153	0.009	0.268	0.017
July	0.356	0.022	0.153	0.009	0.268	0.017
August	0.354	0.022	0.153	0.009	0.268	0.017
September	0.351	0.022	0.153	0.009	0.268	0.017
October	0.387	0.024	0.153	0.009	0.268	0.017
November	0.389	0.024	0.153	0.009	0.153	0.009
December	0.396	0.024	0.153	0.009	0.153	0.009
January	0.408	0.025	0.153	0.009	0.153	0.009
February	0.400	0.025	0.153	0.009	0.153	0.009
March	0.406	0.025	0.153	0.009	0.153	0.009

UNION GAS LIMITED
M12 Monthly Transportation Authorized Overrun Fuel Ratios and Rates
 Firm or Interruptible Transportation Commodity
Effective April 1, 2014

Month	VT1 Easterly Dawn to Parkway (TCPL) With Dawn Compression		VT1 Easterly Dawn to Kirkwall, Lisgar, Parkway (Consumers) With Dawn Compression		VT3 Westerly Parkway to Kirkwall, Dawn	
	Fuel Ratio	Fuel Rate	Fuel Ratio	Fuel Rate	Fuel Ratio	Fuel Rate
	(%)	(\$/GJ)	(%)	(\$/GJ)	(%)	(\$/GJ)
April	1.402	0.165	1.133	0.136	0.753	0.125
May	1.167	0.150	0.959	0.125	0.753	0.125
June	1.063	0.144	0.860	0.119	0.957	0.137
July	1.051	0.143	0.848	0.118	0.956	0.137
August	0.955	0.137	0.754	0.113	0.954	0.137
September	0.952	0.137	0.754	0.113	0.951	0.137
October	1.297	0.158	1.063	0.132	0.753	0.125
November	1.440	0.167	1.203	0.140	0.753	0.125
December	1.545	0.174	1.302	0.146	0.753	0.125
January	1.686	0.182	1.431	0.154	0.753	0.125
February	1.633	0.179	1.386	0.152	0.753	0.125
March	1.572	0.175	1.319	0.147	0.753	0.125

Month	M12-X Easterly Kirkwall to Parkway (TCPL)		M12-X Easterly Kirkwall to Lisgar, Parkway (Consumers)		M12-X Westerly Parkway to Kirkwall, Dawn	
	Fuel Ratio	Fuel Rate	Fuel Ratio	Fuel Rate	Fuel Ratio	Fuel Rate
	(%)	(\$/GJ)	(%)	(\$/GJ)	(%)	(\$/GJ)
April	1.022	0.075	0.753	0.059	0.868	0.132
May	0.961	0.072	0.753	0.059	0.868	0.132
June	0.957	0.071	0.753	0.059	0.868	0.132
July	0.956	0.071	0.753	0.059	0.868	0.132
August	0.954	0.071	0.753	0.059	0.868	0.132
September	0.951	0.071	0.753	0.059	0.868	0.132
October	0.987	0.073	0.753	0.059	0.868	0.132
November	0.989	0.073	0.753	0.059	0.753	0.125
December	0.996	0.074	0.753	0.059	0.753	0.125
January	1.008	0.074	0.753	0.059	0.753	0.125
February	1.000	0.074	0.753	0.059	0.753	0.125
March	1.006	0.074	0.753	0.059	0.753	0.125

**RATE M12
RECEIPT AND DELIVERY POINTS AND PRESSURES**

1. Receipt and Delivery Points:

The following defines each Receipt Point and/or Delivery Point, as indicated (R= Receipt Point; D= Delivery Point)

R,D	<u>DAWN (FACILITIES):</u>	Union's Compressor Station site situated in the northwest corner of Lot Twenty-Five (25), Concession II, in the Township of Dawn-Euphemia, in the County of Lambton. This point is applicable for quantities of gas that have been previously transported or stored under other contracts that Shipper may have in place with Union.
R	<u>DAWN (TCPL):</u>	At the junction of Union's and TCPL's facilities, at or adjacent to Dawn (Facilities).
R	<u>DAWN (TECUMSEH):</u>	At the junction of Union's and Enbridge Gas Distribution Inc.'s (Enbridge) Tecumseh Gas Storage's facilities, at or adjacent to Dawn (Facilities).
R	<u>DAWN (TSLE):</u>	At the junction of Union's and Enbridge Gas Distribution Inc.'s (" Enbridge ") NPS 16 Tecumseh Sombra Line Extension facilities; at or adjacent to Dawn (Facilities)
R	<u>DAWN (VECTOR):</u>	At the junction of Union's and Vector Pipeline Limited Partnership (" Vector ") facilities, at or adjacent to Dawn (Facilities).
R,D	<u>PARKWAY (TCPL):</u>	At the junction of Union's and TCPL's facilities, at or adjacent to Union's facilities situated in the Part Lot 9 and Part Lot 10, Concession IX, New Survey, Town of Milton, Regional Municipality of Halton (now part of City of Mississauga)
R,D	<u>KIRKWALL:</u>	At the junction of Union's and TCPL's facilities at or adjacent to Union's facilities situated in Part Lot Twenty-Five (25), Concession 7, Town of Flamborough.
D	<u>PARKWAY (CONSUMERS):</u>	At the junction of Union's and Enbridge's facilities, at or adjacent to Union's facilities situated in Part Lot 9 and Part Lot 10, Concession IX, New Survey, Town of Milton, Regional Municipality of Halton (now part of City of Mississauga)
D	<u>LISGAR:</u>	At the junction of the facilities of Union and Enbridge situated at 6620 Winston Churchill Boulevard, City of Mississauga.

2. Receipt and Delivery Pressures:

(a) All Gas tendered by or on behalf of Shipper to Union shall be tendered at the Receipt Point(s) at Union's prevailing pressure at that Receipt Point, or at such pressure as per operating agreements between Union and the applicable Interconnecting Pipeline as amended or restated from time to time.

(b) All Gas tendered by or on behalf of Union to Shipper shall be tendered at the Delivery Point(s) at Union's prevailing pressure at that Delivery Point or at such pressure as per agreements between Union and the applicable Interconnecting Pipeline as amended or restated from time to time.

(c) Under no circumstances shall Union be obligated to receive or deliver gas hereunder at pressures exceeding the maximum allowable operating pressures prescribed under any applicable governmental regulations; nor shall Union be required to make any physical deliveries or to accept any physical receipts which its existing facilities cannot accommodate.



TRANSPORTATION OF LOCALLY PRODUCED GAS

(A) Applicability

The charges under this rate schedule shall be applicable to a customer who enters into a contract with Union for gas received at a local production point to be transported to Dawn.

Applicable Points

Dawn as a delivery point: Dawn (Facilities).

(B) Rates

The identified rates (excluding gas supply charges, if applicable) represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated, which may be higher than the identified rates.

Demand Commodity

	Demand Charge	Commodity Charge Union Provides Fuel	Customer Provides Own Fuel Fuel
	<u>Rate/Month</u>	<u>Rate/GJ</u>	<u>Ratio</u>
1. Monthly fixed charge per Customer Station	\$926.60		
2. Transmission Commodity Charge		\$0.034	
3. Delivery Commodity Charge		\$0.009	0.153%

These charges are in addition to the transportation, storage and/or balancing charges which shall be paid for under Rate M12 or Rate C1, or other services that may be negotiated.

4. Overrun Services

Authorized Overrun

Authorized overrun will be payable on all quantities transported in excess of Union's obligation on any day. The overrun charges payable will be calculated at \$0.078 /GJ. Overrun will be authorized at Union's sole discretion.

	Commodity Charge Union Provides Fuel	Customers Provides Own Fuel Commodity Charge	Fuel
	<u>Rate/GJ</u>	<u>Rate/GJ</u>	<u>Ratio</u>
Authorized Overrun Charge	\$0.078	\$0.069	0.153%

Unauthorized Overrun

Authorized Overrun rates payable on all volumes up to 2% in excess of Union's contractual obligation.

The Unauthorized Overrun rate during the November 1 to April 15 period will be \$50 per GJ for all usage on any day in excess of 102% of Union's contractual obligation. The Unauthorized Overrun rate during the April 16 to October 31 period will be \$9.373 per GJ for all usage on any day in excess of 102% of Union's contractual obligation.

(C) Terms of Service

General Terms & Conditions applicable to this rate shall be in accordance with the attached Schedule "A" in effect before January 1, 2013. The General Terms & Conditions applicable to this rate schedule shall be in accordance with the attached Schedule "A 2013" for contracts in effect on or after January 1, 2013.

Effective

April 1, 2014
O.E.B. Order # EB-2014-0050

Chatham, Ontario

Supersedes EB-2013-0413 Rate Schedule effective January 1, 2014.

**GENERAL TERMS & CONDITIONS
M13 TRANSPORTATION AGREEMENT**

I. DEFINITIONS

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

1. "Banking Day" shall mean a day on which the general offices of the Canadian Imperial Bank of Commerce, 99 King St. W., Chatham, Ontario are open for business;
2. "business day" shall mean a day on which the general offices of Union in Chatham, Ontario are open for business;
3. "Contract" shall refer to the Contract to which these General Terms & Conditions shall apply, and into which they are incorporated;
4. "contract year" shall mean a period of three hundred and sixty-five (365) consecutive days, beginning on the day agreed upon by Union and Shipper as set forth in the Contract, or on any anniversary of such date; provided, however, that any such period which contains a date of February 29 shall consist of three hundred and sixty-six (366) consecutive days;
5. "day" shall mean a period of twenty-four (24) consecutive hours beginning at 9:00 a.m. Central Standard time. The reference date for any day shall be the calendar date upon which the twenty-four (24) hour period shall commence;
6. "month" shall mean the period beginning at 9:00 a.m. Central Standard time on the first day of a calendar month and ending at 9:00 a.m. Central Standard time on the first day of the following calendar month;
7. "firm" shall mean service not subject to curtailment or interruption except under Articles XI and XII of this Schedule "B";
8. "interruptible service" shall mean service subject to curtailment or interruption, after notice, at any time;
9. "gas" shall mean gas as defined in the Ontario Energy Board Act, R.S.O. 1980, c. 332, as amended, supplemented or reenacted from time to time;
10. "cubic metre" shall mean the volume of gas which occupies one cubic metre when such gas is at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;
11. "m³" shall mean cubic metre of gas and "10³m³" shall mean 1,000 cubic metres of gas;
12. "pascal" (Pa) shall mean the pressure produced when a force of one (1) newton is applied to an area of one (1) square metre. The term "kilopascal" (kPa) shall mean 1,000 pascals;
13. "joule" (J) shall mean the work done when the point of application of a force of one (1) newton is displaced a distance of one (1) metre in the direction of the force. The term "megajoule" (MJ) shall mean 1,000,000 joules. The term "gigajoule" (GJ) shall mean 1,000,000,000 joules;
14. "gross heating value" shall mean the total heat expressed in megajoules per cubic metre (MJ/m³) produced by the complete combustion at constant pressure of one (1) cubic metre of gas with air, with the gas free of water vapour and the temperature of the gas, air and products of combustion at standard temperature and all water formed by the combustion reaction condensed to the liquid state;
15. "Shipper" shall have the meaning as defined in the Contract and shall also include Shipper's agent(s);
16. "subsidiary" shall mean a company in which more than fifty (50) per cent of the issued share capital (having full voting rights under all circumstances) is owned or controlled directly or indirectly by another company, by one or more subsidiaries of such other company, or by such other company and one or more of its subsidiaries;

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

II. GAS QUALITY

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

- f. shall not contain more than zero point five (0.5) molar percent by volume of carbon monoxide in the gas,
- g. shall not contain more than four point zero (4.0) molar percent by volume of hydrogen in the gas,
- h. shall not contain more than sixty-five (65) milligrams of water vapour per cubic metre of gas,
- i. shall not have a cricondenthem hydrocarbon dewpoint exceeding minus eight (-8) degrees Celsius,
- j. shall have Wobbe Number from forty seven point fifty (47.50) megajoules per cubic metre of gas to fifty one point forty six (51.46) megajoules per cubic metre of gas, maximum of one point five (1.5) mole percent by volume of butane plus (C4+) in the gas, and maximum of four point zero (4.0) mole percent by volume of total inerts in the gas in order to be interchangeable with other Interconnecting Pipeline gas,
- k. shall not exceed forty-three degrees Celsius (43°C), and,
- l. shall not be odourized by Shipper.

3. Non-conforming Gas:

- a. In the event that the quality of the gas does not conform or if Union, acting reasonably, suspects the quality of the gas may not conform to the specifications herein, then Shipper shall, if so directed by Union acting reasonably, forthwith carry out, at Shipper's cost, whatever field testing of the gas quality as may be required to ensure that the quality requirements set out herein are met, and to provide Union with a certified copy of such tests. If Shipper does not carry out such tests forthwith, Union may conduct such test and Shipper shall reimburse Union for all costs incurred by Union for such testing.
- b. If Shipper's gas fails at any time to conform to the requirements of this Article II, Union, in addition to its other remedies, may refuse to accept delivery of gas at the Receipt Points hereunder until such deficiency has been remedied by Shipper. Each Party agrees to notify the other verbally, followed by written notification, of any such deficiency of quality.

4. Quality of Gas Received: The quality of the gas to be received by Union at the Receipt Point(s) hereunder is to be of a merchantable quality and in accordance with the quality standards as set out by Union in this Article II, but, Union will use reasonable efforts to accept gas of a quality that may deviate from the quality standards set out therein.

5. Quality of Gas at Dawn: The quality of the gas to be delivered to Union at Dawn (Facilities) or the gas to be delivered by Union to Shipper at Dawn (Facilities) hereunder is to be of a merchantable quality and in accordance with the quality standards and measurement standards as set out by Union in this Article II, except that total sulphur limit shall be not more than four hundred and sixty (460) milligrams per cubic metre of gas. In addition to any other right or remedy of a party, each party shall be entitled to refuse to accept delivery of any gas which does not conform to any of the specifications set out in this Article II.

III. MEASUREMENTS

1. Service Unit: The unit of the gas delivered to Union shall be a quantity of 10³m³. The unit of gas delivered by Union shall be a megajoule, a gigajoule, a cubic metre (m³) or one thousand cubic metres (10³m³) at Union's discretion.

2. Determination of Volume and Energy:

- a. The volume and energy amounts determined under the Contract shall be determined in accordance with the Electricity and Gas Inspection Act (Canada), RSC 1985, c E-4- (the "**Act**") and the Electricity and Gas Inspection Regulations, SOR 86/131 (the "**Regulations**"), and any documents issued under the authority of the Act and Regulations and any amendments thereto.
- b. The supercompressibility factor shall be determined in accordance with either the "Manual for Determination of Supercompressibility Factors for Natural Gas" (PAR Project NX-19) published in 1962 or with American Gas Association Transmission Measurement Committee Report No. 8, Nov. 1992, at Union's discretion, all

as amended from time to time.

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

IV. POINT OF RECEIPT AND POINT OF DELIVERY

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

V. FACILITIES ON CUSTOMER'S PROPERTY

N/A.

VI. MEASURING EQUIPMENT

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

VII. BILLING

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

VIII. PAYMENTS

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

IX. ARBITRATION

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

X. FORCE MAJEURE

N/A

XI. DEFAULT AND TERMINATION

N/A

XII. MODIFICATION

N/A

XIII. NONWAIVER AND FUTURE DEFAULT

N/A

XIV. LAWS, REGULATIONS AND ORDERS

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

**RATE M13
GENERAL TERMS & CONDITIONS**

I. DEFINITIONS

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

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

"Average Local Producer Heat" ("ALPH") shall mean the heat content value as set by Union, and shall be determined by volumetrically averaging the gross heat content of all produced gas delivered to the Union system by Ontario Local Producers. The ALPH shall be expressed in GJ/10³m³ and may be adjusted from time to time by Union;

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

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

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

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

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

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

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

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

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

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

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

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

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

"**gross heating value**" shall mean the total heat expressed in megajoules per cubic metre (MJ/m³) produced by the complete combustion at constant pressure of one (1) cubic metre of gas with air, with the gas free of water vapour and the temperature of the gas, air and products of combustion at standard temperature and all water formed by the combustion reaction condensed to the liquid state;

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

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

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

"**joule**" (J) shall mean the work done when the point of application of a force of one (1) newton is displaced a distance of one (1) metre in the direction of the force. The term "**megajoule**" (MJ) shall mean 1,000,000 joules. The term "**gigajoule**" (GJ) shall mean 1,000,000,000 joules;

"**m³**" shall mean cubic metre of gas and "**10³m³**" shall mean 1,000 cubic metres of gas;

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

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

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

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

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

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

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

"**Produced Volume**" shall mean the aggregate of all actual volumes of gas in 10³m³, delivered by Shipper to Union at all Receipt Points on any Day;

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

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

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

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

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

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

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

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

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

II. GAS QUALITY

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

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

III. MEASUREMENTS

- 1. Service Unit: The unit of the gas delivered to Union shall be a quantity of 10³m³. The unit of gas delivered by Union shall be a megajoule, a gigajoule, a cubic metre (m³) or one thousand cubic metres (10³m³) at Union's discretion.
- 2. Determination of Volume and Energy:
 - a. The volume and energy amounts determined under the Contract shall be determined in accordance with the Electricity and Gas Inspection Act (Canada), RSC 1985, c E-4- (the "**Act**") and the Electricity and Gas Inspection Regulations, SOR 86/131 (the "**Regulations**"), and any documents issued under the authority of the Act and Regulations and any amendments thereto.
 - b. The supercompressibility factor shall be determined in accordance with either the "**Manual for Determination of Supercompressibility Factors for Natural Gas**" (PAR Project NX-19) published in 1962 or with American Gas Association Transmission Measurement Committee Report No. 8, Nov. 1992, at Union's discretion, all as amended from time to time.
 - c. The volume and/or energy of the gas delivered to/by Union hereunder shall be determined by the measurement equipment designated in Article VII herein.

IV. RECEIPT POINT AND DELIVERY POINT

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

V. POSSESSION OF AND RESPONSIBILITY FOR GAS

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

VI. FACILITIES ON SHIPPER'S PROPERTY

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

VII. MEASURING EQUIPMENT

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

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

VIII. BILLING

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

IX. PAYMENTS

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

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

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

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

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

X. ARBITRATION

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

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

XI. FORCE MAJEURE

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

XII. DEFAULT AND TERMINATION

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

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

XIII. AMENDMENT

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

XIV. NON-WAIVER AND FUTURE DEFAULT

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

XV. LAWS, REGULATIONS AND ORDERS

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

XVI. RESERVED FOR FUTURE USE

N/A

XVII. RENEWALS

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

XVIII. SERVICE CURTAILMENT

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

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

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

XIX. SHIPPER'S REPRESENTATIONS AND WARRANTIES

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

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

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

XX. MISCELLANEOUS PROVISIONS

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

XXI. PRECONDITIONS TO SERVICES

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

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

STORAGE AND TRANSPORTATION SERVICES TRANSPORTATION CHARGES
(A) Availability

The charges under this rate schedule shall be applicable for transportation service rendered by Union for all quantities transported to and from embedded storage pools located within Union's franchise area and served using Union's distribution and transmission assets.

Applicable Points

Dawn as a receipt point: Dawn (Facilities).

Dawn as a delivery point: Dawn (Facilities).

(B) Rates

The identified rates (excluding gas supply charges, if applicable) represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated, which may be higher than the identified rates.

a) Charges Applicable to both Firm and/or Interruptible Transportation Services:

Monthly Fixed Charge per customer station (\$ per month) (1)	\$1,474.12
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Transmission Commodity Charge to Dawn (\$ per GJ)	\$0.034
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Transportation Fuel	Customers located East of Dawn	Customers located West of Dawn
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Fuel Charges to Dawn:

Commodity Rate - Union provides fuel (\$ per GJ)	\$0.009	\$0.009
Fuel Ratio - customer provides fuel (%)	0.153%	0.153%

Fuel Charge to the Pool

Commodity Rate - Union provides fuel (\$ per GJ)	\$0.009	\$0.027
Fuel Ratio - customer provides fuel (%)	0.153%	0.435%

b) Firm Transportation Demand Charges: (2)

	Customers located East of Dawn	Customers located West of Dawn
Monthly Demand Charge applied to contract demand (\$ per GJ)	\$0.741	\$1.059

Authorized Overrun:

The authorized overrun rate payable on all quantities transported in excess of Union's obligation any day shall be:

	Customers located East of Dawn	Customers located West of Dawn
Firm Transportation:		
Charges to Dawn		
Commodity Rate - Union provides fuel (\$ per GJ)	\$0.068	\$0.078
Commodity Rate - customer provides fuel (\$ per GJ)	\$0.058	\$0.069
Fuel Ratio - customer provides fuel (%)	0.153%	0.153%
Charges to the Pool		
Commodity Rate - Union provides fuel (\$ per GJ)	\$0.034	\$0.062
Commodity Rate - customer provides fuel (\$ per GJ)	\$0.024	\$0.035
Fuel Ratio - customer provides fuel (%)	0.153%	0.435%

Overrun will be authorized at Union's sole discretion.



Unauthorized Overrun

Authorized Overrun rates payable on all transported quantities up to 2% in excess of Union's contractual obligation.

The Unauthorized Overrun rate during the November 1 to April 15 period will be \$50 per GJ for all usage on any day in excess of 102% of Union's contractual obligation. The Unauthorized Overrun rate during the April 16 to October 31 period will be \$9.373 per GJ for all usage on any day in excess of 102% of Union's contractual obligation.

Charges aforesaid in respect of any given month in accordance with General Terms & Conditions shall be payable no later than the twenty-fifth day of the succeeding month.

Notes for Section (B) Rates:

- (1) The monthly fixed charge will be applied once per month per customer station regardless of service being firm, interruptible or a combination thereof.
- (2) Demand charges will be applicable to customers firm daily contracted demand or the firm portion of a combined firm and interruptible service.

(C) Terms of Service

The General Terms & Conditions applicable to this rate schedule shall be in accordance with the attached Schedule "A" for contracts in effect before October 1, 2010. The General Terms & Conditions applicable to this rate schedule shall be in accordance with the attached Schedule "A 2013" for contracts in effect on or after January 1, 2013.

Effective

April 1, 2014
O.E.B. Order # EB-2014-0050

Chatham, Ontario

Supersedes EB-2013-0413 Rate Schedule effective January 1, 2014.

SCHEDULE "A"

GENERAL TERMS & CONDITIONS M16 TRANSPORTATION AGREEMENT

I. DEFINITIONS

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

1. "Banking Day" shall mean a day on which the general offices of the Canadian Imperial Bank of Commerce, 99 King St. W., Chatham, Ontario are open for business;
2. "business day" shall mean a day on which the general offices of Union in Chatham, Ontario are open for business;
3. "Contract" shall refer to the Contract to which these General Terms & Conditions shall apply, and into which they are incorporated;
4. "contract year" shall mean a period of three hundred and sixty-five (365) consecutive days, beginning on the day agreed upon by Union and Shipper as set forth in the Contract, or on any anniversary of such date; provided, however, that any such period which contains a date of February 29 shall consist of three hundred and sixty-six (366) consecutive days;
5. "day" shall mean a period of twenty-four (24) consecutive hours beginning at 9:00 a.m. Central Standard time. The reference date for any day shall be the calendar date upon which the twenty-four (24) hour period shall commence;
6. "month" shall mean the period beginning at 9:00 a.m. Central Standard time on the first day of a calendar month and ending at 9:00 a.m. Central Standard time on the first day of the following calendar month;
7. "firm" shall mean service not subject to curtailment or interruption except under Articles XI and XII of this Schedule "B";
8. "interruptible service" shall mean service subject to curtailment or interruption, after notice, at any time;
9. "gas" shall mean gas as defined in the Ontario Energy Board Act, R.S.O. 1980, c. 332, as amended, supplemented or reenacted from time to time;
10. "cubic metre" shall mean the volume of gas which occupies one cubic metre when such gas is at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;
11. "m³" shall mean cubic metre of gas and "10³m³" shall mean 1,000 cubic metres of gas;
12. "pascal" (Pa) shall mean the pressure produced when a force of one (1) newton is applied to an area of one (1) square metre. The term "kilopascal" (kPa) shall mean 1,000 pascals;
13. "joule" (J) shall mean the work done when the point of application of a force of one (1) newton is displaced a distance of one (1) metre in the direction of the force. The term "megajoule" (MJ) shall mean 1,000,000 joules. The term "gigajoule" (GJ) shall mean 1,000,000,000 joules;
14. "gross heating value" shall mean the total heat expressed in megajoules per cubic metre (MJ/m³) produced by the complete combustion at constant pressure of one (1) cubic metre of gas with air, with the gas free of water vapour and the temperature of the gas, air and products of combustion at standard temperature and all water formed by the combustion reaction condensed to the liquid state;
15. "Shipper" shall have the meaning as defined in the Contract, and shall also include Shipper's agent(s);
16. "subsidiary" means a company in which more than fifty (50) per cent of the issued share capital (having full voting rights under all circumstances) is owned or controlled directly or indirectly by another company, by one or more subsidiaries of such other company, or by such other company and one or more of its subsidiaries;

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

II. GAS QUALITY

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

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

III. MEASUREMENTS

- 1. Storage, Transportation, and/or Sales Unit: The unit of the gas delivered to Union shall be a megajoule or a gigajoule. The unit of gas transported or stored by Union shall be a megajoule or a gigajoule. The unit of gas delivered by Union shall be a megajoule, a gigajoule, a cubic metre (m³) or one thousand cubic metres (10³m³) at Union's discretion.
- 2. Determination of Volume and Energy:

- a. The volume and energy amounts determined under the Contract shall be determined in accordance with the Electricity and Gas Inspection Act (Canada), RSC 1985, c E-4- (the “**Act**”) and the Electricity and Gas Inspection Regulations, SOR 86/131 (the “**Regulations**”), and any documents issued under the authority of the Act and Regulations and any amendments thereto.
- b. The supercompressibility factor shall be determined in accordance with either the “Manual for Determination of Supercompressibility Factors for Natural Gas” (PAR Project NX-19) published in 1962 or with American Gas Association Transmission Measurement Committee Report No. 8, Nov. 1992, at Union’s discretion, all as amended from time to time.
- c. The volume and/or energy of the gas delivered to/by Union hereunder shall be determined by the measurement equipment designated in Article VII herein.
- d. Upon request by Union, Shipper shall obtain measurement of the total quantity of gas received by Union hereunder from the Interconnecting Pipeline. Such measurement shall be done in accordance with established practices between Union and the Interconnecting Pipeline.

IV. POINT OF RECEIPT AND POINT OF DELIVERY

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

V. POSSESSION OF AND RESPONSIBILITY FOR GAS

N/A

VI. FACILITIES ON SHIPPER'S PROPERTY

N/A

VII. MEASURING EQUIPMENT

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

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

VIII. BILLING

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

IX. PAYMENTS

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

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

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

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

X. ARBITRATION

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

XI. FORCE MAJEURE

N/A

XII. DEFAULT AND TERMINATION

N/A

XIII. MODIFICATION

N/A

XIV. NONWAIVER AND FUTURE DEFAULT

N/A

XV. LAWS, REGULATIONS AND ORDERS

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

and the Contract shall be varied and amended to comply with or conform to any valid order or direction of any board, tribunal or administrative agency which affects any of the provisions of the Contract.

**RATE M16
GENERAL TERMS & CONDITIONS**

I. DEFINITIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"**gross heating value**" shall mean the total heat expressed in megajoules per cubic metre (MJ/m³) produced by the complete combustion at constant pressure of one (1) cubic metre of gas with air, with the gas free of water vapour and the temperature of the gas, air and products of combustion at standard temperature and all water formed by the combustion reaction condensed to the liquid state;

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

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

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

"**joule**" (J) shall mean the work done when the point of application of a force of one (1) newton is displaced a distance of one (1) metre in the direction of the force. The term "**megajoule**" (MJ) shall mean 1,000,000 joules. The term "**gigajoule**" (GJ) shall mean 1,000,000,000 joules;

"**m³**" shall mean cubic metre of gas and "**10³m³**" shall mean 1,000 cubic metres of gas;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

II. GAS QUALITY

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

the gas may not conform to the specifications herein, then Shipper shall, if so directed by Union acting reasonably, forthwith carry out, at Shipper's cost, whatever field testing of the gas quality as may be required to ensure that the quality requirements set out herein are met, and to provide Union with a certified copy of such tests. If Shipper does not carry out such tests forthwith, Union may conduct such test and Shipper shall reimburse Union for all costs incurred by Union for such testing.

- b. If Shipper's gas fails at any time to conform to the requirements of this Article II, Union, in addition to its other remedies, may refuse to accept delivery of gas at the Receipt Points hereunder until such deficiency has been remedied by Shipper. Each Party agrees to notify the other verbally, followed by written notification, of any such deficiency of quality.
- c. With respect to Article II 2. h. herein, Union may accept the gas subject to Shipper's obligations under the Dehydration Contract, if applicable.

4. Quality of Gas Received: The quality of the gas to be received by Union at the Receipt Point(s) hereunder is to be of a merchantable quality and in accordance with the quality standards as set out by Union in this Article II.

5. Quality of Gas at Dawn: The quality of the gas to be delivered to Union at Dawn (Facilities) or the gas to be delivered by Union to Shipper at Dawn (Facilities) hereunder is to be of a merchantable quality and in accordance with the quality standards and measurement standards as set out by Union in this Article II, except that total sulphur limit shall be not more than four hundred and sixty (460) milligrams per cubic metre of gas. In addition to any other right or remedy of a party, each party shall be entitled to refuse to accept delivery of any gas which does not conform to any of the specifications set out in this Article II.

6. Odourization of Gas:

- a. Union may odourize or deliver odourized gas under the Contract,
- b. Shipper shall if requested by Union monitor the mercaptan sulphur content of the gas delivered to Union under the Contract and shall provide at no cost to Union a continuous signal quantifying the mercaptan sulphur content in milligrams per cubic metre.

III. **MEASUREMENTS**

1. Storage, Transportation, and/or Sales Unit: The unit of the gas delivered to Union shall be a megajoule or a gigajoule. The unit of gas transported or stored by Union shall be a megajoule or a gigajoule. The unit of gas delivered by Union shall be a megajoule, a gigajoule, a cubic metre (m³) or one thousand cubic metres (10³m³) at Union's discretion.

2. Determination of Volume and Energy:

- a. The volume and energy amounts determined under the Contract shall be determined in accordance with the Electricity and Gas Inspection Act (Canada), RSC 1985, c E-4- (the "**Act**") and the Electricity and Gas Inspection Regulations, SOR 86/131 (the "**Regulations**"), and any documents issued under the authority of the Act and Regulations and any amendments thereto.
- b. The supercompressibility factor shall be determined in accordance with either the "Manual for Determination of Supercompressibility Factors for Natural Gas" (PAR Project NX-19) published in 1962 or with American Gas Association Transmission Measurement Committee Report No. 8, Nov. 1992, at Union's discretion, all as amended from time to time.
- c. The volume and/or energy of the gas delivered to/by Union hereunder shall be determined by the measurement equipment designated in Article VII herein.
- d. Upon request by Union, Shipper shall obtain measurement of the total quantity of gas received by Union hereunder from the Interconnecting Pipeline. Such measurement shall be done in accordance with established practices between Union and the Interconnecting Pipeline.

IV. RECEIPT POINT AND DELIVERY POINT

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

V. POSSESSION OF AND RESPONSIBILITY FOR GAS

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

VI. FACILITIES ON SHIPPER'S PROPERTY

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

VII. MEASURING EQUIPMENT

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

VIII. BILLING

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

records and charts of the other to the extent necessary to verify the accuracy of any statement, chart or computation made under or pursuant to the provisions of the Contract.

3. Amendment of Statements: For the purpose of completing a final determination of the actual quantities of gas handled under the Contract, Union shall have the right to amend its statements for a period equal to the time during which the Interconnecting Pipeline retains the right to amend their statements, which period shall not exceed three (3) years from the date of termination of the Contract.

IX. PAYMENTS

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

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

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

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

then Union shall be entitled to reduce the amount payable by Union to Shipper under the Contract or any other contract by an amount equal to the amount of such arrears or other indebtedness to Union. In addition to the foregoing remedy, Union may, upon forty-eight (48) hours verbal notice, to be followed by written notice, take possession of any or all of Shipper's gas under the Contract, which shall be deemed to have been assigned to Union, to reduce such arrears or other indebtedness to Union.

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

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

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

X. ARBITRATION

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

XI. FORCE MAJEURE

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

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

XII. DEFAULT AND TERMINATION

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

XIII. AMENDMENT

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

XIV. NON-WAIVER AND FUTURE DEFAULT

No waiver of any provision of the Contract shall be effective unless the same shall be in writing and signed by the party entitled to the benefit of such provision and then such waiver shall be effective only in the specific instance and for the specified purpose for which it was given. No failure on the part of Shipper or Union to exercise, and no course of

dealing with respect to, and no delay in exercising, any right, power or remedy under the Contract shall operate as a waiver thereof.

XV. LAWS, REGULATIONS AND ORDERS

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

XVI. RESERVED FOR FUTURE USE

N/A

XVII. RENEWALS

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

XVIII. SERVICE CURTAILMENT

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

XIX. SHIPPER'S REPRESENTATIONS AND WARRANTIES

1. Shipper's Warranty: Shipper warrants that it will, if required, maintain, or have maintained on its behalf, all external approvals including the governmental, regulatory, import/export permits and other approvals or authorizations that are required from any federal, state or provincial authorities for the gas quantities to be handled under the Contract. Shipper further warrants that it shall maintain in effect the Facilitating Agreements.

2. Financial Representations: Shipper represents and warrants that the financial assurances (including the Initial Financial Assurances and Security), if any, shall remain in place throughout the term hereof unless Shipper and Union agree otherwise. Shipper shall notify Union in the event of any change to the financial assurances (including the Initial Financial Assurances and Security), if any, throughout the term hereof. Should Union have reasonable grounds to believe that Shipper will not be able to perform or continue to perform any of its obligations under the Contract for any reason (a "**Material Event**"), then Shipper shall within fourteen (14) days of receipt of written notice by Union, obtain and provide to Union a letter of credit or other security in the form and amount reasonably required by Union (the "**Security**"). In the event that Shipper does not provide to Union such Security, Union may deem a default in accordance with the provisions of Article XII herein.

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

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

XX. MISCELLANEOUS PROVISIONS

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

XXI. PRECONDITIONS TO TRANSPORTATION SERVICES

1. The obligations of Union to provide Services hereunder are subject to the following conditions precedent, which are for the sole benefit of Union and which may be waived or extended in whole or in part in the manner provided in the Contract:
 - a. Union shall have obtained, in form and substance satisfactory to Union, and all conditions shall have been satisfied under, all governmental, regulatory and other third party approvals, consents, orders and authorizations, that are required to provide the Services; and,
 - b. Union shall have obtained all internal approvals that are necessary or appropriate to provide the Services; and,
 - c. Union shall have received from Shipper the requisite financial assurances reasonably necessary to ensure Shipper's ability to honour the provisions of the Contract (the "**Initial Financial Assurances**"). The Initial Financial Assurances, if required, will be as determined solely by Union; and,
 - d. Shipper and Union shall have entered into the Interruptible HUB Service Contract or equivalent (the "**Facilitating Agreement**") with Union; and,
 - e. Shipper shall have paid any amounts owing pursuant to Schedule 1 Aid to Construction; and,
 - f. With regard to the Union Expansion Facilities:

- i. Union shall have obtained, in form and substance satisfactory to Union, and all conditions shall have been satisfied under, all governmental, regulatory and other third party approvals, consents, orders and authorizations required to construct the Union Expansion Facilities;
 - ii. Union shall have obtained all internal approvals that are necessary or appropriate to construct the Union Expansion Facilities;
 - iii. Union shall have completed and placed into service the Union Expansion Facilities; and,
 - g. Shipper shall, at Shipper's own cost and expense, have obtained a registered lease or freehold ownership in Union's favour for the Union Expansion Facilities located at the Pool Station satisfactory to Union and sufficient to provide Union with free uninterrupted access to, from, under and above the Pool Station for a term (and extended terms) identical to the Contract, plus sixty (60) days (such land rights being referred to as the "**Pool Station Land Rights**"), and shall provide Union with a bona fide copy of such agreements prior to Union commencing the construction of the Union Expansion Facilities.
2. The obligations of Shipper hereunder are subject to the following conditions precedent, which are for the sole benefit of Shipper and which may be waived or extended in whole or in part in the manner provided in the Contract:
 - a. Shipper shall, as required, have entered into the necessary contracts with Union and/or others to facilitate the Services contemplated herein, including contracts for upstream and downstream transportation, and shall specifically have an executed and valid Facilitating Agreement; and shall, as required, have entered into the necessary contracts to purchase the gas quantities handled under the Contract; and,
 - b. Shipper shall have obtained, in form and substance satisfactory to Shipper, and all conditions shall have been satisfied under, all governmental, regulatory and other third party approvals, consents, orders and authorizations, that are required from federal, state, or provincial authorities for the gas quantities handled under the Contract; and,
 - c. Shipper shall have obtained all internal approvals that are necessary or appropriate for the Shipper to execute the Contract.
3. Union and Shipper shall each use due diligence and reasonable efforts to satisfy and fulfil the conditions precedent specified in this Article XXI Section 1 a, c, d, e, f i., f iii., and g and Section 2 a and b. Each party shall notify the other forthwith in writing of the satisfaction or waiver of each condition precedent for such party's benefit. If a party concludes that it will not be able to satisfy a condition precedent that is for its benefit, such party may, upon written notice to the other party, terminate the Contract and upon the giving of such notice, the Contract shall be of no further force and effect and each of the parties shall be released from all further obligations thereunder.
4. If any of the conditions precedent in this Article XXI Section 1 c or Section 2 are not satisfied or waived by the party entitled to the benefit of that condition by the Conditions Date as such term is defined in the Contract, then either party may, upon written notice to the other party, terminate the Contract and upon the giving of such notice, the Contract shall be of no further force and effect and each of the parties shall be released from all further obligations hereunder, provided that any rights or remedies that a party may have for breaches of the Contract prior to such termination and any liability a party may have incurred before such termination shall not thereby be released.



CROSS FRANCHISE TRANSPORTATION RATES

(A) Applicability

To a Shipper who enters into a Contract with Union for delivery by Shipper of gas to Union at one of Union's points listed below for redelivery by Union to Shipper at one of Union's points.

<u>Applicable Points</u>	(1)	(2)
	Ojibway	WDA
	St. Clair	NDA
	Dawn*	SSMDA
	Parkway	SWDA
	Kirkwall	CDA
	Bluewater	EDA

*Dawn as a receipt point: Dawn (TCPL), Dawn (Facilities), Dawn (Tecumseh), Dawn (Vector) and Dawn (TSLE).

*Dawn as a delivery point: Dawn (Facilities).

(B) Services

Transportation Service under this rate schedule is transportation on Union's pipeline facilities between any two Points as specified in Section (A), column 1.

(C) Rates

The identified rates (excluding gas supply charges, if applicable) represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated, which may be higher than the identified rates.

Transportation Service:

	Monthly Demand Charge (applied to daily contract demand) <u>Rate/GJ</u>	Commodity Charges			
		If Union supplies fuel Commodity Charge		If Shipper supplies fuel Fuel Ratio	
		Apr. 1-Oct.31 <u>Rate/GJ</u>	Nov. 1-Mar.31 <u>Rate/GJ</u>	Apr. 1-Oct.31 %	Nov. 1-Mar.31 %
a) Firm Transportation					
Between:					
St.Clair & Dawn	\$1.059	\$0.012	\$0.016	0.201%	0.258%
Ojibway & Dawn	\$1.059	\$0.027	\$0.018	0.435%	0.295%
Bluewater & Dawn	\$1.059	\$0.012	\$0.016	0.201%	0.258%
From:					
Parkway to Kirkwall	\$0.579	\$0.017	\$0.009	0.268%	0.153%
Parkway to Dawn	\$0.579	\$0.017	\$0.009	0.268%	0.153%
Kirkwall to Dawn	\$1.021	\$0.009	\$0.009	0.153%	0.153%
Dawn to Kirkwall	\$2.011	\$0.019	\$0.045	0.310%	0.728%
Dawn to Parkway	\$2.382	\$0.032	\$0.060	0.527%	0.975%
Kirkwall to Parkway	\$0.372	\$0.023	\$0.025	0.370%	0.400%
b) Interruptible and Short Term (1 year or less) Firm Transportation:					
Maximum		\$75.00	\$75.00		
c) Firm Transportation between two points within Dawn					
Dawn to Dawn-Vector	\$0.029	n/a	n/a	0.330%	0.153%
Dawn to Dawn-TCPL	\$0.134	n/a	n/a	0.153%	0.342%
d) Interruptible Transportation between two points within Dawn*					
				0.153%	0.153%

*includes Dawn (TCPL), Dawn Facilities, Dawn (Tecumseh), Dawn (Vector) and Dawn (TSLE)



(C) Rates (Cont'd)

Authorized Overrun:

The following Overrun rates are applied to any quantities transported in excess of the Contract parameters. Overrun will be authorized at Union's sole discretion.

	If Union supplies fuel		Commodity Charges If Shipper supplies fuel		Commodity Charge Rate/GJ
	Commodity Charge		Fuel Ratio		
	Apr.1-Oct.31 Rate/GJ	Nov.1-Mar.31 Rate/GJ	Apr.1-Oct.31 %	Nov.1-Mar.31 %	
a) Firm Transportation					
Between:					
St.Clair & Dawn	\$0.047	\$0.051	0.201%	0.258%	\$0.035
Ojibway & Dawn	\$0.062	\$0.053	0.435%	0.295%	\$0.035
Bluewater & Dawn	\$0.047	\$0.051	0.201%	0.258%	\$0.035
From:					
Parkway to Kirkwall	\$0.132	\$0.125	0.868%	0.753%	\$0.019
Parkway to Dawn	\$0.132	\$0.125	0.868%	0.753%	\$0.019
Kirkwall to Dawn	\$0.052	\$0.052	0.849%	0.849%	\$0.034
Dawn to Kirkwall	\$0.122	\$0.148	0.910%	1.328%	\$0.066
Dawn to Parkway	\$0.147	\$0.172	1.127%	1.575%	\$0.078
Kirkwall to Parkway	\$0.068	\$0.070	0.970%	1.000%	\$0.012
b) Firm Transportation within Dawn					
Dawn to Dawn-Vector	n/a	n/a	0.330%	0.153%	\$0.001
Dawn to Dawn-TCPL	n/a	n/a	0.153%	0.342%	\$0.004

Authorized overrun for short-term firm transportation is available at negotiated rates.

Unauthorized Overrun:

The Unauthorized Overrun rate shall be the higher of the reported daily spot price of gas at either, Dawn, Parkway, Niagara, Iroquois or Chicago in the month of or the month following the month in which the overrun occurred plus 25% for all usage on any day in excess of 102% of Union's contractual obligation.

Notes for Section (C) Rates:

- (1) A demand charge of \$0.068/GJ/day/month will be applicable to customers contracting for firm all day transportation service in addition to the demand charges appearing on this schedule for all firm transportation service paths.

(D) Terms of Service

The General Terms & Conditions applicable to this rate schedule shall be in accordance with the attached Schedule "A" for contracts in effect before October 1, 2010. The General Terms & Conditions applicable to this rate schedule shall be in accordance with the attached Schedule "A 2010" for contracts in effect on or after October 1, 2010.

(E) Nominations

Nominations under this rate schedule shall be in accordance with the attached Schedule "B" for contracts in effect before October 1, 2010. Nominations under this rate schedule shall be in accordance with the attached Schedule "B 2010" for contracts in effect on or after October 1, 2010.

(F) Receipt and Delivery Points and Pressures

Receipt and Delivery Points and Pressures under this rate schedule shall be in accordance with Schedule "C 2010" for contracts in effect on or after October 1, 2010.

**RATE C1
GENERAL TERMS & CONDITIONS**

I. DEFINITIONS

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

1. "Contract" shall refer to the Contract to which these General Terms & Conditions shall apply, and into which they are incorporated;
2. "cubic metre" shall mean the volume of gas which occupies one cubic metre when such gas is at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;
3. "day" shall mean a period of twenty-four (24) consecutive hours beginning at 9:00 a.m. Central Standard time. The reference date for any day shall be the calendar date upon which the twenty-four (24) hour period shall commence;
4. "delivery" shall mean any gas that is delivered by Union into Shipper's possession, or to the possession of Shipper's agent;
5. "firm" shall mean service not subject to curtailment or interruption except under Articles XI and XII of this Schedule "A";
6. "gas" shall mean gas as defined in the Ontario Energy Board Act, 1998, S.O. 1998, c.15, Sch. B, as amended, supplemented or re-enacted from time to time;
7. "gross heating value" shall mean the total heat expressed in megajoules per cubic metre (MJ/m³) produced by the complete combustion at constant pressure of one (1) cubic metre of gas with air, with the gas free of water vapour and the temperature of the gas, air and products of combustion at standard temperature and all water formed by the combustion reaction condensed to the liquid state;
8. "interruptible service" shall mean service subject to curtailment or interruption, after notice, at any time;
9. "Interconnecting Pipeline" shall mean a pipeline that directly connects to the Union pipeline system;
10. "joule" (J) shall mean the work done when the point of application of a force of one (1) newton is displaced a distance of one (1) metre in the direction of the force. The term "megajoule" (MJ) shall mean 1,000,000 joules. The term "gigajoule" (GJ) shall mean 1,000,000,000 joules;
11. "limited interruptible service" shall mean gas service subject to interruption or curtailment on a limited number of days as specified in the Contract;
12. "m³" shall mean cubic metre of gas and "10³m³" shall mean 1,000 cubic metres of gas;
13. "month" shall mean the period beginning at 9:00 a.m. Central Standard time on the first day of a calendar month and ending at 9:00 a.m. Central Standard time on the first day of the following calendar month;
14. "OEB" means the Ontario Energy Board;
15. "pascal" (Pa) shall mean the pressure produced when a force of one (1) newton is applied to an area of one (1) square metre. The term "kilopascal" (kPa) shall mean 1,000 pascals;
16. "receipt" shall mean any gas that is delivered into Union's possession, or the possession of Union's agent;
17. "Shipper" shall have the meaning as defined in the Contract and shall also include Shipper's agent(s);
18. "TCPL" means TransCanada PipeLines Limited;

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

II. GAS QUALITY

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

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

III. MEASUREMENTS

1. Storage, Transportation, and/or Sales Unit: The unit of the gas delivered to Union shall be a megajoule or a gigajoule. The unit of gas transported or stored by Union shall be a megajoule or a gigajoule. The unit of gas delivered by Union shall be a megajoule, a gigajoule, a cubic metre (m³) or one thousand cubic metres (10³m³) at Union's discretion.
2. Determination of Volume and Energy:
 - a. The volume and energy amounts determined under the Contract shall be determined in accordance with the Electricity and Gas Inspection Act (Canada), RSC 1985, c E-4- (the "**Act**") and the Electricity and Gas Inspection Regulations, SOR 86/131 (the "**Regulations**"), and any documents issued under the authority of the Act and Regulations and any amendments thereto.
 - b. The supercompressibility factor shall be determined in accordance with either the "Manual for Determination of Supercompressibility Factors for Natural Gas" (PAR Project NX-19) published in 1962 or with American Gas Association Transmission Measurement Committee Report No. 8, Nov. 1992, at Union's discretion, all as amended from time to time.
 - c. The volume and/or energy of the gas delivered to/by Union hereunder shall be determined by the measurement equipment designated in Article VII herein.
 - d. Upon request by Union, Shipper shall obtain measurement of the total quantity of gas received by Union hereunder from the Interconnecting Pipeline. Such measurement shall be done in accordance with established practices between Union and the Interconnecting Pipeline.

IV. RECEIPT POINT AND DELIVERY POINT

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

V. POSSESSION OF AND RESPONSIBILITY FOR GAS

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VI. FACILITIES ON SHIPPER'S PROPERTY

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

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

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

VII. MEASURING EQUIPMENT

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

VIII. BILLING

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

IX. PAYMENTS

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

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

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

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

X. ARBITRATION

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

XI. FORCE MAJEURE

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

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

XII. DEFAULT AND TERMINATION

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

XIII. MODIFICATION

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

XIV. NON-WAIVER AND FUTURE DEFAULT

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XV. LAWS, REGULATIONS AND ORDERS

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

**RATE C1
GENERAL TERMS & CONDITIONS**

I. DEFINITIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"gross heating value" shall mean the total heat expressed in megajoules per cubic metre (MJ/m³) produced by the complete combustion at constant pressure of one (1) cubic metre of gas with air, with the gas free of water vapour and the temperature of the gas, air and products of combustion at standard temperature and all water formed by the combustion reaction condensed to the liquid state;

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

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

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

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

"**joule**" (J) shall mean the work done when the point of application of a force of one (1) newton is displaced a distance of one (1) metre in the direction of the force. The term "**megajoule**" (MJ) shall mean 1,000,000 joules. The term "**gigajoule**" (GJ) shall mean 1,000,000,000 joules;

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

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

"**m³**" shall mean cubic metre of gas and "**10³m³**" shall mean 1,000 cubic metres of gas;

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

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

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

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

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

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

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

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

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

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

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

II. **GAS QUALITY**

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

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

III. MEASUREMENTS

1. Storage, Transportation, and/or Sales Unit: The unit of the gas delivered to Union shall be a megajoule or a gigajoule. The unit of gas transported or stored by Union shall be a megajoule or a gigajoule. The unit of gas delivered by Union shall be a megajoule, a gigajoule, a cubic metre (m³) or one thousand cubic metres (10³m³) at Union's discretion.
2. Determination of Volume and Energy:
 - a. The volume and energy amounts determined under the Contract shall be determined in accordance with the Electricity and Gas Inspection Act (Canada), RSC 1985, c E-4- (the "**Act**") and the Electricity and Gas Inspection Regulations, SOR 86/131 (the "**Regulations**"), and any documents issued under the authority of the Act and Regulations and any amendments thereto.
 - b. The supercompressibility factor shall be determined in accordance with either the "Manual for Determination of Supercompressibility Factors for Natural Gas" (PAR Project NX-19) published in 1962 or with American Gas Association Transmission Measurement Committee Report No. 8, Nov. 1992, at Union's discretion, all as amended from time to time.

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

IV. RECEIPT POINT AND DELIVERY POINT

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

V. POSSESSION OF AND RESPONSIBILITY FOR GAS

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

VI. FACILITIES ON SHIPPER'S PROPERTY

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

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

VII. MEASURING EQUIPMENT

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

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

VIII. BILLING

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

IX. PAYMENTS

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

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

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

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

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

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

X. ARBITRATION

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

XI. FORCE MAJEURE

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

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

XII. DEFAULT AND TERMINATION

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

XIII. AMENDMENT

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

XIV. NON-WAIVER AND FUTURE DEFAULT

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

XV. LAWS, REGULATIONS AND ORDERS

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

XVI. ALLOCATION OF CAPACITY

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

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

XVII. RENEWALS

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

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

XVIII. SERVICE CURTAILMENT

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

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

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

Notes:

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

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

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

XIX. SHIPPER'S REPRESENTATIONS AND WARRANTIES

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

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

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

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

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

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

XX. MISCELLANEOUS PROVISIONS

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

XXI. PRECONDITIONS TO TRANSPORTATION SERVICES

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

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

**RATE C1
NOMINATIONS**

- a) For Services provided either under this rate schedule or referenced to this rate schedule:
- i) For Services required on any day Shipper shall provide Union with a nomination (the "Shipper's Nomination") of the quantity it desires to be handled at the applicable Receipt Point, and/or Delivery Point. Such Shipper's Nomination is to be provided in writing so as to be received by Union's Gas Management Services on or before 1230 hours in the Eastern time zone, unless agreed to otherwise in writing by the parties, on the business days immediately preceding the day for which service is requested.
 - ii) If, in Union's sole opinion, operating conditions permit, a change in Shipper's Nomination may be accepted after 1230 hours in the Eastern time zone.
 - iii) For customers electing firm all day transportation, nominations shall be provided to Union's Gas Management Services as outlined in the F24 –T Agreement.
- b) Union shall determine whether or not all or any portion of Shipper's Nomination will be accepted. In the event Union determines that it will not accept such nomination, Union shall advise Shipper, on or before 1730 hours in the Eastern time zone on the business day immediately preceding the day for which service is requested, of the reduced quantity (the "Quantity Available") for Services at the applicable points. Forthwith after receiving such advice from Union but no later than 1800 hours in the Eastern time zone on the same day, Shipper shall provide a "Revised Nomination" to Union which shall be no greater than the Quantity Available. If such Revised Nomination is not provided within the time allowed as required above or such Revised Nomination is greater than the Quantity Available, then the Revised Nomination shall be deemed to be the Quantity Available. If the Revised Nomination (delivered within the time allowed as required above) is less than the Quantity Available, then such lesser amount shall be the Revised Nomination.
- c) That portion of a Shipper's Nomination or Revised Nomination, as set out in (a) and (b), above, which Union shall accept for Services hereunder, shall be known as Shipper's "Authorized Quantity".
- d) If on any day the actual quantities handled by Union, for each of the Services authorized, exceed Shipper's Authorized Quantity, and such excess was caused by either Shipper's incorrect nomination or by its delivering or receiving too much gas, then the amount by which the actual quantities handled for each of the Services exceed Shipper's Authorized Quantity, such excess shall be deemed "Unauthorized Overrun".
- e) The daily quantity of gas nominated by Shipper will be delivered by Shipper at rates of flow that are as nearly constant as possible, however, Union shall use reasonable efforts to take receipt of gas on any day at an hourly rate of flow up to one twentieth (1/20) of the quantity received for that day. Union shall have the right to limit Services when on any day the cumulative hourly imbalance between receipts and deliveries exceeds one twentieth (1/20) of the quantity handled for that day, for each applicable Service.
- f) A nomination for a daily quantity of gas on any day shall remain in effect and apply to subsequent days unless and until Union receives a new nomination from the Shipper or unless Union gives Shipper written notice that it is not acceptable in accordance with either (a) or (b) of this schedule.
- g) Except for periods of gas or quantity balancing as provided in the Contract, nominations by Shipper for deliveries to Union and redeliveries by Union shall be the same delivery of gas by Union either to Shipper or a Shipper's Account with Union.

**RATE C1
NOMINATIONS**

1. For Transportation Services required on any Day under the Contract, Shipper shall provide Union with a nomination(s) providing the Shipper's requested Receipt Point(s), contract numbers, the applicable service, the quantity of Gas to be transported, the requested Delivery Point(s), and such additional information as Union determines to be necessary (a "**Nomination**").
2. All Nominations shall be submitted by electronic means via *Unionline*. Union, in its sole discretion, may amend or modify the nominating procedures or *Unionline* at any time. Nominations shall be submitted so as to be received by Union in accordance with timelines established by Union, which reflect the NAESB standard nomination cycles. Union will accept all nominations on each of the nomination cycles. Nominations made after the applicable deadline shall not be accepted except at the sole discretion of Union. All times referred to herein are Eastern Clock Time. For greater certainty, NAESB nomination cycle timelines are as follows:
 - a. The Timely Nomination Cycle: 12:45 pm for Nominations leaving control of the nominating party; 3:30 pm for receipt of Quantities Available by Shipper; 4:30 pm for receipt of completed confirmations by Union from upstream and downstream connected parties; 5:30 pm for receipt of Scheduled Quantities by Shipper (Day prior to flow).
 - b. The Evening Nomination Cycle: 7:00 pm for Nominations leaving control of the nominating party; 9:00 pm for receipt of Quantities Available by Shipper; 10:00 pm for receipt of completed confirmations by Union from upstream and downstream connected parties; 11:00 pm for receipt of Scheduled Quantities by Shipper (Day prior to flow).
 - c. The Intra-day 1 Nomination Cycle: 11:00 am for Nominations leaving control of the nominating party; 1:00 pm for receipt of Quantities Available by Shipper; 2:00 pm for receipt of completed confirmations by Union from upstream and downstream connected parties; 3:00 pm for receipt of Scheduled Quantities Available by Shipper, on Day. Quantities Available resulting from Intra-day 1 Nominations should be effective at 6:00 pm on same Day.
 - d. The Intra-day 2 Nomination Cycle: 6:00 pm for Nominations leaving control of the nominating party; 8:00 pm for receipt of Quantities Available by Shipper; 9:00 pm for receipt of completed confirmations by Union from upstream and downstream connected parties; 10:00 pm for receipt of Scheduled Quantities by Shipper on Day. Quantities Available resulting from Intra-day 2 Nominations should be effective at 10:00 pm on same Day.
3. Union shall determine whether or not all or any portion of the Nomination will be scheduled at each nomination cycle. With respect to each nomination cycle, in the event Union determines that it will not schedule such Nomination, Union shall advise Shipper of the reduced quantity (the "**Quantities Available**") for Transportation Services at the applicable points as outlined in each nomination cycle. After receiving such advice from Union, but no later than one half hour after the Quantities Available deadline as outlined in each nomination cycle, Shipper shall provide a revised nomination ("**Revised Nomination**") to Union which shall be no greater than the Quantity Available. If such Revised Nomination is not provided within the time allowed as required above or such Revised Nomination is greater than the Quantities Available, then the Revised Nomination shall be deemed to be the Quantities Available. If the Revised Nomination (delivered with the time allowed as required above) is less than the Quantity Available, then such lesser amount shall be the Revised Nomination.
4. For Shippers electing firm all day transportation service, nominations shall be provided to Union's Gas Management Services as outlined in the F24 –T Agreement.
5. For Transportation Services requiring Shipper to provide compressor fuel in kind, the nominated fuel requirements will be calculated by rounding to the nearest whole GJ.

6. All Timely Nominations shall have rollover options. Specifically, Shippers shall have the ability to nominate for several days, months or years, provided the Nomination start date and end date are both within the term of the Transportation Agreement.
7. Nominations received after the nomination deadline shall, if accepted by Union, be scheduled after Nominations received before the nomination deadline.
8. All Services are required to be nominated in whole Gigajoules (GJ).
9. To the extent Union is unable to complete a Nomination confirmation due to inaccurate, untimely or incomplete data involving an Interconnecting Pipeline entity, Union shall undertake reasonable efforts to confirm the transaction on a non-discriminatory basis until such time that the transaction is adequately verified by the parties, or until such time that Union determines that the Nomination is invalid at which time the Union shall reject the Nomination.
10. That portion of a Shipper's Nomination or Revised Nomination, as set out in paragraphs 1 and 3 above, which Union shall schedule for Transportation Services hereunder, shall be known as Shipper's "**Authorized Quantity**".
11. If on any day the actual quantities handled by Union, for each of the Transportation Services authorized, exceed Shipper's Authorized Quantity, and such excess was caused by either Shipper's incorrect nomination or by its delivering or receiving too much gas, then the amount by which the actual quantities handled for each of the Transportation Services exceed Shipper's Authorized Quantity shall be deemed "**Unauthorized Overrun**".
12. The daily quantity of gas nominated by Shipper will be delivered by Shipper at rates of flow that are as nearly constant as possible, however, Union shall use reasonable efforts to take receipt of gas on any day at an hourly rate of flow up to one twentieth (1/20th) of the quantity received for that day. Union shall have the right to limit Transportation Services when on any day the cumulative hourly imbalance between receipts and deliveries exceeds one twentieth (1/20th) of the quantity handled for that day, for each applicable Transportation Service.
13. The parties hereto recognize that with respect to Transportation Services, on any day, receipts of gas by Union and deliveries of gas by Union may not always be exactly equal, but each party shall cooperate with the other in order to balance as nearly as possible the quantities transacted on a daily basis, and any imbalances arising shall be allocated to the Facilitating Agreement and shall be subject to the respective terms and charges contained therein, and shall be resolved in a timely manner.
14. Shipper may designate a third party as agent for purposes of providing a Nomination, and for giving and receiving notices related to Nominations, and Union shall only accept nominations from the agent. Shipper shall provide Union with written notice of such designation, such notice to be acceptable to Union. Any such designation, if acceptable to Union, shall be effective starting the Month following the receipt of the written notice and will remain in effect until revoked in writing by Shipper.

**RATE C1
RECEIPT AND DELIVERY POINTS AND PRESSURES**

1. Receipt and Delivery Points:

The following defines each Receipt Point and/or Delivery Point, as indicated (R= Receipt Point; D= Delivery Point)

R, D	<u>DAWN (FACILITIES):</u>	Union's Compressor Station site situated in the northwest corner of Lot Twenty-Five (25), Concession II, in the Township of Dawn-Euphemia, in the County of Lambton. This point is applicable for quantities of gas that have been previously transported or stored under other contracts that Shipper may have in place with Union.
R, D	<u>DAWN (TCPL):</u>	At the junction of Union's and TCPL's facilities, at or adjacent to Dawn (Facilities).
R, D	<u>DAWN (TECUMSEH):</u>	At the junction of Union's and Enbridge Gas Distribution Inc.'s (Enbridge) Tecumseh Gas Storage's facilities, at or adjacent to Dawn (Facilities).
R, D	<u>DAWN (TSLE):</u>	At the junction of Union's and Enbridge Gas Distribution Inc.'s (" Enbridge ") NPS 16 Tecumseh Sombra Line Extension facilities; at or adjacent to Dawn (Facilities)
R, D	<u>DAWN (VECTOR):</u>	At the junction of Union's and Vector Pipeline Limited Partnership (" Vector ") facilities, at or adjacent to Dawn (Facilities).
R, D	<u>PARKWAY (TCPL):</u>	At the junction of Union's and TCPL's facilities, at or adjacent to Union's facilities situated in the Part Lot 9 and Part Lot 10, Concession IX, New Survey, Town of Milton, Regional Municipality of Halton (now part of City of Mississauga)
R, D	<u>KIRKWALL:</u>	At the junction of Union's and TCPL's facilities at or adjacent to Union's facilities situated in Part Lot Twenty-Five (25), Concession 7, Town of Flamborough.
D	<u>PARKWAY (CONSUMERS):</u>	At the junction of Union's and Enbridge's facilities, at or adjacent to Union's facilities situated in Part Lot 9 and Part Lot 10, Concession IX, New Survey, Town of Milton, Regional Municipality of Halton (now part of City of Mississauga)
D	<u>LISGAR:</u>	At the junction of the facilities of Union and Enbridge situated at 6620 Winston Churchill Boulevard, City of Mississauga.
R, D	<u>OJIBWAY:</u>	At the junction of Union's and Panhandle Eastern Pipe Line Company, LP's (" Panhandle ") facilities, located at the International Border between Canada and the United States in the St. Clair River.
R, D	<u>ST.CLAIR (MICHCON):</u>	At the junction of Michigan Consolidated Gas Company's (" MichCon ") and St. Clair Pipelines L.P.'s facilities, located at the International Border between Canada and the United States in the St. Clair River.

R, D **BLUEWATER:**

At the junction of Bluewater Gas Storage, LLC ("**Bluewater**") and St. Clair Pipelines L.P.'s facilities, located at the International Border between Canada and the United States in the St. Clair River.

2. Receipt and Delivery Pressures:

(a) All Gas tendered by or on behalf of Shipper to Union shall be tendered at the Receipt Point(s) at Union's prevailing pressure at that Receipt Point, or at such pressure as per operating agreements between Union and the applicable Interconnecting Pipeline as amended or restated from time to time.

(b) All Gas tendered by or on behalf of Union to Shipper shall be tendered at the Delivery Point(s) at Union's prevailing pressure at that Delivery Point or at such pressure as per agreements between Union and the applicable Interconnecting Pipeline as amended or restated from time to time.

(c) Under no circumstances shall Union be obligated to receive or deliver gas hereunder at pressures exceeding the maximum allowable operating pressures prescribed under any applicable governmental regulations; nor shall Union be required to make any physical deliveries or to accept any physical receipts which its existing facilities cannot accommodate.

UNION GAS LIMITED
 Infranchise Customers
 Summary of Average Interruptible Rate and Price Adjustment Changes for Rates 25, M5A, M7, T1 and T2
Effective April 1, 2014

Line No.	Particulars (cents / m ³)	Monthly Charge Increase / (Decrease) (a)	Delivery Commodity Charge Increase / (Decrease) (b)	Delivery - Price Adjustment Increase / (Decrease) (c)	Gas Commodity Price Adjustment Rate (d)
1	Rate 25 All Zones				(0.2720) (1)
2	Rate M5A Interruptible		0.0649		
3	Rate M7 Interruptible		0.0687		
4	Seasonal		0.0687		
5	Rate T1 - Interruptible Transportation - Union supplies fuel		0.0127		
6	Transportation - Customer supplies fuel				
7	Rate T2 - Interruptible Transportation - Union supplies fuel		0.0126		
8	Transportation - Customer supplies fuel				

Notes:

(1) Applies to Sales service customers only.

EB-2014-0050
Working Paper Index

Schedule 1	Calculation of Supplemental Service Charges
Schedule 2	Load Balancing Costs
Schedule 3	Summary of Amounts for Prospective Recovery and Derivation of Unit Changes to Prospective Rate Riders

UNION GAS LIMITED
 Calculation of Supplemental Service Charges
 Commissioning and Decommissioning Rates
 Effective April 1, 2014

Line No.	Particulars	Ft. Frances (a)	Western (b)	Northern (c)	Eastern (d)
Union North					
Rate 20 - At 50% Load Factor					
Delivery (cents / m ³)					
1	Monthly Demand (1)	27.8179	27.8179	27.8179	27.8179
2	Line 1 x 12 months	333.8151	333.8151	333.8151	333.8151
3	Line 2 / 365 days	0.9146	0.9146	0.9146	0.9146
4	Line 3 @ 50% Load Factor	1.8291	1.8291	1.8291	1.8291
5	Commodity Charge (1)	0.5489	0.5489	0.5489	0.5489
6	Total Delivery Commissioning	<u>2.3781</u>	<u>2.3781</u>	<u>2.3781</u>	<u>2.3781</u>
Gas Supply (cents / m ³)					
7	Monthly Demand (1)	21.9979	24.8397	62.6121	82.3684
8	Gas Supply Demand - Price Adjustment (1)	0.0000	0.0000	0.0000	0.0000
9	(Line 7 + Line 8) x 12 months	263.9743	298.0759	751.3447	988.4203
10	Line 9 / 365 days	0.7232	0.8166	2.0585	2.7080
11	Line 10 @ 50% Load Factor	1.4464	1.6333	4.1170	5.4160
12	Commodity Transportation 1 (1)	3.0513	3.1266	3.9709	4.4184
13	Commodity Transportation 1 - Price Adjustment	0.3067	0.3067	0.3067	0.3067
14	(Line 12 + Line 13) x (4/5)	2.6864	2.7466	3.4220	3.7800
15	Commodity Transportation 2 (1)	0.0000	0.0000	0.0000	0.0000
16	Line 15 * (1/5)	0.0000	0.0000	0.0000	0.0000
17	Total Commodity Transportation Charge for Commissioning Rate	<u>4.1328</u>	<u>4.3799</u>	<u>7.5390</u>	<u>9.1960</u>
Rate 100 - At 70% Load Factor					
Delivery (cents / m ³)					
18	Monthly Demand (2)	15.3415	15.3415	15.3415	15.3415
19	Line 18 x 12 months	184.0975	184.0975	184.0975	184.0975
20	Line 19 / 365 days	0.5044	0.5044	0.5044	0.5044
21	Line 20 @ 70% Load Factor	0.7205	0.7205	0.7205	0.7205
22	Commodity Charge (2)	0.2139	0.2139	0.2139	0.2139
23	Total Delivery Commissioning	<u>0.9344</u>	<u>0.9344</u>	<u>0.9344</u>	<u>0.9344</u>
Gas Supply (cents / m ³)					
24	Monthly Demand (2)	59.0298	62.3453	106.4130	129.4620
25	Line 24 x 12 months	708.3576	748.1436	1,276.9560	1,553.5440
26	Line 25 / 365 days	1.9407	2.0497	3.4985	4.2563
27	Line 26 @ 70% Load Factor	2.7724	2.9282	4.9979	6.0804
28	Commodity Transportation 1 (2)	5.4887	5.5452	6.1784	6.5140
29	Line 28 * (3/7)	2.3523	2.3765	2.6479	2.7917
30	Commodity Transportation 2 (2)	0.0000	0.0000	0.0000	0.0000
31	Line 30 * (4/7)	0.0000	0.0000	0.0000	0.0000
32	Total Commodity Transportation Charge for Commissioning Rate	<u>5.1247</u>	<u>5.3047</u>	<u>7.6458</u>	<u>8.8721</u>

Notes:

- (1) Appendix A, Page 3.
- (2) Appendix A, Page 4.

UNION GAS LIMITED
 Union South
 Calculation of Supplemental Service Charges
Effective April 1, 2014

Line No.	Particulars	cents / m ³ (a)	\$ / GJ (b)
	Minimum annual gas supply commodity charge - Rate M4, Rate M5A		
1	Compressor Fuel	0.5237	
2	Transportation Tolls	3.4499	
3	Administration Charge	0.1933	
4	Minimum annual gas supply commodity charge	4.1669	1.088
	<u>Gas Supply Commodity Charges</u>		
5	Commodity Cost of Gas	17.2037	
6	FT Transportation Commodity	-	
7	FT Fuel	0.5237	
8	Total Gas Supply Commodity Charge	17.7274	4.630
	<u>Firm Gas Supply Service Monthly Demand Charge</u>		
9	FT Demand Charge	179.4173	46.857

UNION GAS LIMITED
 Union South
 Calculation of Supplemental Service Charges
Effective April 1, 2014

Line No.	Particulars	cents / m ³ (a)	\$ / GJ (b)
	Firm backstop gas:		
	Demand:		
1	Monthly space charge	0.0432	
2	Units required (1)	43	
3	Number of months	<u>12</u>	22.3152 (a)
	Inventory carrying costs:		
4	Sales WACOG	21.3689	
5	Overrun storage withdrawal	<u>0.4410</u>	
6		21.8099	
7	Units required (m ³)	43	
8	Pre-tax return (%)	8.170%	<u>76.6203 (b)</u>
9	Annual demand charge		98.9354 (a) + (b)
10			<u>12</u>
11	Monthly demand charge	<u>8.2446</u>	<u>2.153</u>
	Commodity:		
12	Sales WACOG	21.3689	
13	Overrun storage withdrawal	0.4410	
14	Overrun transportation	1.1808	
15	Commodity charge	<u>22.9907</u>	<u>6.004</u>
	Reasonable efforts backstop gas:		
16	M1 Block 1 plus Storage	4.5611	
17	Sales WACOG	<u>21.3689</u>	
18		<u>25.9299</u>	<u>6.772</u>
	Supplemental inventory:		
19	Sales WACOG	21.3689	
20	Injection commodity	0.2306	
21	Space charge	0.0432 x 12	0.5190
22			<u>22.1185</u>
	Carrying costs (1/2 year)		
23	22.1185 x 8.170% / 2		0.9035
24			<u>23.0220</u>
	Supplemental gas sales:		
25	Supplemental inventory	23.0220	
26	Overrun storage withdrawal	0.4410	
27	Overrun transportation	1.1808	
28		<u>24.6438</u>	
	Failure to Deliver:		
29	M1 Block 1 plus Storage	4.5611	1.191
30	Failure to Deliver Adjustment	5.1708	1.350
31	Failure to Deliver Charge	<u>9.7319</u>	<u>2.542</u>

Notes:

(1) Each unit of added delivery requires 43 m³ of additional inventory.

UNION GAS LIMITED
 Union South
 Calculation of Supplemental Service Charges
 Calculation of Minimum, Maximum & Seasonal Charges
Effective April 1, 2014

<u>Line No.</u>		<u>cents / m³</u>
	<u>Minimum Charges</u>	(a)
	Rate M4	
1	Minimum annual delivery commodity charge:	
	Monthly delivery commodity charge (1st Block M4)	0.9960
2	Administration Fee	0.1933
3	Minimum annual delivery commodity charge	<u>1.1893</u>
	Rate M5	
	Minimum annual delivery commodity charge:	
4	Monthly delivery commodity charge (1st block M5)	2.5791
5	Administration Fee	0.1933
6	Minimum annual delivery commodity charge	<u>2.7724</u>
	<u>Maximum Charges</u>	
	Rate 25 Interruptible	
7	Average Rate 10 Firm Delivery Charge	5.7102
8	Percent of Average Firm Delivery Price	90%
9	R25 Maximum interruptible delivery commodity charge	<u>5.1392</u>
	Rate M7 Interruptible	
	Maximum interruptible delivery commodity charge:	
10	M7 firm commodity charge	0.3552
11	M7 firm demand charge commoditized using 23% Load Factor	3.6249
12	M7 maximum interruptible charge	<u>3.9801</u>
13	Rate T1 Interruptible	<u>3.9801</u>
14	Rate T2 Interruptible	<u>3.9801</u>
	<u>Rate M7 - Commissioning and Decommissioning Rate</u>	
	<u>Delivery (cents / m³)</u>	
15	Monthly Demand (1)	25.3924
16	x 12 months	304.7091
17	/ 365 days	0.8348
18	@ Class Average Firm Load Factor : 142,488 (2) / (14,220 (2) / 12 * 365) = 32.9%	2.5344
19	Delivery Commodity Charge (1)	0.3552
20	Delivery - Price Adjustment	0.0000
21	Total Delivery Commissioning	<u>2.8895</u>

Notes:

- (1) Appendix A, Page 8.
 (2) EB-2011-0210, Rate Order, Working Papers, Schedule 14, Page 7, column (a).

UNION GAS LIMITED
 Union South
 Calculation of Supplemental Service Charges
 Effective April 1, 2014

Line No.		Union Supplies Fuel	Customer Supplies Fuel
<u>Rate T1 / Rate T2 / Rate T3 - At 100% Load Factor</u>			
<u>Authorized Storage Overrun (\$ / GJ)</u>			
1	Monthly Demand (1)	1.671	1.671
2	x 12 months	20.051	20.051
3	/ 365 days	0.055	0.055
4	@ 100% Load Factor	0.055	0.055
5	Commodity Charge (WACOG / Heat Value * Overrun Fuel Ratio + Injection Commodity) (2)	0.060	0.008
6	Total Storage Overrun	<u>0.115</u>	<u>0.063</u>
<u>Rate T1 - At 100% Load Factor</u>			
<u>Authorized Transportation Overrun (cents / m³)</u>			
7	Monthly Demand (3)	31.9554	31.9554
8	x 12 months	383.4643	383.4643
9	/ 365 days	1.0506	1.0506
10	@ 100% Load Factor	1.0506	1.0506
11	Commodity Charge (WACOG / 10 * Transportation Fuel Ratio + Firm Commodity Transport) (4)	0.1302	0.0712
12	Total Transportation Overrun	<u>1.1808</u>	<u>1.1218</u>
<u>Rate T2 - At 100% Load Factor</u>			
<u>Authorized Transportation Overrun (cents / m³)</u>			
13	Monthly Demand (5)	20.1911	20.1911
14	x 12 months	242.2926	242.2926
15	/ 365 days	0.6638	0.6638
16	@ 100% Load Factor	0.6638	0.6638
17	Commodity Charge (WACOG / 10 * Transportation Fuel Ratio + Firm Commodity Transport) (6)	0.0661	0.0078
18	Total Transportation Overrun	<u>0.7299</u>	<u>0.6716</u>
<u>Rate T3 - At 100% Load Factor</u>			
<u>Authorized Transportation Overrun (cents / m³)</u>			
19	Monthly Demand (7)	9.3582	9.3582
20	x 12 months	112.2978	112.2978
21	/ 365 days	0.3077	0.3077
22	@ 100% Load Factor	0.3077	0.3077
23	Commodity Charge (7)	0.0780	0.0107
24	Total Transportation Overrun	<u>0.3857</u>	<u>0.3184</u>

Notes:

- (1) Appendix A, Page 9, 10 and 11.
- (2) $\$236.288/10^3\text{m}^3 / 38.29 \text{ GJ}/10^3\text{m}^3 * 0.853\% + \$0.008/\text{GJ}$.
- (3) Appendix A, Page 9.
- (4) $\$236.288/10^3\text{m}^3 / 10 * 0.250\% + 0.0712 \text{ cents}/\text{m}^3$.
- (5) Appendix A, Page 10.
- (6) $\$236.288/10^3\text{m}^3 / 10 * 0.247\% + 0.0078 \text{ cents}/\text{m}^3$.
- (7) Appendix A, Page 11.

UNION GAS LIMITED
 Union South
 Calculation of Union Supplied Fuel Rates for
 In-Franchise Semi-UnBundled Rates T1, T2 and T3
 Effective April 1, 2014

<u>Line No.</u>		<u>Customer Supplies Fuel (a)</u>	<u>Union Supplies Fuel (b)</u>
<u>Rate T1 Transportation Service (cents/m³)</u>			
1	Ontario Landed Reference Price as per EB-2013-0413		23.6288
2	2013 Fuel Ratio as per EB-2011-0210	0.250%	0.250%
3	Fuel Rate (line 1 * line 2)		0.0590
4	Firm Transportation Commodity Charge All volumes	0.0712	0.1302
5	Interruptible Transportation Commodity Charge - Maximum	3.9211	3.9801
<u>Rate T2 Transportation Service (cents/m³)</u>			
6	Ontario Landed Reference Price as per EB-2013-0413		23.6288
7	2013 Fuel Ratio as per EB-2011-0210	0.247%	0.247%
8	Fuel Rate (line 6 * line 7)		0.0583
9	Firm Transportation Commodity Charge All volumes	0.0078	0.0661
10	Interruptible Transportation Commodity Charge - Maximum	3.9218	3.9801
<u>Rate T3 Transportation Service (cents/m³)</u>			
11	Ontario Landed Reference Price as per EB-2013-0413		23.6288
12	2013 Fuel Ratio as per EB-2011-0210	0.285%	0.285%
13	Fuel Rate (line 11 * line 12)		0.0673
14	Firm Transportation Commodity Charge	0.0107	0.0780
<u>Rate T1, Rate T2 & Rate T3 Storage Service (\$/GJ)</u>			
15	Ontario Landed Reference Price as per EB-2013-0413		6.171
16	2013 Fuel Ratio as per EB-2011-0210	0.395%	0.395%
17	Fuel Rate (line 15 * line 16)		0.024
18	Storage Commodity Charge	0.008	0.032
<u>Rate T1, Rate T2 & Rate T3 Annual Firm Injection/Withdrawal Right (\$/GJ)</u>			
19	Customer provides deliverability Inventory Rate	1.197 (1)	
<u>Inventory Carrying Costs</u>			
20	Space	75,177,124 (2)	
21	Inventory Percentage	20%	
22	Inventory (line 20 x line 21)	<u>15,035,425</u>	
23	Ontario Landed Reference Price as per EB-2013-0413	6.171	
24	ICC %	8.2%	
25	Inventory Carrying Costs (line 22 * line 23 * line 24)	<u>7,580</u>	
26	Deliverability Demand Allocation Units	1,332,764 (3)	
27	Line 25 / line 26 x 1000 / 12	<u>0.474</u>	
28	Union provides deliverability Inventory as per EB-2013-0413 (line 19 + line 27)	1.671	

Notes:

- (1) EB-2011-0210, Rate Order, Working Papers, Schedule 19, Page 1, line 3, column (i).
 (2) EB-2011-0210, Rate Order, Working Papers, Schedule 19, Page 2, line 8, column (b).
 (3) EB-2011-0210, Rate Order, Working Papers, Schedule 19, Page 1, line 5, column (e).

UNION GAS LIMITED
Load Balancing Costs

Line No.	Particulars	Load Balancing Allocator (PJ's) (a)	Load Balancing Costs (1) (\$000's) (b)	Load Balancing Revenue in Approved Rates (\$000's) (c)	Interest (\$000's) (d)	Subtotal (\$000's) (e) = (b+c+d)	Previous Projection in QRAM Rates (\$000's) (f)	Subtotal (\$000's) (g) = (e-f)	True-up of Prospective Recovery Amounts (\$000's) (h)	Net Balance (\$000's) (i) = (g+h)
<u>Union North & Union South</u>										
R20, M1, M2, M4, M5A, M7, M9										
1	October *		0		0	0				
2	November *		0		0	0				
3	December *		0		0	0				
4	January		74		-	74				
5	February		250		-	250				
6	March		303		-	303				
7	April 2014 - March 2015									
8	Total		<u>628</u>	<u>-</u>	<u>1</u>	<u>629</u>	<u>0</u>	<u>629</u>	<u>0</u>	<u>629</u>
<u>Union North - R01</u>										
9	October *		0		0	0				
10	November *		0		0	0				
11	December *		0		0	0				
12	January		657		-	657				
13	February		2,217		-	2,217				
14	March		2,683		-	2,683				
15	April 2014 - March 2015									
16	Total		<u>5,558</u>	<u>-</u>	<u>0</u>	<u>5,558</u>	<u>0</u>	<u>5,558</u>	<u>(0)</u>	<u>5,558</u>
<u>Union North - R10</u>										
17	October *		-		0	0				
18	November *		-		0	0				
19	December *		-		0	0				
20	January		240		-	240				
21	February		809		-	809				
22	March		979		-	979				
23	April 2014 - March 2015									
24	Total		<u>2,028</u>	<u>-</u>	<u>0</u>	<u>2,028</u>	<u>0</u>	<u>2,028</u>	<u>0</u>	<u>2,028</u>
25			<u>8,213</u>	<u>-</u>	<u>2</u>	<u>8,215</u>	<u>0</u>	<u>8,215</u>	<u>0</u>	<u>8,215</u>

* Actuals

Note:

(1) Load Balancing Costs are Union North only and will be applied to Rate 01, Rate 10, and Rate 20 sales and bundled T volumes.

UNION GAS LIMITED
Summary of Amounts for Prospective Recovery and
Derivation of Unit Changes to Prospective Rate Riders
for the 12-month period ending March 31, 2015

Line No.	Particulars	Units	North PGVA (179-105) (a)	North Tolls (179-100) (b)	North Fuel (179-100) (c)	South PGVA (179-106) (d)	Inventory Revaluation (179-109) (e)	Load Balancing (179-107) (f)	Spot Gas Variance Acct (179-107) (g)	Total (h)
Deferral Amounts for Recovery										
Change in 12-month deferral account projection:										
1	12-month projection from current QRAM application	(1)	(\$000's) 0	4,776	131	(0)	(7,918)	-	-	(3,011)
2	Less: 12-month projection from previous QRAM application	(2)	(\$000's) -	4,630	(21)	-	(3,800)	-	-	809
3	Change (Line 1 - Line 2)		(\$000's) 0	146	152	(0)	(4,118)	-	-	(3,820)
Previous Quarter: True-up of Deferral Balances										
Variance between projected and actual deferral balances for month(s) with actual data since previous QRAM application:										
4	Actual deferral amount	(3)	(\$000's) (1,043)	1,626	249	4,774	(3,177)	1	1	2,431
5	Current projected deferral amount	(4)	(\$000's) 17,538	3,173	740	109,410	74	8,213	(1,685)	137,463
6	Less: Previous projection included in recovery	(5)	(\$000's) (1,424)	1,770	(73)	(3,739)	(27)	-	-	(3,493)
7	Variance (Line 4 + Line 5 - Line 6)		(\$000's) 17,919	3,029	1,062	117,923	(3,076)	8,214	(1,684)	143,387
8	Total Deferral Amounts for Recovery (Line 3 + Line 7)		(\$000's) 17,919	3,175	1,214	117,923	(7,194)	8,214	(1,684)	139,567
Previous Quarter: True-up of Prospective Recovery Amounts										
Variance between projected and actual prospective recovery for month(s) with actual data since previous QRAM application:										
9	Forecast prospective recovery amount		(\$000's) (567)	(3,274)	(145)	(7,534)	14,819	2	(1)	3,299
10	Less: Actual prospective recovery amount		(\$000's) (808)	(3,835)	(207)	(10,532)	21,403	2	(1)	6,022
11	Variance (Line 9 - Line 10)		(\$000's) 240	561	63	2,997	(6,585)	0	0	(2,723)
12	Total Amount for Prospective Recovery (Line 8 + Line 11)		(\$000's) 18,159	3,736	1,277	120,920	(13,778)	8,214	(1,684)	136,844
Prospective Rate Rider Changes										
13	Forecast Billing Units (April 1, 2014 to March 31, 2015)	(6)	(10 ³ m ³) 925,217	1,334,800	925,217	2,994,724	3,919,940	Class Specific	925,217	
14	Unit Rate Change (Line 12 / Line 13)		(cents/m ³) 1.9627	0.2799	0.1380	4.0378	(0.3515)	-	(0.1820)	
Summary of Unit Rates										
15	Expiring Rider Q2	(7)	(cents/m ³) (0.4951)	(0.4736)	0.0137	(0.3610)	0.0242	-	-	
16	Unit Rate Q1	(8)	(cents/m ³) (0.2585)	0.0038	(0.0295)	(0.1618)	(0.1334)	-	-	
17	Unit Rate Q2 Expiring rider replaced by new rider (Line 14)	(9)	(cents/m ³) 1.9627	0.2799	0.1380	4.0378	(0.3515)	-	(0.1820)	
18	Unit Rate Q3	(10)	(cents/m ³) 0.7279	(0.0101)	(0.0394)	1.0135	(0.1924)	-	(0.0004)	
19	Unit Rate Q4	(11)	(cents/m ³) (1.1688)	(0.5823)	(0.0504)	(1.3364)	1.5929	-	0.0001	
20	Total Unit Rate - Prospective Recovery		(cents/m ³) 1.2633	(0.3087)	0.0187	3.5531	0.9156	-	(0.1823)	
21	Change in Rider (Line 14 - Line 15)	(12)	(cents/m ³) 2.4578	0.7535	0.1243	4.3988	(0.3757)	-	(0.1820)	

Notes:

- | | |
|---|---|
| (1) Tab 1, Schedule 3, Page 1, Line 27. | (7) EB-2013-0033, Tab 2, Schedule 2, Page 1, Line 9. |
| (2) EB-2013-0413, Tab 1, Schedule 3, Page 1, Line 27. | (8) EB-2013-0413, Tab 2, Schedule 2, Page 1, Line 9. |
| (3) Tab 1, Schedule 3, Page 1, Lines 8+9+10 except Inventory Reval. Which is from Tab 1, Schedule 3, Page 1, Lines 9+10+11. | (9) EB-2014-0550, Tab 2, Schedule 2, Page 1, Line 9. |
| (4) Tab 1, Schedule 3, Page 1, Lines 11+12+13 except Inventory Reval. Which is from Tab 1, Schedule 3, Page 1, Lines 12+13. | (10) EB-2013-0215, Tab 2, Schedule 2, Page 1, Line 9. |
| (5) EB-2013-0413, Working Papers, Tab 2, Schedule 2, Page 2, Line 5. | (11) EB-2013-0316, Tab 2, Schedule 2, Page 1, Line 9. |
| (6) Billing units reflect the approved allocation basis for each deferral account. | (12) EB-2014-0550, Tab 2, Schedule 1, Column (e) |

Tab 7 - Provided in Native Format