



December 9, 2016

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

Dear Ms. Walli:

**RE: EB-2016-0334 – Union Gas Limited – January 1, 2017 QRAM Application**

Enclosed is an application and evidence from Union Gas Limited ("Union") seeking changes to Union's commodity, storage, 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.

Union has enclosed an application to the Board for Orders effective January 1, 2017 to change the rates that were authorized by the Board's interim Rate Order in the Cap-and-Trade Compliance Plan (EB-2016-0296) and 2017 Rates (EB-2016-0245) Rate Order to reflect the commodity, storage, 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.

As part of this QRAM, consistent with the Dawn Reference Price (EB-2015-0181) Settlement Proposal and the 2017 Rates (EB-2016-0245) proceeding, Union has included the forecast gas costs for Union North and Union South to reflect the portfolio changes as of December 1, 2016 resulting from the implementation of the TransCanada King's North Project facilities.

The proposed Alberta Border Reference Price is based on the current 21-day strip price is \$2.984/GJ. This is an increase of \$0.172/GJ. The proposed Dawn Reference Price is based on the current 21-day strip price is \$4.151/GJ. Union is also proposing to prospectively collect projected 12-month net gas cost deferral account charges of \$42.864 million.

Excluding bill impacts related to Union's EB-2016-0245 and EB-2016-0296 applications, a typical sales service Rate M1 residential customer consuming 2,200 m<sup>3</sup> per year will see a net bill increase of \$34.61 per year. A typical bundled Rate M1 direct purchase customer will see a bill decrease of \$1.09. A typical Rate 01 residential customer consuming 2,200 m<sup>3</sup> per year will see a net bill increase ranging from \$10.46 to \$99.55 per year. A typical bundled Rate 01 direct purchase customer will see a net bill increase ranging from \$4.28 to \$4.40 per year.

Including bill impacts related to Union's EB-2016-0245 and EB-2016-0296 applications, a typical sales service Rate M1 residential customer consuming 2,200 m<sup>3</sup> per year will see a net bill increase of \$121.92 per year. A typical bundled Rate M1 direct purchase customer will see a bill increase of \$86.24. A typical Rate 01 residential customer consuming 2,200 m<sup>3</sup> per year will see a net bill increase ranging from \$55.85 to \$162.52 per year. A typical bundled Rate 01 direct purchase customer will see a net bill increase of \$28.24 to \$95.99 per year.

This application is supported by the following evidence:

Tab 1 - Evidence of Ms. Mary Evers

Tab 2 - Evidence of Ms. Amy Mikhaila and Ms. Robin Stevenson

Union requests the Board's Decision on this application by Thursday, December 22, 2016. This is consistent with the current approved QRAM process timeline.

This application is being served on all intervenors in the EB-2016-0245 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 519-436-5334.

Yours truly,

*[Original signed by]*

Vanessa Innis  
Manager, Regulatory Applications

cc: EB-2016-0245/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 January 1, 2017;

**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, 2017 under Board Docket Numbers EB-2016-0296 and EB-2016-0245. The rates were approved in the Board’s EB-2016-0296 interim Rate Order dated November 25, 2016 and the Board’s EB-2016-0245 Rate Order approved in Union’s 2017 Rates application dated December 8, 2016.

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 January 1, 2017 as follows:

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

	Current (Approved in EB-2016-0247)	Proposed (Effective January 1, 2017)
Alberta Border Reference Price <sup>1</sup>	2.812 \$/GJ 10.9134 cents/m <sup>3</sup>	2.984 \$/GJ 11.5809 cents/m <sup>3</sup>
Ontario Landed Reference Price <sup>2</sup>	4.881 \$/GJ 18.9432 cents/m <sup>3</sup>	-
South Portfolio Cost Differential (“SPCD”) <sup>3</sup>	0.792 \$/GJ 3.0738 cents/m <sup>3</sup>	-
Dawn Reference Price <sup>4</sup>	-	4.151 \$/GJ 16.1100 cents/m <sup>3</sup>

Notes:

- <sup>1</sup> *The Alberta Border Reference Price represents the North Purchase Gas Variance Account (“NPGVA”) (Deferral Account No. 179-105) reference price, the Union North West Purchase Gas Variance Account (Deferral Account No. 179-147) reference price, the Transportation 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 Union North West Zone.*
- <sup>2</sup> *Prior to January 1, 2017, the Ontario Landed Reference Price represented 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.*
- <sup>3</sup> *Prior to January 1, 2017, the SPCD was 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.*
- <sup>4</sup> *Effective January 1, 2017, the Dawn Reference Price represents the South Purchase Gas Variance Account (“SPGVA”) (Deferral Account No. 179-106) reference price, the Union North East Purchase Gas Variance Account (Deferral Account No. 179-148) reference price, the Spot Gas Variance Account (Deferral Account No. 179-107) reference price for incremental gas purchased in the Southern Operations Area or the Union North East Zone.*

(b) an Order to reflect the inventory revaluation adjustment resulting from changes in gas costs as of January 1, 2017;

- (c) an Order reflecting the prospective disposition of the projected balance for the twelve month period ending December 31, 2017 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;
- (e) an Order reflecting adjustments to Union North storage and transportation rates to account for changes in upstream costs; and,
- (f) 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-2016-0245 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. Wednesday, December 14, 2016.
- 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. Friday, December 16, 2016.
- The Board issues its Decision and Order by Thursday, December 22, 2016 for implementation effective January 1, 2017.

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: Vanessa Innis  
Manager, Regulatory Applications  
Telephone: (519) 436-5334  
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 December 9, 2016.

UNION GAS LIMITED

*[original signed by]*

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Vanessa Innis  
Manager, Regulatory Applications

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**PREFILED EVIDENCE OF**  
**MARY EVERS, MANAGER, GAS SUPPLY**

**INTRODUCTION AND OVERVIEW**

The purpose of this evidence is to set deferral account reference prices to reflect Union’s gas cost forecast for the 12-month period commencing January 1, 2017 pursuant to the Quarterly Rate Adjustment Mechanism (“QRAM”) as approved by the Board.

The forecast gas costs reflected in the January 2017 QRAM for Union North and Union South reflect the Gas Supply Plan as approved by the Board in the 2013 Cost of Service Proceeding (EB-2011-0210) updated to reflect:

1. the gas supply transportation portfolio, reference price changes and associated rates as approved by the Board in the Dawn Reference Price Proceeding (EB-2015-0181); and,
2. the changes in the Gas Supply Plan as described in Union’s 2016/17 Gas Supply Memorandum filed in the 2017 Rates Proceeding (EB-2016-0245, Exhibit A, Tab 3).

The effective date of the transportation portfolio changes in the QRAM evidence as described in the Dawn Reference Price proceeding (EB-2015-0181), as well as the January 1, 2016 QRAM (EB-2015-0340), is December 1, 2016. Union’s contracted transportation capacity associated with TransCanada’s King’s North facilities was in-service November 18, 2016. TransCanada has also indicated that the Maple Compressor Upgrade will be implemented early to mid-



1 December. Any variances realized on an actual basis will be captured in the gas cost deferral  
2 accounts.

3

4 The forecast cost of the gas supply portfolio for January 1, 2017 to December 31, 2017, relative  
5 to the costs that will be reflected in rates as of January 1, 2017, has been included in the gas cost  
6 deferral accounts in Tab 1, Schedule 2.

7

8 As indicated in the Dawn Reference Price (EB-2015-0181) Settlement Proposal approved on  
9 January 7, 2016, Union's changes to the reference price and changes to Union North  
10 transportation, storage and commodity rates to reflect the gas supply portfolio changes and  
11 modifications to the applicable rate schedules would be implemented in January 1, 2017.

12

13 Changes to Union North East and Union North West transportation and storage rates were filed  
14 as part of Union's 2017 Rates proceeding (EB-2016-0245) for implementation as of January 1,  
15 2017. Variances for actual transportation costs compared to the costs included in rates will be  
16 captured in the respective Union North West and Union North East Transportation Tolls and  
17 Fuel Deferral Accounts and disposed of to sales service and bundled direct purchase ("DP")  
18 customers in the respective zones quarterly.

19

20 The changes to the reference price and commodity rates to reflect an Alberta Border Reference  
21 Price for Union North West and a Dawn Reference Price for Union North East and Union South  
22 are being filed as part of this QRAM.

1 The changes in Union’s transportation portfolio and the impacts on the reference price, rates, and  
2 deferrals are described in more detail below.

3

#### 4 Reference Price for Union North

5 Previously, Union’s gas supply reference price represented an average cost for gas at Empress  
6 (the Alberta Border Reference Price) for the next 12 months. Union determined this price by  
7 applying a forward Empress basis differential to the future 12-month NYMEX market prices,  
8 applying a foreign exchange rate and weighting these monthly prices by the volume Union plans  
9 to buy in each of the 12 months. The result is an average cost per gigajoule (“GJ”) in Canadian  
10 dollars that represented the forward market price at Empress. This reference price was used for  
11 Union North customers to set gas supply commodity rates and as a benchmark for the Union  
12 North Purchase Gas Variance Account (“PGVA”). Union will continue to use the Alberta  
13 Border Reference Price to calculate variances in the Union North PGVA until actuals up to and  
14 including December 31, 2016 are recorded as shown at Tab 1, Schedule 2, p. 2.

15

16 As approved in EB-2015-0181, Union will continue to use the Alberta Border Reference Price to  
17 set commodity rates for Union North West. Customers in the Union North West Zone will  
18 continue to be served using Empress-sourced supply. Using the Alberta Border Reference Price  
19 to set commodity rates for sales service customers continues to be an accurate reflection of the  
20 anticipated cost of gas for Union North West. The Alberta Border Reference Price will be set  
21 using the existing methodology as is currently used in the QRAM process. The calculation of

1 the Alberta Border Reference Price is provided at Tab 1, Schedule 1, lines 3-7.

2

3 Effective with the implementation of TransCanada facilities noted above, Union will convert  
4 TransCanada long-haul transportation contracts to short-haul transportation contracts, thereby  
5 allowing access to Dawn for the Union North East Zone. As a result, supply will predominantly  
6 be sourced from Dawn for the Union North East Zone and the Dawn Reference Price is used to  
7 set commodity rates for customers in Union North East. Union will use the same methodology  
8 to set the Dawn Reference Price as is used today to set the Alberta Border Reference Price. The  
9 calculation of the Dawn Reference Price is provided at Tab 1, Schedule 1, lines 8-12.

10

11 A portion of supply for the Union North East Zone will continue to be purchased at Empress.  
12 The cost of the Empress supply is less than the Dawn Reference Price resulting in a forecast  
13 credit variance. Variances between the forecast cost of the Union North East gas supply  
14 requirements and the Dawn Reference Price for the January 1, 2017 to December 31, 2017  
15 period are shown at Tab 1, Schedule 2, p. 4, and will be managed as a prospective rate  
16 adjustment.

17

18 As approved by the Board in EB-2015-0181, Union established Union North West and Union  
19 North East Transportation Tolls and Fuel Deferral Accounts, as well as PGVA for each Zone.  
20 The forecast variance for transportation tolls and fuel, as well as commodity costs will be  
21 calculated and disposed of to the respective Union North West and Union North East Zones  
22 starting January 1, 2017. The forecast deferral account balances are provided at Tab 1, Schedule

1 2, p. 3 for Union North West PGVA, p. 4 for Union North East PGVA and p. 6 for  
2 Transportation tolls and fuel for Union North West and Union North East.

3

4 Reference Price for Union South

5 Previously, commodity and transportation rates for Union South customers were set based on the  
6 Ontario Landed Reference Price. The Ontario Landed Reference Price was based on the Alberta  
7 Border Reference Price (Empress supply) plus TransCanada Empress to Union Central Delivery  
8 Area (“CDA”) transportation tolls and fuel. This reference price was used for Union South  
9 customers to set gas supply commodity and transportation rates, value gas in inventory, as a  
10 benchmark for gas cost deferrals in the Union South PGVA, and to value gas cost components  
11 included in delivery rates.

12

13 The projected cost of the Union South portfolio, relative to the cost of serving Union South sales  
14 service customers based on the Ontario Landed Reference Price, resulted in a significant credit in  
15 the Union South PGVA. Previously, Union managed this variance by reducing the  
16 transportation rate by the South Portfolio Cost Differential (“SPCD”). This calculation ensured  
17 that Union South sales service transportation rates were appropriately set at a level equal to the  
18 projected average cost of the Union South portfolio for the 12-month forecast period.

19

20 As a result of Union sourcing less gas supply from Alberta for Union South and more gas supply  
21 from Dawn or upstream of Dawn, a Dawn Reference Price is a more appropriate market price  
22 indicator for Union South customers. The use of a Dawn Reference Price will minimize or

1 eliminate the difference between the cost of the Union South portfolio and the cost of serving  
2 Union South sales service customers using a Dawn Reference Price, thereby eliminating the need  
3 for the SPCD. Forecast variances between the cost of the Union South portfolio and the Dawn  
4 Reference Price, if any, will be managed as a prospective rate adjustment. Forecast variances  
5 between the forecast cost of the Union South portfolio and the Dawn Reference Price for the  
6 January 1, 2017 to December 31, 2017 period are shown at Tab 1, Schedule 2, p. 7, and will be  
7 managed as a prospective rate adjustment.

8

9 Since the Dawn Reference Price reflects a landed commodity cost at Dawn, the Dawn Reference  
10 Price will be used to set the Union South commodity rate. The transportation rate for Union  
11 South will, therefore, be zero. Union proposed to keep the transportation rate of zero rather than  
12 eliminate it altogether to preserve flexibility in the event of future portfolio changes that may  
13 create a need for a Union South transportation rate. As a result, Union South no longer has a  
14 transportation rate to apply the gas supply optimization margin credit. The optimization margin  
15 credit, as approved in the 2013 Cost of Service (EB-2011-0210) Decision and Rate Order, will  
16 be reflected as a reduction to the commodity rate as described in Tab 2 and shown at Tab 2,  
17 Schedule 1.

1 Upstream Transportation Compressor Fuel Costs

2 As part of the previous QRAM process, Union set rates to recover costs for upstream  
3 transportation compressor fuel required to transport gas to the delivery area where the gas was  
4 consumed. The forecast cost of upstream transportation compressor fuel was included in the  
5 commodity rate for Union North and Union South sales service customers.

6  
7 Union North bundled DP customers provided incremental gas over and above their Daily  
8 Contracted Quantity (“DCQ”) at Empress for compressor fuel requirements on TransCanada to  
9 move gas from Empress to the delivery area.

10  
11 Union South bundled DP customers manage all transportation and associated compressor fuel  
12 costs themselves. Union does not collect transportation fuel for these customers – they provide  
13 fuel to the pipelines they ship on directly.

14  
15 In EB-2015-0181, the Board approved Union’s proposal to change how compressor fuel costs  
16 are forecast and recovered from Union South sales service customers and Union North sales  
17 service and bundled DP customers as a result of the changes in Union’s gas supply portfolio.

18  
19 For Union South, the Dawn Reference Price reflects the landed cost of gas at Dawn. Therefore,  
20 Union no longer requires an incremental amount to be included in the commodity rate for  
21 upstream transportation compressor fuel. The actual cost of supply purchased at Dawn or  
22 arriving at Dawn (gas supply, fuel and transportation) will be compared to the Dawn Reference

1 Price. Any variances will be captured in the Union South PGVA and disposed of to Union South  
2 sales service customers.

3

4 Union North bundled DP customers will no longer be required to provide fuel in kind at Empress  
5 or Dawn. Union will forecast the upstream transportation compressor fuel requirements in the  
6 Gas Supply Plan for both Union North sales service and bundled DP customers. The Gas Supply  
7 Plan will contemplate monthly upstream transportation compressor fuel requirements from  
8 Empress to the respective delivery areas and from Parkway to the respective delivery areas based  
9 on forecast demand each month. The cost of the upstream transportation compressor fuel  
10 requirements will be updated each quarter by applying the forecast reference price as determined  
11 through the QRAM process to the forecast compressor fuel volumes. Variances from the cost of  
12 compressor fuel in rates each month compared to the actual cost of compressor fuel incurred  
13 each month will be captured in the respective Union North West and Union North East  
14 Transportation Tolls and Fuel Deferral Accounts and disposed of to sales service and bundled  
15 DP customers quarterly.

16

17 **1. CURRENT GAS MARKET OUTLOOK**

18 The NYMEX strip has increased by \$0.039 (US\$/mmbtu) or approximately 1% since the Board-  
19 approved October 1, 2016 QRAM filing (EB-2015-0247). The foreign exchange has  
20 strengthened (Canadian dollar weakening) from \$1.297 to \$1.341 over the same period.

1 The Empress basis has changed from negative \$0.781 (US\$/mmbtu) to negative \$0.818  
2 (US\$/mmbtu) and the Dawn basis is positive \$0.181. The calculation of the Alberta Border  
3 Reference Price and the Dawn Reference Price is shown at Tab 1, Schedule 1.  
4

5 **2. PRICING**

6 **2.1 Alberta Border Reference Price**

7 The approved method for calculating the Alberta Border Reference Price uses the 21-day  
8 average of the twelve month NYMEX strip. The NYMEX strip used in this application is for  
9 January 2017 to December 2017. The one-year NYMEX strip is converted to an Alberta Border  
10 Reference Price by taking into account the Empress-NYMEX basis and the foreign exchange  
11 rate for the January 2017 to December 2017 period (please see Tab 1, Schedule 1 for the details  
12 of this calculation).  
13

14 Based on the approved method, the Alberta Border Reference Price for the period January 1,  
15 2017 to December 31, 2017, is \$2.984/GJ. This represents an increase of \$0.172/GJ from the  
16 Alberta Border Reference Price of \$2.812/GJ last approved by the Board in EB-2016-0247.  
17

18 The Alberta Border Reference Price will be the reference price for the North West PGVA  
19 (Account No. 179-147). It will also be the reference price for the Spot Gas Variance Account  
20 (Account No. 179-107) for incremental purchases made at Empress.



1 2.2 Dawn Reference Price

2 The approved method for calculating the Dawn Reference Price also uses the 21-day average of  
3 the twelve month NYMEX strip. The NYMEX strip used in this application is for January 2017  
4 to December 2017. The one-year NYMEX strip is converted to a Dawn Reference Price by  
5 taking into account the Dawn-NYMEX basis and the foreign exchange rate for the January 2017  
6 to December 2017 period (please see Tab 1, Schedule 1 for the details of this calculation).

7  
8 Based on the approved method, the Dawn Reference Price for the period January 1, 2017 to  
9 December 31, 2017, is \$4.151/GJ. For comparison purposes, the average Dawn Price for the  
10 last four QRAM periods is provided below.

<b>QRAM Period</b>	<b>Price (\$/GJ)</b>
January, 2016	\$ 3.430
April, 2016	\$ 3.146
July, 2016	\$ 3.511
October, 2016	\$ 3.935

11  
12 The Dawn Reference Price will be the reference price for the North East PGVA (Account No.  
13 179-148). The Dawn Reference Price will also be the reference price for the Union South PGVA  
14 (Account No. 179-106), and the Spot Gas Variance Account (Account No. 179-107), for  
15 incremental purchases made at Dawn.

16  
17 2.3 South Portfolio Cost Differential (“SPCD”)

18 Previously, the SPCD was determined by comparing the projected cost of serving Union South  
19 sales service customers, based on Union’s South Portfolio, to the cost of serving Union South

1 sales service customers based on the Ontario Landed Reference Price. This difference was  
2 divided by forecast Union South sales service demand to derive the SPCD. The transportation  
3 rate for Union south was reduced by the SPCD to ensure that Union South sales service rates  
4 were appropriately set at a level equal to the projected average cost of the Union South portfolio  
5 for the 12-month forecast period.

6

7 As indicated above, the use of a Dawn Reference Price will minimize or eliminate the difference  
8 between the cost of the Union South portfolio and the cost of serving Union South sales service  
9 customers using an Ontario Landed Reference Price, thereby eliminating the need for the SPCD.  
10 Forecast variances between the cost of the Union South portfolio and the Dawn Reference Price,  
11 if any, will be managed as a prospective rate adjustment. Variances between the forecast cost of  
12 the Union South portfolio and the Dawn Reference Price for the January 1, 2017 to December  
13 31, 2017 period are shown at Tab 1, Schedule 2, p. 7, and will be managed as a prospective rate  
14 adjustment.

15

16 Previously, the preliminary Union South transportation sales rate was further reduced by  
17 \$0.074/GJ<sup>1</sup> to reflect the gas supply optimization margin credit in rates as determined in the EB-  
18 2011-0210 Decision and Rate Order. As Union South no longer has a transportation rate, the  
19 optimization margin credit is reflected as a reduction to the commodity rate as described in Tab 2  
20 and shown at Tab 2, Schedule 1.

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<sup>1</sup> EB-2011-0210, Rate Order, Working Papers, Schedule 44, p. 1, Column (g), Lines 7-12, conversion to GJ based on 38.29 GJ/10<sup>3</sup>m<sup>3</sup>.

1 **3. DEFERRAL ACCOUNT ADJUSTMENTS**

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

6 **4. PROSPECTIVE RECOVERY OF DEFERRAL ACCOUNT BALANCES**

7 The deferral account balances as of January 1, 2017, are based on the actual and forecast gas  
8 costs for the period January 1, 2016 to December 31, 2016 as compared to the reference prices  
9 approved each quarter in Union's QRAM. In addition, the prospective recovery of deferral  
10 account balances will include forecast variance for the period January 1, 2017 to December 31,  
11 2017.  
12

13 Deferral account balances are provided in the following schedules attached to this evidence:

- 14 • Union North PGVA Account (Account No. 179-105) as identified in Schedule 2, p.  
15 2. Note: this account will remain in place until all balances, up to and including  
16 December 31, 2016, have been recorded and disposed of during the transition to the  
17 new Union North East PGVA and Union North West PGVA;
- 18 • Union North West PGVA Account (Account No. 179-147) as identified in  
19 Schedule 2, p. 3;

- 1           • Union North East PGVA Account (Account No. 179-148) as identified in Schedule  
2           2, p. 4;
- 3           • North Tolls and Fuel Account (Account No. 179-100) as identified in Schedule 2,  
4           p. 5. Note: this account will remain in place until all balances, up to and including  
5           December 31, 2016, have been recorded and disposed of during the transition to the  
6           new Union North East and Union North West Transportation Tolls and Fuel  
7           Deferral Accounts;
- 8           • Union North West Transportation and Fuel Account (Account No. 179-145) as  
9           identified in Schedule 2, p. 6;
- 10          • Union North East Transportation and Fuel Account (Account No. 179-146) as  
11          identified in Schedule 2, p. 6;
- 12          • Union South PGVA Account (Account No. 179-106) as identified in Schedule 2, p.  
13          7;
- 14          • Inventory Revaluation Account (Account No. 179-109) as identified in Schedule 2,  
15          p. 8; and,
- 16          • Spot Gas Variance Account (Account No. 179-107) as identified in Schedule 2, p.  
17          9.

1 **5. UNABSORBED DEMAND COST (“UDC”) ACCOUNT**

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

UNION GAS LIMITED  
Calculation of Alberta Border and Dawn Reference Prices  
For the 12 month period ending December 31, 2017

Line No.	Particulars	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Total or Average
	Days	31	28	31	30	31	30	31	31	30	31	30	31	365
1	NYMEX 21 Day Average (US\$/MMBtu) (1)	3.046	3.078	3.069	3.008	3.014	3.049	3.082	3.083	3.068	3.086	3.131	3.274	3.082
2	Foreign Exchange	1.344	1.343	1.343	1.342	1.342	1.342	1.341	1.341	1.340	1.340	1.339	1.339	1.341
<b>Calculation of Alberta Border Reference Price</b>														
3	Empress Basis (US\$/MMBtu)	(0.772)	(0.797)	(0.808)	(0.826)	(0.841)	(0.867)	(0.887)	(0.885)	(0.833)	(0.801)	(0.741)	(0.755)	(0.818)
4	Alberta Border (Cdn\$/GJ)	2.896	2.904	2.878	2.776	2.763	2.774	2.790	2.793	2.839	2.901	3.034	3.195	2.879
5	Forecast Purchase Volume - Union North West (PJ's)	1.93	1.75	1.93	-	-	-	-	-	-	-	1.92	1.99	9.52
6	Cost at Market Price (\$000's) (line 4 * line 5)	5,590	5,068	5,561	-	-	-	-	-	-	-	5,835	6,344	28,396
7	Alberta Border Reference Price (Cdn\$/GJ) (line 6 / line 5) (2)	2.896	2.904	2.878	-	-	-	-	-	-	-	3.034	3.195	<u>2.984</u>
<b>Calculation of Dawn Reference Price</b>														
8	Dawn Basis (US\$/MMBtu)	0.395	0.455	0.458	0.201	0.134	0.029	(0.007)	(0.009)	0.004	0.009	0.238	0.259	0.181
9	Dawn (Cdn\$/GJ)	4.382	4.499	4.488	4.083	4.003	3.913	3.909	3.906	3.902	3.930	4.275	4.482	4.148
10	Forecast Purchase Volume - Union South and Union North East (PJ's)	14.97	13.52	14.97	13.79	14.25	13.79	14.25	14.25	13.79	14.24	14.39	14.87	171.07
11	Cost at Market Price (\$000's) (line 9 * line 10)	65,582	60,825	67,187	56,298	57,039	53,957	55,687	55,652	53,807	55,979	61,540	66,653	710,205
12	Dawn Reference Price (Cdn\$/GJ) (line 11 / line 10) (3)	4.382	4.499	4.488	4.083	4.003	3.913	3.909	3.906	3.902	3.930	4.275	4.482	<u>4.151</u>

**Notes:**

(1) 21 Day Strip dates used: November 2 - December 1, 2016.

(2) Alberta Border Price = ((NYMEX 21 Day Average (line 1) + Empress Basis (line 3)) \* (Foreign Exchange Rate (line 2)) / MMBtu to GJ Conversion Rate (4)).

(3) Dawn Price = ((NYMEX 21-day Average (line 1) + Dawn Basis (line 8)) \* (Foreign Exchange Rate (line 2)) / MMBtu to GJ Conversion Rate (4)).

(4) MMBtu to GJ Conversion Rate: 1.055056 GJ / MMBtu.

**UNION GAS LIMITED**  
**Summary of Gas Supply Deferral Accounts**

Line No.	Particulars								Joint Account		Joint Account		Total (\$000's) (k)=sum of (a) to (j)
		North PGVA (179-105) (\$000's) (1) (a)	Union North West PGVA (179-147) (\$000's) (2) (b)	Union North East PGVA (179-148) (\$000's) (3) (c)	North Tolls & Fuel (179-100) (\$000's) (4) (d)	Union North West Tolls & Fuel (179-145) (\$000's) (5) (e)	Union North East Tolls & Fuel (179-146) (\$000's) (5) (f)	South PGVA (179-106) (\$000's) (6) (g)	Inventory Revaluation (179-109) (\$000's) (7) (h)	Load Balancing & Spot Gas Purchases (179-107) (\$000's) (8) (i)	Unabsorbed Demand Costs (179-108) (\$000's) (9) (j)		
1	January, 2016	\$ (1,187)	\$ -	\$ -	\$ 295	\$ -	\$ -	\$ 2,943	\$ 25,037	\$ (2)	\$ 359	\$ 27,446	
2	February	\$ (1,106)	\$ -	\$ -	\$ 915	\$ -	\$ -	\$ 561	\$ 21	\$ (1)	\$ 305	\$ 695	
3	March	\$ (3,689)	\$ -	\$ -	\$ 800	\$ -	\$ -	\$ (8,641)	\$ 21	\$ (2)	\$ 789	\$ (10,723)	
4	April, 2016	\$ (3,197)	\$ -	\$ -	\$ 475	\$ -	\$ -	\$ (590)	\$ 8,112	\$ (1)	\$ 873	\$ 5,672	
5	May	\$ (3,214)	\$ -	\$ -	\$ 443	\$ -	\$ -	\$ (1,450)	\$ 21	\$ (0)	\$ 910	\$ (3,291)	
6	June	\$ (2,351)	\$ -	\$ -	\$ 613	\$ -	\$ -	\$ (6,740)	\$ 19	\$ (0)	\$ 828	\$ (7,631)	
7	July, 2016	\$ (934)	\$ -	\$ -	\$ 451	\$ -	\$ -	\$ 1,646	\$ (4,357)	\$ (0)	\$ 721	\$ (2,473)	
8	August	\$ (273)	\$ -	\$ -	\$ 188	\$ -	\$ -	\$ 254	\$ 14	\$ (0)	\$ 1,225	\$ 1,408	
9	September	\$ (39)	\$ -	\$ -	\$ 993	\$ -	\$ -	\$ 851	\$ 13	\$ (0)	\$ 1,465	\$ 3,282	
10	October, 2016	\$ (174)	\$ -	\$ -	\$ 94	\$ -	\$ -	\$ 3,297	\$ (20,642)	\$ (0)	\$ 1,104	\$ (16,321)	
11	November	\$ (3,030)	\$ -	\$ -	\$ 41	\$ -	\$ -	\$ (3,881)	\$ 13	\$ (0)	\$ -	\$ (6,857)	
12	December	\$ 4,184	\$ -	\$ -	\$ (3,176)	\$ -	\$ -	\$ 5,978	\$ 13	\$ (0)	\$ -	\$ 6,999	
13	Total (Lines 1 to 12)	\$ (15,009)	\$ -	\$ -	\$ 2,132	\$ -	\$ -	\$ (5,771)	\$ 8,284	\$ (9)	\$ 8,578	\$ (1,804)	
<b>Current QRAM Period</b>													
14	January, 2017	\$ -	\$ (171)	\$ 145	\$ -	\$ (21)	\$ 4	\$ 3,612	\$ 36,379	\$ -	\$ -	\$ 39,949	
15	February	\$ -	\$ (140)	\$ 302	\$ -	\$ (17)	\$ (0)	\$ 4,010	\$ -	\$ -	\$ -	\$ 4,155	
16	March	\$ -	\$ (205)	\$ (70)	\$ -	\$ (18)	\$ 15	\$ 2,784	\$ -	\$ -	\$ -	\$ 2,506	
17	April, 2017	\$ -	\$ -	\$ (222)	\$ -	\$ (8)	\$ (21)	\$ 414	\$ -	\$ -	\$ -	\$ 163	
18	May	\$ -	\$ -	\$ (485)	\$ -	\$ (1)	\$ (25)	\$ (480)	\$ (1)	\$ -	\$ -	\$ (991)	
19	June	\$ -	\$ -	\$ (547)	\$ -	\$ (0)	\$ (24)	\$ (723)	\$ -	\$ -	\$ -	\$ (1,294)	
20	July, 2017	\$ -	\$ -	\$ (420)	\$ -	\$ 0	\$ (22)	\$ (270)	\$ -	\$ -	\$ -	\$ (712)	
21	August	\$ -	\$ -	\$ (464)	\$ -	\$ 0	\$ (23)	\$ (360)	\$ -	\$ -	\$ -	\$ (847)	
22	September	\$ -	\$ -	\$ (464)	\$ -	\$ 0	\$ (22)	\$ (464)	\$ -	\$ -	\$ -	\$ (950)	
23	October, 2017	\$ -	\$ -	\$ (297)	\$ -	\$ (3)	\$ (21)	\$ 158	\$ -	\$ -	\$ -	\$ (162)	
24	November	\$ -	\$ 96	\$ (1,005)	\$ -	\$ (6)	\$ (14)	\$ 773	\$ -	\$ -	\$ -	\$ (156)	
25	December	\$ -	\$ 419	\$ (223)	\$ -	\$ (9)	\$ (5)	\$ 3,099	\$ -	\$ -	\$ -	\$ 3,281	
26	Total (Lines 14 to 25)	\$ -	\$ (0)	\$ (3,751)	\$ -	\$ (82)	\$ (157)	\$ 12,553	\$ 36,379	\$ -	\$ -	\$ 44,943	

\* Reflects actual information.

Notes:

- (1) See page 2. This account will remain in place until all balances have been recorded and disposed of during the transition to the new Union North East PGVA and Union North West PGVA.
- (2) See page 3.
- (3) See page 4. This account will remain in place until all balances have been recorded and disposed of during the transition to the new Union North East and Union North West Transportation and Fuel Deferral Accounts.
- (4) See page 5.
- (5) See page 5.
- (6) See page 6.
- (7) See page 7.
- (8) See page 8.
- (9) 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)	Alberta Border 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	January, 2016 *	\$ 10,030	4,249,900	\$ 2.360	\$ 2.636	\$ (0.276)	\$ (1,173)	\$ -	\$ (1,173)	\$ (14)	\$ (1,187)
2	February *	\$ 9,384	3,974,896	\$ 2.361	\$ 2.636	\$ (0.275)	\$ (1,094)	\$ -	\$ (1,094)	\$ (11)	\$ (1,106)
3	March *	\$ 6,716	3,939,985	\$ 1.705	\$ 2.636	\$ (0.931)	\$ (3,670)	\$ -	\$ (3,670)	\$ (19)	\$ (3,689)
4	April, 2016 *	\$ 4,309	3,215,336	\$ 1.340	\$ 2.330	\$ (0.990)	\$ (3,183)	\$ -	\$ (3,183)	\$ (14)	\$ (3,197)
5	May *	\$ 3,112	2,708,007	\$ 1.149	\$ 2.330	\$ (1.181)	\$ (3,198)	\$ -	\$ (3,198)	\$ (16)	\$ (3,214)
6	June *	\$ 3,464	2,487,907	\$ 1.392	\$ 2.330	\$ (0.938)	\$ (2,333)	\$ -	\$ (2,333)	\$ (18)	\$ (2,351)
7	July, 2016 *	\$ 5,429	2,567,987	\$ 2.114	\$ 2.470	\$ (0.356)	\$ (914)	\$ -	\$ (914)	\$ (20)	\$ (934)
8	August *	\$ 6,217	2,618,892	\$ 2.374	\$ 2.470	\$ (0.096)	\$ (252)	\$ -	\$ (252)	\$ (21)	\$ (273)
9	September *	\$ 5,474	2,224,372	\$ 2.461	\$ 2.470	\$ (0.009)	\$ (20)	\$ -	\$ (20)	\$ (20)	\$ (39)
10	October, 2016	\$ 9,891	3,572,062	\$ 2.769	\$ 2.812	\$ (0.043)	\$ (154)	\$ -	\$ (154)	\$ (20)	\$ (174)
11	November	\$ 10,376	4,760,251	\$ 2.180	\$ 2.812	\$ (0.632)	\$ (3,010)	\$ -	\$ (3,010)	\$ (20)	\$ (3,030)
12	December	\$ 18,029	4,916,353	\$ 3.667	\$ 2.812	\$ 0.855	\$ 4,204	\$ -	\$ 4,204	\$ (20)	\$ 4,184
13	Total (Lines 1 to 12)	\$ 92,430	41,235,947				\$ (14,796)	\$ -	\$ (14,796)	(213)	\$ (15,009)
<b>Current QRAM Period</b>											
14	January, 2017	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15	February	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
16	March	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
17	April, 2017	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
18	May	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
19	June	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
20	July, 2017	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
21	August	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
22	September	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
23	October, 2017	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
24	November	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
25	December	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
26	Total (Lines 14 to 25)	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

\* Reflects actual information.

**Notes:**

- (1) The reference price from January 2016 to March 2016 is as approved in EB-2015-0340.  
 The reference price from April 2016 to June 2016 is as approved in EB-2016-0040.  
 The reference price from July 2016 to September 2016 is as approved in EB-2016-0181.  
 The reference price from October 2016 to December 2016 is as approved in EB-2016-0247.  
 The reference price from January 2017 to December 2017 is as proposed in EB-2016-0334.
- (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 West Purchased Gas Variance Account**  
**(Deferral Account 179-147)**

Line No.	Particulars	Purchase Cost (\$000's)	Volume (GJ)	Weighted Avg. Price (\$/GJ)	Alberta Border 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	January, 2016	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	February	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3	March	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4	April, 2016	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5	May	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6	June	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7	July, 2016	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8	August	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
9	September	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10	October, 2016	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11	November	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12	December	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13	Total (Lines 1 to 12)	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>Current QRAM Period</u>											
14	January, 2017	\$ 5,590	1,930,363	\$ 2.896	\$ 2.984	\$ (0.088)	\$ (171)	\$ -	\$ (171)	\$ -	\$ (171)
15	February	\$ 5,068	1,745,140	\$ 2.904	\$ 2.984	\$ (0.080)	\$ (140)	\$ -	\$ (140)	\$ -	\$ (140)
16	March	\$ 5,561	1,932,153	\$ 2.878	\$ 2.984	\$ (0.106)	\$ (205)	\$ -	\$ (205)	\$ -	\$ (205)
17	April, 2017	\$ -	-	\$ -	\$ 2.984	\$ (2.984)	\$ -	\$ -	\$ -	\$ -	\$ -
18	May	\$ -	-	\$ -	\$ 2.984	\$ (2.984)	\$ -	\$ -	\$ -	\$ -	\$ -
19	June	\$ -	-	\$ -	\$ 2.984	\$ (2.984)	\$ -	\$ -	\$ -	\$ -	\$ -
20	July, 2017	\$ -	-	\$ -	\$ 2.984	\$ (2.984)	\$ -	\$ -	\$ -	\$ -	\$ -
21	August	\$ -	-	\$ -	\$ 2.984	\$ (2.984)	\$ -	\$ -	\$ -	\$ -	\$ -
22	September	\$ -	-	\$ -	\$ 2.984	\$ (2.984)	\$ -	\$ -	\$ -	\$ -	\$ -
23	October, 2017	\$ -	-	\$ -	\$ 2.984	\$ (2.984)	\$ -	\$ -	\$ -	\$ -	\$ -
24	November	\$ 5,835	1,923,196	\$ 3.034	\$ 2.984	\$ 0.050	\$ 96	\$ -	\$ 96	\$ -	\$ 96
25	December	\$ 6,344	1,985,338	\$ 3.195	\$ 2.984	\$ 0.211	\$ 419	\$ -	\$ 419	\$ -	\$ 419
26	Total (Lines 14 to 25)	\$ 28,396	9,516,190				\$ (0)	\$ -	\$ (0)	\$ -	\$ (0)

\* Reflects actual information.

Notes:

- (1) The reference price from January 2016 to March 2016 is as approved in EB-2015-0340.  
The reference price from April 2016 to June 2016 is as approved in EB-2016-0040.  
The reference price from July 2016 to September 2016 is as approved in EB-2016-0181.  
The reference price from October 2016 to December 2016 is as approved in EB-2016-0247.  
The reference price from January 2017 to December 2017 is as proposed in EB-2016-0334.
- (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 East Purchased Gas Variance Account**  
**(Deferral Account 179-148)**

Line No.	Particulars	Purchase Cost (\$000's)	Volume (GJ)	Weighted Avg. Price (\$/GJ)	Dawn 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	January, 2016	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	February	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3	March	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4	April, 2016	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5	May	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6	June	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7	July, 2016	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8	August	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
9	September	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10	October, 2016	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11	November	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12	December	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13	Total (Lines 1 to 12)	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Current QRAM Period</b>											
14	January, 2017	\$ 12,541	2,986,036	\$ 4.200	\$ 4.152	\$ 0.049	\$ 145	\$ -	\$ 145	\$ -	\$ 145
15	February	\$ 11,509	2,699,518	\$ 4.263	\$ 4.152	\$ 0.112	\$ 302	\$ -	\$ 302	\$ -	\$ 302
16	March	\$ 12,338	2,988,804	\$ 4.128	\$ 4.152	\$ (0.023)	\$ (70)	\$ -	\$ (70)	\$ -	\$ (70)
17	April, 2017	\$ 10,622	2,611,986	\$ 4.067	\$ 4.152	\$ (0.085)	\$ (222)	\$ -	\$ (222)	\$ -	\$ (222)
18	May	\$ 10,721	2,699,165	\$ 3.972	\$ 4.152	\$ (0.180)	\$ (485)	\$ -	\$ (485)	\$ -	\$ (485)
19	June	\$ 10,295	2,611,766	\$ 3.942	\$ 4.152	\$ (0.210)	\$ (547)	\$ -	\$ (547)	\$ -	\$ (547)
20	July, 2017	\$ 10,784	2,698,813	\$ 3.996	\$ 4.152	\$ (0.156)	\$ (420)	\$ -	\$ (420)	\$ -	\$ (420)
21	August	\$ 10,739	2,698,652	\$ 3.979	\$ 4.152	\$ (0.172)	\$ (464)	\$ -	\$ (464)	\$ -	\$ (464)
22	September	\$ 10,377	2,611,436	\$ 3.974	\$ 4.152	\$ (0.178)	\$ (464)	\$ -	\$ (464)	\$ -	\$ (464)
23	October, 2017	\$ 10,894	2,695,667	\$ 4.041	\$ 4.152	\$ (0.110)	\$ (297)	\$ -	\$ (297)	\$ -	\$ (297)
24	November	\$ 11,315	2,967,768	\$ 3.813	\$ 4.152	\$ (0.339)	\$ (1,005)	\$ -	\$ (1,005)	\$ -	\$ (1,005)
25	December	\$ 12,496	3,063,661	\$ 4.079	\$ 4.152	\$ (0.073)	\$ (223)	\$ -	\$ (223)	\$ -	\$ (223)
26	Total (Lines 14 to 25)	\$ 134,632	33,333,272				\$ (3,751)	\$ -	\$ (3,751)	\$ -	\$ (3,751)

\* Reflects actual information.

**Notes:**

- (1) The reference price from January 2016 to March 2016 is as approved in EB-2015-0340.  
The reference price from April 2016 to June 2016 is as approved in EB-2016-0040.  
The reference price from July 2016 to September 2016 is as approved in EB-2016-0181.  
The reference price from October 2016 to December 2016 is as approved in EB-2016-0247.  
The reference price from January 2017 to December 2017 is as proposed in EB-2016-0334.
- (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	January, 2016	\$ 249	\$ (2)	\$ 247	\$ 49	\$ (1)	\$ 48	\$ 295
2	February	\$ 954	\$ (2)	\$ 952	\$ (37)	\$ (1)	\$ (37)	\$ 915
3	March	\$ 941	\$ (1)	\$ 941	\$ (141)	\$ (0)	\$ (141)	\$ 800
4	April, 2016	\$ 667	\$ (0)	\$ 667	\$ (191)	\$ (1)	\$ (192)	\$ 475
5	May	\$ 563	\$ 1	\$ 564	\$ (121)	\$ (1)	\$ (121)	\$ 443
6	June	\$ 688	\$ 2	\$ 690	\$ (76)	\$ (1)	\$ (77)	\$ 613
7	July, 2016	\$ 446	\$ 2	\$ 448	\$ 4	\$ (1)	\$ 3	\$ 451
8	August	\$ 92	\$ 3	\$ 95	\$ 94	\$ (1)	\$ 93	\$ 188
9	September	\$ 879	\$ 3	\$ 882	\$ 112	\$ (1)	\$ 111	\$ 993
10	October, 2016	\$ 399	\$ 4	\$ 404	\$ (309)	\$ (1)	\$ (309)	\$ 94
11	November	\$ 132	\$ 4	\$ 136	\$ (94)	\$ (1)	\$ (95)	\$ 41
12	December	\$ (3,080)	\$ 4	\$ (3,075)	\$ (100)	\$ (1)	\$ (101)	\$ (3,176)
13	Total (Lines 1 to 12)	\$ 2,932	\$ 19	\$ 2,951	\$ (808)	\$ (10)	\$ (818)	\$ 2,132
<u>Current QRAM Period</u>								
14	January, 2017	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15	February	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
16	March	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
17	April, 2017	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
18	May	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
19	June	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
20	July, 2017	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
21	August	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
22	September	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
23	October, 2017	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
24	November	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
25	December	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
26	Total (Lines 14 to 25)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

\* 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  
 Transportation Tolls and Fuel**

Line No.	Particulars	Union North West Operations Area (179-145)			Union North East Operations Area (179-146)		
		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	January, 2016	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	February	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3	March	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4	April, 2016	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5	May	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6	June	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7	July, 2016	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8	August	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
9	September	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10	October, 2016	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11	November	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12	December	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13	Total (Lines 1 to 12)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>Current QRAM Period</u>							
14	January, 2017	\$ (21)	\$ -	\$ (21)	\$ 4	\$ -	\$ 4
15	February	\$ (17)	\$ -	\$ (17)	\$ (0)	\$ -	\$ (0)
16	March	\$ (18)	\$ -	\$ (18)	\$ 15	\$ -	\$ 15
17	April, 2017	\$ (8)	\$ -	\$ (8)	\$ (21)	\$ -	\$ (21)
18	May	\$ (1)	\$ -	\$ (1)	\$ (25)	\$ -	\$ (25)
19	June	\$ (0)	\$ -	\$ (0)	\$ (24)	\$ -	\$ (24)
20	July, 2017	\$ 0	\$ -	\$ 0	\$ (22)	\$ -	\$ (22)
21	August	\$ 0	\$ -	\$ 0	\$ (23)	\$ -	\$ (23)
22	September	\$ 0	\$ -	\$ 0	\$ (22)	\$ -	\$ (22)
23	October, 2017	\$ (3)	\$ -	\$ (3)	\$ (21)	\$ -	\$ (21)
24	November	\$ (6)	\$ -	\$ (6)	\$ (14)	\$ -	\$ (14)
25	December	\$ (9)	\$ -	\$ (9)	\$ (5)	\$ -	\$ (5)
26	Total (Lines 14 to 25)	\$ (82)	\$ -	\$ (82)	\$ (157)	\$ -	\$ (157)

\* 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)	Dawn 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	January, 2016	\$ 43,736	11,176,665	\$ 3.913	\$ 4.691	\$ (0.778)	\$ (8,694)	\$ 11,675	\$ 2,981	\$ -	\$ 2,981	\$ (38)	\$ 2,943
2	February, 2016	\$ 38,681	10,454,898	\$ 3.700	\$ 4.691	\$ (0.991)	\$ (10,363)	\$ 10,936	\$ 574	\$ -	\$ 574	\$ (13)	\$ 561
3	March, 2016	\$ 28,865	10,486,802	\$ 2.752	\$ 4.691	\$ (1.939)	\$ (20,329)	\$ 11,706	\$ (8,623)	\$ -	\$ (8,623)	\$ (18)	\$ (8,641)
4	April, 2016	\$ 17,331	6,115,431	\$ 2.834	\$ 4.379	\$ (1.545)	\$ (9,449)	\$ 8,859	\$ (590)	\$ -	\$ (590)	\$ (0)	\$ (590)
5	May, 2016	\$ 20,752	7,161,674	\$ 2.898	\$ 4.379	\$ (1.481)	\$ (10,609)	\$ 9,155	\$ (1,454)	\$ -	\$ (1,454)	\$ 4	\$ (1,450)
6	June, 2016	\$ 28,885	10,158,483	\$ 2.843	\$ 4.379	\$ (1.536)	\$ (15,599)	\$ 8,859	\$ (6,740)	\$ -	\$ (6,740)	\$ 0	\$ (6,740)
7	July, 2016	\$ 44,045	11,302,790	\$ 3.897	\$ 4.519	\$ (0.622)	\$ (7,032)	\$ 8,689	\$ 1,657	\$ -	\$ 1,657	\$ (10)	\$ 1,646
8	August, 2016	\$ 36,038	9,838,250	\$ 3.663	\$ 4.519	\$ (0.856)	\$ (8,421)	\$ 8,689	\$ 268	\$ -	\$ 268	\$ (14)	\$ 254
9	September, 2016	\$ 44,275	11,465,810	\$ 3.861	\$ 4.519	\$ (0.658)	\$ (7,539)	\$ 8,408	\$ 869	\$ -	\$ 869	\$ (18)	\$ 851
10	October, 2016	\$ 28,972	6,978,750	\$ 4.151	\$ 4.881	\$ (0.730)	\$ (5,091)	\$ 8,410	\$ 3,319	\$ -	\$ 3,319	\$ (22)	\$ 3,297
11	November, 2016	\$ 44,163	11,646,647	\$ 3.792	\$ 4.881	\$ (1.089)	\$ (12,684)	\$ 8,825	\$ (3,859)	\$ -	\$ (3,859)	\$ (22)	\$ (3,881)
12	December, 2016	\$ 52,581	11,406,873	\$ 4.610	\$ 4.881	\$ (0.271)	\$ (3,095)	\$ 9,096	\$ 6,000	\$ -	\$ 6,000	\$ (22)	\$ 5,978
13	Total (Lines 1 to 12)	\$ 428,325	118,193,072				\$ (118,905)	\$ 113,307	\$ (5,598)	\$ -	\$ (5,598)	\$ (174)	\$ (5,771)
<b>Current QRAM Period</b>													
14	January, 2017	\$ 53,350	11,980,590	\$ 4.453	\$ 4.152	\$ 0.302	\$ 3,612	\$ -	\$ 3,612	\$ -	\$ 3,612	\$ -	\$ 3,612
15	February, 2017	\$ 48,934	10,821,177	\$ 4.522	\$ 4.152	\$ 0.371	\$ 4,010	\$ -	\$ 4,010	\$ -	\$ 4,010	\$ -	\$ 4,010
16	March, 2017	\$ 52,521	11,980,590	\$ 4.384	\$ 4.152	\$ 0.232	\$ 2,784	\$ -	\$ 2,784	\$ -	\$ 2,784	\$ -	\$ 2,784
17	April, 2017	\$ 46,813	11,176,339	\$ 4.189	\$ 4.152	\$ 0.037	\$ 414	\$ -	\$ 414	\$ -	\$ 414	\$ -	\$ 414
18	May, 2017	\$ 47,465	11,548,883	\$ 4.110	\$ 4.152	\$ (0.042)	\$ (480)	\$ -	\$ (480)	\$ -	\$ (480)	\$ -	\$ (480)
19	June, 2017	\$ 45,676	11,176,339	\$ 4.087	\$ 4.152	\$ (0.065)	\$ (723)	\$ -	\$ (723)	\$ -	\$ (723)	\$ -	\$ (723)
20	July, 2017	\$ 47,675	11,548,883	\$ 4.128	\$ 4.152	\$ (0.023)	\$ (270)	\$ -	\$ (270)	\$ -	\$ (270)	\$ -	\$ (270)
21	August, 2017	\$ 47,585	11,548,883	\$ 4.120	\$ 4.152	\$ (0.031)	\$ (360)	\$ -	\$ (360)	\$ -	\$ (360)	\$ -	\$ (360)
22	September, 2017	\$ 45,934	11,176,339	\$ 4.110	\$ 4.152	\$ (0.042)	\$ (464)	\$ -	\$ (464)	\$ -	\$ (464)	\$ -	\$ (464)
23	October, 2017	\$ 48,104	11,548,883	\$ 4.165	\$ 4.152	\$ 0.014	\$ 158	\$ -	\$ 158	\$ -	\$ 158	\$ -	\$ 158
24	November, 2017	\$ 48,210	11,426,431	\$ 4.219	\$ 4.152	\$ 0.068	\$ 773	\$ -	\$ 773	\$ -	\$ 773	\$ -	\$ 773
25	December, 2017	\$ 52,117	11,807,312	\$ 4.414	\$ 4.152	\$ 0.262	\$ 3,099	\$ -	\$ 3,099	\$ -	\$ 3,099	\$ -	\$ 3,099
26	Total (Lines 14 to 25)	\$ 584,384	137,740,651				\$ 12,553	\$ -	\$ 12,553	\$ -	\$ 12,553	\$ -	\$ 12,553

\* Reflects actual information.

Notes:

- (1) The reference price from January 2016 to March 2016 is as approved in EB-2015-0340.  
 The reference price from April 2016 to June 2016 is as approved in EB-2016-0040.  
 The reference price from July 2016 to September 2016 is as approved in EB-2016-0181.  
 The reference price from October 2016 to December 2016 is as approved in EB-2016-0247.  
 The reference price from January 2017 to December 2017 is as proposed in EB-2016-0334.
- (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) (2) (d) = -(b) x (c)	Interest (\$000's) (3) (e)	Total Deferral Amount (\$000's) (f) = (d) + (e)
			Reference Price (C\$/GJ) (1) (a)	Price Difference from Previous Approved Price (\$/GJ) (b)				
1	January, 2016	* EB-2015-0340	\$ 4.691	\$ (0.449)	54.3	\$ 25,032	\$ 4	\$ 25,037
2	February	*					\$ 21	\$ 21
3	March	*					\$ 21	\$ 21
4	April, 2016	* EB-2016-0040	\$ 4.379	\$ (0.312)	25.4	\$ 8,096	\$ 16	\$ 8,112
5	May	*					\$ 21	\$ 21
6	June	*					\$ 19	\$ 19
7	July, 2016	* EB-2016-0181	\$ 4.519	\$ 0.140	29.0	\$ (4,376)	\$ 19	\$ (4,357)
8	August	*					\$ 14	\$ 14
9	September	*					\$ 13	\$ 13
10	October, 2016	* EB-2016-0247	\$ 4.881	\$ 0.362	57.1	\$ (20,655)	\$ 13	\$ (20,642)
11	November						\$ 13	\$ 13
12	December						\$ 13	\$ 13
13	Total (Lines 1 to 12)					\$ 8,098	\$ 187	\$ 8,284
<u>Current QRAM Period</u>								
14	January, 2017	EB-2016-0334	\$ 4.152	\$ (0.730)	49.9	\$ 36,379	\$ -	\$ 36,379
15	February						\$ -	\$ -
16	March						\$ -	\$ -
17	April, 2017					\$ -	\$ -	\$ -
18	May						\$ -	\$ -
19	June						\$ -	\$ -
20	July, 2017					\$ -	\$ -	\$ -
21	August						\$ -	\$ -
22	September						\$ -	\$ -
23	October, 2017					\$ -	\$ -	\$ -
24	November						\$ -	\$ -
25	December						\$ -	\$ -
26	Total (Lines 14 to 25)					\$ 36,379	\$ -	\$ 36,379

\* 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	January, 2016	* \$ -	\$ (2)	\$ (2)	\$ -	\$ -	\$ -	\$ -	\$ (0)	\$ (0)
2	February	* \$ -	\$ (1)	\$ (1)	\$ -	\$ -	\$ -	\$ -	\$ (0)	\$ (0)
3	March	* \$ -	\$ (2)	\$ (2)	\$ -	\$ -	\$ -	\$ -	\$ (0)	\$ (0)
4	April, 2016	* \$ -	\$ (1)	\$ (1)	\$ -	\$ -	\$ -	\$ -	\$ (0)	\$ (0)
5	May	* \$ -	\$ (0)	\$ (0)	\$ -	\$ -	\$ -	\$ -	\$ (0)	\$ (0)
6	June	* \$ -	\$ (0)	\$ (0)	\$ -	\$ -	\$ -	\$ -	\$ (0)	\$ (0)
7	July, 2016	* \$ -	\$ (0)	\$ (0)	\$ -	\$ -	\$ -	\$ -	\$ (0)	\$ (0)
8	August	* \$ -	\$ (0)	\$ (0)	\$ -	\$ -	\$ -	\$ -	\$ (0)	\$ (0)
9	September	* \$ -	\$ (0)	\$ (0)	\$ -	\$ -	\$ -	\$ -	\$ (0)	\$ (0)
10	October, 2016	\$ -	\$ (0)	\$ (0)	\$ -	\$ -	\$ -	\$ -	\$ (0)	\$ (0)
11	November	\$ -	\$ (0)	\$ (0)	\$ -	\$ -	\$ -	\$ -	\$ (0)	\$ (0)
12	December	\$ -	\$ (0)	\$ (0)	\$ -	\$ -	\$ -	\$ -	\$ (0)	\$ (0)
13	Total (Lines 1 to 12)	\$ -	\$ (8)	\$ (8)	\$ -	\$ -	\$ -	\$ -	\$ (1)	\$ (1)
<u>Current QRAM Period</u>										
14	January, 2017	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15	February	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
16	March	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
17	April, 2017	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
18	May	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
19	June	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
20	July, 2017	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
21	August	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
22	September	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
23	October, 2017	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
24	November	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
25	December	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
26	Total (Lines 14 to 25)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

\* 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**  
**AMY MIKHAILA, MANAGER, RATES AND PRICING**  
**AND**  
**ROBIN STEVENSON, TEAM LEAD, 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 January 1, 2017.

The proposed changes to rates (Appendix A), rate schedules (Appendix B), and the summary of interruptible rate changes (Appendix C) are attached. Supplemental charges are provided at Working Papers, Schedule 1.

**1. GAS SUPPLY COMMODITY RATES**

The gas supply commodity rates for the Union South operating area and the Union North East zone are set based on the Dawn Reference Price of \$4.151/GJ (16.1100 cents/m<sup>3</sup>), per Tab 1, Schedule 1, line 12. The gas commodity rates for the Union North West zone are set based on the Alberta Border Reference Price, which increased to \$2.984/GJ (11.5809 cents/m<sup>3</sup>), per Tab 1, Schedule 1, line 7. The proposed January 1, 2017 prices reflect the heat value conversion factor of 38.81 GJ/10<sup>3</sup>m<sup>3</sup>. The gas supply commodity unit rate changes applicable to Union’s operating areas are provided at Tab 2, Schedule 1.



1 The use of the Dawn Reference Price for the Union South operating area and Union North East  
2 zone is in accordance with the Dawn Reference Price (EB-2015-0181) Settlement Proposal  
3 (“Settlement”) approved by the Board on January 7, 2016. The Settlement stated that the  
4 changes to the reference price and modifications to the applicable rate schedules will be effective  
5 with Union’s QRAM coinciding with or immediately following the TransCanada King’s North  
6 Project in-service date. As TransCanada’s King’s North facilities were in-service November 18,  
7 2016 and TransCanada has indicated that the Maple Compressor Upgrade will be implemented  
8 early to mid-December, Union is implementing the Settlement changes as part of this  
9 application.

10

11 Per the Settlement, the Union South transportation rate and compressor fuel charge have been set  
12 to zero. As the Dawn Reference Price represents a landed cost of gas at Dawn, no additional  
13 upstream transportation tolls or transportation fuel is required to serve Union South sales service  
14 customers. The Union South transportation rate had previously included the South Portfolio  
15 Cost Differential (“SPCD”), which tracked the difference between the cost of the Union South  
16 portfolio and the cost of serving Union South sales service customers. The use of a Dawn  
17 Reference Price minimizes or eliminates the difference between the cost of the Union South  
18 portfolio and the cost of serving Union South sales service customers, thereby eliminating the  
19 need for the SPCD.

1 The Union South transportation rate also had previously included the gas supply optimization  
2 margin credit. Union is proposing to credit Union South sales service customers for the gas  
3 supply optimization margin through the gas supply commodity rate, effective January 1, 2017.  
4 The Union South gas supply optimization margin will continue to be credited to Union South  
5 sales service customers, as approved in the EB-2011-0210 Decision and Rate Order.

6

7 Per the Settlement, the compressor fuel charges previously included in Union North gas  
8 commodity rates have been removed. The upstream transportation fuel costs for both sales  
9 service and direct purchase customers are now recovered in the Union North West and Union  
10 North East transportation rates, which was updated as part of Union's 2017 Rates proceeding  
11 (EB-2016-0245).

12

## 13 **2. UNION NORTH GAS TRANSPORTATION AND STORAGE RATES**

14 Union North transportation and storage rates are updated each quarter for changes in upstream  
15 transportation tolls and, per the Settlement, changes in the reference prices used to calculate the  
16 upstream compressor fuel requirements. The Union North transportation and storage unit rate  
17 changes are provided at Tab 2, Schedule 2, p. 1.

18

19 There have been no changes to the transportation tolls TransCanada charges for firm  
20 transportation services on the Mainline or other approved upstream toll changes effective  
21 January 1, 2017.

1 The compressor fuel requirements from Empress to the respective delivery areas are set based on  
2 the Alberta Border Reference Price, which increased to \$2.984 /GJ (11.5809 cents/m<sup>3</sup>). The  
3 compressor fuel requirements from Dawn or Parkway to the respective delivery areas are based  
4 on the Dawn Reference Price, which increased to \$4.151 /GJ (16.1100 cents/m<sup>3</sup>), as compared to  
5 the Dawn Reference Price used in Union's 2017 Rates proceeding (EB-2016-0245).

6  
7 The changes to upstream tolls and the reference prices used to calculate the compressor fuel  
8 requirements increases Union's total annual gas supply transportation and storage costs by  
9 \$0.109 million, based on the gas supply plan included in 2017 Rates. The total increase to  
10 Union's annual gas supply transportation and storage costs is as shown at Tab 2, Schedule 2, p.2.

11  
12 Consistent with Board-approved methodology, the cost changes are allocated to rate classes in  
13 proportion to the approved allocation of Union North storage and transportation costs, as  
14 provided at Tab 2, p.3.

15  
16 **3. COST OF GAS IN DELIVERY RATES**

17 Delivery rates are updated each quarter for changes to the reference price used to calculate  
18 compressor fuel, unaccounted for gas and inventory carrying costs. The unit rate changes  
19 included in delivery rates are provided at Tab 2, Schedule 3.

1 Per Union's October 2016 QRAM (EB-2016-0247), the cost of gas previously included in  
2 Union's delivery rates was 18.9432 cents/m<sup>3</sup> based on the Ontario Landed Reference Price.  
3 Effective January 1, 2017, the cost of gas included in delivery rates is based on a Dawn  
4 Reference Price of 16.1100 cents/m<sup>3</sup>, per the Settlement. The change from Ontario Landed  
5 Reference Price at October 1, 2016 to the Dawn Reference Price at January 1, 2017 represents a  
6 decrease of 2.8332 cents/m<sup>3</sup>.

7

8 Consistent with Board-approved methodology, the decrease in the cost of gas in delivery rates is  
9 allocated to rate classes in proportion to the approved 2013 allocation of compressor fuel,  
10 unaccounted for gas and inventory carrying costs.

11

#### 12 **4. RATE RIDERS**

13 In addition to the forecast reference price changes identified above, changes to previously  
14 approved rate riders are required to reflect quarterly updates to gas cost deferral account  
15 balances. Each quarter Union projects the balance expected in each gas cost deferral account  
16 over the next 12-month period. In addition, Union tracks recovery variances (differences  
17 between what Union intended to recover in previous rate riders and what was actually  
18 recovered). Each quarter Union includes that variance in the rate riders established for the next  
19 12-month period. Rates are changed every quarter to reflect updated projected deferral account  
20 balances and historical recovery variances.

1 Per the Dawn Reference Price Settlement Proposal (EB-2015-0181), Union has established the  
2 following deferral accounts to track variances between actual and forecast costs:

- 3 • Transportation Tolls and Fuel – Union North West Operations Area (Account No. 179-145);
- 4 • Transportation Tolls and Fuel – Union North East Operations Area (Account No. 179-146);
- 5 • Union North West Purchase Gas Variance Account (Account No. 179-147); and
- 6 • Union North East Purchase Gas Variance Account (Account No. 179-148).

7  
8 Union will transition to these accounts from the existing Union North PGVA (Account No. 179-  
9 105) and Union North Tolls and Fuel (Account No. 179-100) gas cost deferral accounts  
10 beginning January 1, 2017. The forecast variance for the period January 1, 2017 to December  
11 31, 2017 by Zone is reflected in the 12-month projection of each new deferral account per Tab 1,  
12 Schedule 2. The actual variance up to and including December 31, 2016, will be recorded and  
13 disposed of through the existing Union North PGVA and Union North Tolls and Fuel deferral  
14 accounts regardless of Zone.

15  
16 A summary of deferral account activity and proposed rate rider unit rate changes are provided at  
17 Tab 2, Schedule 4, p. 1-2. Projected deferral account balances (line 3) are compared to  
18 previously projected balances (line 7) in each gas cost deferral account and variances are  
19 identified (line 8). In addition, the difference between what was actually recovered in previous  
20 rate riders and what Union intended to recover is identified (line 11). This is the difference  
21 between forecast and actual volumes (last three months of actual volumes) multiplied by the

1 previously approved rate riders. The net amount to be recovered prospectively (line 12) is the  
2 amount which has not been included in rate riders to date. The unit rate rider change in the  
3 current QRAM (line 14) is the net amount in each gas cost deferral account prospectively  
4 recovered over forecast consumption in the next 12 months (line 13).

5

6 In total, the change in gas cost-related deferrals in the current QRAM is a net increase of \$42.864  
7 million. This amount excludes the balance in the Joint Unabsorbed Demand Costs Deferral  
8 Account (Deferral Account No. 179-108) which is not prospectively recovered as per the current  
9 approved QRAM process

10

11 Tab 2, Schedule 4, pp. 1-2, line 20 shows the net prospective rider for each deferral account for  
12 the current QRAM period. The net prospective rider reflects the unit rate change calculated at  
13 Tab 2, Schedule 4, pp. 1-2, line 21. The net prospective rider includes: (i) the introduction of the  
14 unit rate change and (ii) the elimination of expiring riders which have been in place for 12  
15 months.

16

17 The unit rates for prospective recovery of the gas cost deferral accounts are summarized at Tab  
18 2, Schedule 4, p. 3. The detailed calculation for each deferral account is provided at Working  
19 Papers, Schedule 2.

1 **6. CUSTOMER BILL IMPACTS**

2 General service annual customer bill impacts, including the prospective recovery of deferral  
3 account balances are provided at Tab 2, Schedule 5. The bill impacts shown at Tab 2, Schedule  
4 5 reflect (i) the introduction of January 1, 2017 proposed QRAM changes detailed above and (ii)  
5 the elimination of expiring January 1, 2016 prospective QRAM riders.

6  
7 A typical sales service Rate M1 residential customer consuming 2,200 m<sup>3</sup> per year will see a net  
8 bill increase of \$34.61 per year. A typical bundled Rate M1 direct purchase customer will see a  
9 bill decrease of \$1.09. A typical Rate 01 residential customer consuming 2,200 m<sup>3</sup> per year will  
10 see a net bill increase ranging from \$10.46 to \$99.55 per year. A typical bundled Rate 01 direct  
11 purchase customer will see a net bill increase ranging from \$4.28 to \$4.40 per year. These bill  
12 impacts do not reflect approved changes included in Union's 2017 Rates application (EB-2016-  
13 0245) or Union's Cap-and-Trade Compliance Plan application (EB-2016-0296).

14  
15 The total bill impacts at January 1, 2017, including the bill impacts related to Union's 2017 Rates  
16 application and Union's Cap-and-Trade Compliance Plan application, for a typical sales service  
17 Rate M1 residential customer consuming 2,200 m<sup>3</sup> per year will be a net bill increase of \$121.92  
18 per year. A typical bundled Rate M1 direct purchase customer will see a bill increase of \$86.24.  
19 A typical Rate 01 residential customer consuming 2,200 m<sup>3</sup> per year will see a net bill increase  
20 ranging from \$55.85 to \$162.52 per year. A typical bundled Rate 01 direct purchase customer  
21 will see a net bill increase of \$28.24 to \$95.99 per year, as shown in Tab 2, Schedule 6.

1 The total bill impacts at January 1, 2017 for a typical sales service and direct purchase Rate M1  
 2 and Rate 01 customer included in each of Union's 2017 Rates application (EB-2016-0245), Cap-  
 3 and-Trade Compliance Plan application (EB-2016-0296) and January 2017 QRAM application  
 4 (EB-2016-0334) are provided at Table 1 and Table 2, respectively.

Table 1  
 Rate M1 and Rate 01 Sales Service Bill Impacts at January 1, 2017  
Based on Annual Consumption of 2,200 m<sup>3</sup>

Line No.	Particulars (\$)	EB-2016-0245 2017 Rates (a)	EB-2016-0296 Cap-and Trade Compliance (b)	EB-2016-0334 January 1, 2017 QRAM (c)	Total (d) = (a+b+c)
1	Rate M1	13.35	73.96	34.61	121.92
	Rate 01 - Union North West Zone				
2	Previously Fort Frances	(8.05)	74.12	15.02	81.11
3	Previously Western Zone	17.55	74.12	13.22	104.91
4	Previously Northern Zone	(28.75)	74.12	10.46	55.85
	Rate 01 - Union North East Zone				
5	Previously Northern Zone	(11.17)	74.12	99.55	162.52
6	Previously Eastern Zone	(50.33)	74.12	97.32	121.13



Table 2  
 Rate M1 and Rate 01 Direct Purchase Bill Impacts at January 1, 2017  
Based on Annual Consumption of 2,200 m<sup>3</sup>

Line No.	Particulars (\$)	EB-2016-0245 2017 Rates (a)	EB-2016-0296 Cap-and Trade Compliance (b)	EB-2016-0334 January 1, 2017 QRAM (c)	Total (d) = (a+b+c)
1	Rate M1	13.37	73.96	(1.09)	86.24
	Rate 01 - Union North West Zone				
2	Previously Fort Frances	(8.04)	74.12	4.28	70.38
3	Previously Western Zone	17.57	74.12	4.28	95.99
4	Previously Northern Zone	(28.73)	74.12	4.28	49.69
	Rate 01 - Union North East Zone				
5	Previously Northern Zone	(11.15)	74.12	4.40	67.39
6	Previously Eastern Zone	(50.30)	74.12	4.40	28.24

1 Included in Union's 2017 Rates (EB-2016-0245) and January 2017 QRAM (EB-2016-0334)  
 2 applications are changes related to the implementation of the Dawn Reference Price (EB-2015-  
 3 0181) Settlement Proposal. A comparison of the bill impacts included in Union's 2017 Rates  
 4 and January 2017 QRAM compared to the amounts included in the Dawn Reference Price  
 5 proceeding are provided at Table 3. The differences between the bill impacts are due to updated  
 6 reference prices and tolls, as compared to the amounts used at the time of the Dawn Reference  
 7 Price application, which were based on Union's April 2015 QRAM (EB-2015-0035).

Table 3  
 Rate 01 Sales Service Bill Impacts associated with the Dawn Reference Price Implementation  
Based on Annual Consumption of 2,200 m<sup>3</sup>

Line No.	Particulars (\$)	Gas			Total
		Commodity (a)	Storage (b)	Transportation (c)	
<u>Updated at January 1, 2017 (1) (3)</u>					
Rate 01 - Union North West					
1	Previously Fort Frances	(3.70)	(42.11)	20.12	(25.69)
2	Previously Western Zone	(5.50)	(35.41)	38.40	(2.50)
3	Previously Northern Zone	(8.27)	(47.53)	5.33	(50.47)
Rate 01 - Union North East					
4	Previously Northern Zone	91.37	47.21	(77.57)	61.01
5	Previously Eastern Zone	89.16	36.98	(105.49)	20.65
<u>As Filed (EB-2015-0181) (2)</u>					
Rate 01 - Union North West					
6	Previously Fort Frances	(3.70)	(42.80)	21.75	(24.75)
7	Previously Western Zone	(5.46)	(35.62)	39.66	(1.42)
8	Previously Northern Zone	(8.14)	(49.15)	5.83	(51.46)
Rate 01 - Union North East					
9	Previously Northern Zone	58.95	47.70	(80.27)	26.38
10	Previously Eastern Zone	56.79	36.94	(107.14)	(13.41)
<u>Difference</u>					
Rate 01 - Union North West					
11	Previously Fort Frances	(0.00)	0.69	(1.63)	(0.94)
12	Previously Western Zone	(0.04)	0.21	(1.26)	(1.08)
13	Previously Northern Zone	(0.13)	1.62	(0.50)	0.99
Rate 01 - Union North East					
14	Previously Northern Zone	32.42	(0.49)	2.70	34.63
15	Previously Eastern Zone	32.37	0.04	1.66	34.07

Notes:

- (1) Dawn Reference Price application bill impacts updated at January 1, 2017.
- (2) EB-2015-0181, Exhibit A, Tab 2, Table 5.
- (3) Gas commodity bill impacts do not reflect changes in the Alberta Border Reference Price.

1 **6. CUSTOMER NOTICES**

2 Customer notices that accompany the January 1, 2017 bills will reflect the bill impacts arising  
3 from the QRAM changes identified above compared with the current approved rates in Union's  
4 October 2016 QRAM (EB-2016-0247).

5

6 In addition, approved January 1, 2017 rates will reflect the rate adjustments approved by the  
7 Board in Union's 2017 Rates proceeding (EB-2016-0247), approved on December 8, 2016, and  
8 Union's Cap-and-Trade Compliance Plan application (EB-2016-0296), approved on an interim  
9 basis on November 25, 2016.

UNION GAS LIMITED  
 Derivation of Gas Supply Commodity Charges  
Union South

Line No.	Particulars	EB-2016-0296		EB-2016-0334		Change	
		Effective January 1, 2017		Effective January 1, 2017		Effective January 1, 2017	
		(cents/m <sup>3</sup> )	(\$/GJ) (1)	(cents/m <sup>3</sup> )	(\$/GJ) (1)	(cents/m <sup>3</sup> )	(\$/GJ)
		(a)	(b)	(c)	(d)	(e)= (c) - (a)	(f)= (d) - (b)
	<u>Commodity Rate</u>						
1	Reference Price	10.9134	2.812 (2)	16.1100	4.151 (3)	5.1966	1.339
2	Compressor Fuel Charge	0.4662	0.120	-	-	(0.4662)	(0.120)
3	Gas Supply Optimization Margin Credit	-	-	(0.2824) (4)	(0.073)	(0.2824)	(0.073)
4	Administration Charge	0.1902	0.049	0.1902	0.049	-	-
5	Gas Supply Commodity Rate	<u>11.5698</u>	<u>2.981</u>	<u>16.0178</u>	<u>4.127</u>	<u>4.4480</u>	<u>1.146</u>
6	Transportation Rate	<u>4.2031</u>	<u>1.083</u>	<u>-</u>	<u>-</u>	<u>(4.2031)</u>	<u>(1.083)</u>
7	Total Gas Supply Commodity Charge (line 5+6)	<u>15.7729</u>	<u>4.064</u>	<u>16.0178</u>	<u>4.127</u>	<u>0.2449</u>	<u>0.063</u>

Notes:

- (1) Conversion to GJs based on 38.81 GJ / 10<sup>3</sup>m<sup>3</sup>.
- (2) The reference price is based on the Alberta Border price effective October 1, 2016.
- (3) The reference price is based on Dawn price effective January 1, 2017 per Tab 1, Schedule 1, Line 12.
- (4) EB-2011-0210, Rate Order, Working Papers, Schedule 44, Column (g), Lines 7-12.

UNION GAS LIMITED  
Derivation of Gas Supply Commodity Rates  
Union North - Rate 01 and Rate 10

Line No.	Particulars	EB-2016-0296		EB-2016-0334		Change	
		Effective January 1, 2017		Effective January 1, 2017		Effective January 1, 2017	
		(cents/m <sup>3</sup> ) (a)	(\$/GJ) (1) (2) (b)	(cents/m <sup>3</sup> ) (c)	(\$/GJ) (1) (d)	(cents/m <sup>3</sup> ) (e)= (c) - (a)	(\$/GJ) (1) (f)= (d) - (b)
<u>Union North West Zone Previously Fort Frances</u>							
1	Alberta Border Reference Price	10.9134	2.812	11.5809	2.984 (3)	0.6675	0.172
2	Compressor Fuel Charge	0.1682	0.043	-	-	(0.1682)	(0.043)
3	Administration Charge	0.1902	0.049	0.1902	0.049	-	-
4	Gas Supply Commodity Rate	<u>11.2718</u>	<u>2.904</u>	<u>11.7711</u>	<u>3.033</u>	<u>0.4993</u>	<u>0.129</u>
<u>Union North West Zone Previously Western Zone</u>							
5	Alberta Border Reference Price	10.9134	2.812	11.5809	2.984 (3)	0.6675	0.172
6	Compressor Fuel Charge	0.2498	0.064	-	-	(0.2498)	(0.064)
7	Administration Charge	0.1902	0.049	0.1902	0.049	-	-
8	Gas Supply Commodity Rate	<u>11.3534</u>	<u>2.925</u>	<u>11.7711</u>	<u>3.033</u>	<u>0.4177</u>	<u>0.108</u>
<u>Union North West Zone Previously Northern Zone (Union SSMDA)</u>							
9	Alberta Border Reference Price	10.9134	2.812	11.5809	2.984 (3)	0.6675	0.172
10	Compressor Fuel Charge	0.3761	0.097	-	-	(0.3761)	(0.097)
11	Administration Charge	0.1902	0.049	0.1902	0.049	-	-
12	Gas Supply Commodity Rate	<u>11.4797</u>	<u>2.958</u>	<u>11.7711</u>	<u>3.033</u>	<u>0.2914</u>	<u>0.075</u>
<u>Union North East Zone Previously Northern Zone (Union NDA)</u>							
13	Reference Price	10.9134	2.812	16.1100	4.151 (4)	5.1966	1.339
14	Compressor Fuel Charge	0.3761	0.097	-	-	(0.3761)	(0.097)
15	Administration Charge	0.1902	0.049	0.1902	0.049	-	-
16	Gas Supply Commodity Rate	<u>11.4797</u>	<u>2.958</u>	<u>16.3002</u>	<u>4.200</u>	<u>4.8205</u>	<u>1.242</u>
<u>Union North East Zone Previously Eastern Zone</u>							
17	Reference Price	10.9134	2.812	16.1100	4.151 (4)	5.1966	1.339
18	Compressor Fuel Charge	0.4764	0.123	-	-	(0.4764)	(0.123)
19	Administration Charge	0.1902	0.049	0.1902	0.049	-	-
20	Gas Supply Commodity Rate	<u>11.5800</u>	<u>2.984</u>	<u>16.3002</u>	<u>4.200</u>	<u>4.7202</u>	<u>1.216</u>

Notes:

- (1) Conversion to GJs based on 38.81 GJ / 10<sup>3</sup>m<sup>3</sup>.
- (2) The reference price is based on Alberta Border price effective October 1, 2016.
- (3) Tab 1, Schedule 1, Line 7.
- (4) The reference price is based on Dawn price effective January 1, 2017 per Tab 1, Schedule 1, Line 12.

UNION GAS LIMITED  
 Derivation of Gas Supply Commodity Rates  
 Union North - Rate 20 and Rate 100

Line No.	Particulars	EB-2016-0296		EB-2016-0334		Change	
		Effective January 1, 2017		Effective January 1, 2017		Effective January 1, 2017	
		(cents/m <sup>3</sup> )	(\$/GJ) (1) (2)	(cents/m <sup>3</sup> )	(\$/GJ) (1)	(cents/m <sup>3</sup> )	(\$/GJ) (1)
		(a)	(b)	(c)	(d)	(e)= (c) - (a)	(f)= (d) - (b)
<u>Union North West Zone Previously Fort Frances</u>							
1	Alberta Border Reference Price	10.6547	2.812	11.3064	2.984 (3)	0.6517	0.172
2	Compressor Fuel Charge	0.1642	0.043	-	-	(0.1642)	(0.043)
3	Administration Charge	0.1902	0.050	0.1902	0.050	-	-
4	Gas Supply Commodity Rate	<u>11.0091</u>	<u>2.905</u>	<u>11.4966</u>	<u>3.034</u>	<u>0.4875</u>	<u>0.129</u>
<u>Union North West Zone Previously Western Zone</u>							
5	Alberta Border Reference Price	10.6547	2.812	11.3064	2.984 (3)	0.6517	0.172
6	Compressor Fuel Charge	0.2439	0.064	-	-	(0.2439)	(0.064)
7	Administration Charge	0.1902	0.050	0.1902	0.050	-	-
8	Gas Supply Commodity Rate	<u>11.0888</u>	<u>2.926</u>	<u>11.4966</u>	<u>3.034</u>	<u>0.4078</u>	<u>0.108</u>
<u>Union North West Zone Previously Northern Zone (Union SSM DA)</u>							
9	Alberta Border Reference Price	10.6547	2.812	11.3064	2.984 (3)	0.6517	0.172
10	Compressor Fuel Charge	0.3671	0.097	-	-	(0.3671)	(0.097)
11	Administration Charge	0.1902	0.050	0.1902	0.050	-	-
12	Gas Supply Commodity Rate	<u>11.2120</u>	<u>2.959</u>	<u>11.4966</u>	<u>3.034</u>	<u>0.2846</u>	<u>0.075</u>
<u>Union North East Zone Previously Northern Zone (Union NDA)</u>							
13	Reference Price	10.6547	2.812	15.7281	4.151 (4)	5.0734	1.339
14	Compressor Fuel Charge	0.3671	0.097	-	-	(0.3671)	(0.097)
15	Administration Charge	0.1902	0.050	0.1902	0.050	-	-
16	Gas Supply Commodity Rate	<u>11.2120</u>	<u>2.959</u>	<u>15.9183</u>	<u>4.201</u>	<u>4.7063</u>	<u>1.242</u>
<u>Union North East Zone Previously Eastern Zone</u>							
17	Reference Price	10.6547	2.812	15.7281	4.151 (4)	5.0734	1.339
18	Compressor Fuel Charge	0.4651	0.123	-	-	(0.4651)	(0.123)
19	Administration Charge	0.1902	0.050	0.1902	0.050	-	-
20	Gas Supply Commodity Rate	<u>11.3100</u>	<u>2.985</u>	<u>15.9183</u>	<u>4.201</u>	<u>4.6083</u>	<u>1.216</u>

Notes:

- (1) Conversion to GJs based on 37.89 GJ / 10<sup>3</sup>m<sup>3</sup>.
- (2) The reference price is based on Alberta Border price effective October 1, 2016.
- (3) Tab 1, Schedule 1, Line 7.
- (4) The reference price is based on Dawn price effective January 1, 2017 per Tab 1, Schedule 1, Line 12.

UNION GAS LIMITED  
 Derivation of Unit Rate Changes related to Union North Transportation and Storage Rates  
Union North West Zone and Union North East Zone by Rate Class

Line No.	Particulars	Cost	Billing	Rate Change	EB-2016-0296	EB-2016-0334
		Variance (1)	Units (2)	(cents/m <sup>3</sup> )	Effective January 1, 2017	Effective January 1, 2017
		(\$000's)	(10 <sup>3</sup> m <sup>3</sup> )	(c) = (b / a x 100)	Unit Rate (2)	Unit Rate
		(a)	(b)		(cents/m <sup>3</sup> )	(cents/m <sup>3</sup> )
					(d)	(e) = (c + d)
<u>Rate 01</u>						
1	Gas Transportation					
	Union North West	25	267,830	0.0093	6.7292	6.7385
2	Union North East	33	659,134	0.0050	2.9655	2.9705
<u>Gas Storage</u>						
3	Union North West	(1)	262,839	(0.0002)	2.0589	2.0587
4	Union North East	13	646,851	0.0020	6.6220	6.6240
<u>Rate 10</u>						
<u>Gas Transportation</u>						
5	Union North West	8	82,150	0.0092	5.8929	5.9021
6	Union North East	13	261,380	0.0050	2.7303	2.7353
<u>Gas Storage</u>						
7	Union North West	(0)	80,615	(0.0002)	1.5495	1.5493
8	Union North East	5	256,497	0.0020	4.6762	4.6782
<u>Rate 20 (3)</u>						
<u>Gas Supply Demand</u>						
9	Union North West	3	2,962	0.0860	55.8485	55.9345
10	Union North East	4	3,911	0.1009	49.7267	49.8276
<u>Commodity Transportation 1</u>						
11	Union North West	1	28,383	0.0046	3.5625	3.5671
12	Union North East	2	45,073	0.0050	2.6079	2.6129
<u>Rate 25</u>						
13	Gas Supply Transportation	2	42,913	0.0047	1.6030	1.6077
<u>Rate 100 (4)</u>						
<u>Gas Supply Demand</u>						
14	Union North West	-	-	0.3463	112.0994	112.4457
15	Union North East	-	-	0.3884	158.4424	158.8308
<u>Commodity Transportation 1</u>						
16	Union North West	-	-	0.0194	6.2885	6.3079
17	Union North East	-	-	0.0222	9.0613	9.0835
<u>Rate 20/100 Bundled Storage (\$/GJ)</u>						
18	Monthly Demand (GJ/d)	-	114,888	-	20.111	20.111
19	Commodity Charge (GJ)	1	739,477	0.001	0.206	0.207
20	Total	<u>109</u>				

Notes:

- (1) Tab 2, Schedule 2, p. 3.
- (2) EB-2016-0245, Rate Order, Working Papers, Schedule 4.
- (3) The Rate 20 cost variance, excluding Bundled Storage, is recovered 60% in the Gas Supply Demand Charge and 40% in the Commodity Transportation 1 Charge.
- (4) Rate 100 Gas Supply Demand and Commodity Transportation 1 rates updated based on changes in upstream transportation rates and reference price.

UNION GAS LIMITED  
Union North 2017 Gas Supply Plan updated for January 2017 QRAM

Line No.	Particulars	Annual Volume (1) (TJ) (a)	EB-2016-0296 Effective January 1, 2017		EB-2016-0334 Effective January 1, 2017		Cost Variance (f) = (e - c)
			Rates (2) (\$ / GJ) (b)	Costs (2) (\$000's) (c)	Rates (\$ / GJ) (d)	Costs (\$000's) (e)	
<b>Transportation Costs</b>							
<u>Union North West Zone Demand Costs</u>							
1	TCPL MDA	2,031	21,409	1,430	21,409	1,430	-
2	TCPL SSMDA	2,972	43,002	4,202	43,002	4,202	-
3	TCPL WDA	18,764	30,756	18,973	30,756	18,973	-
4	CTHI/CPMI	2,066	18,785	1,276	18,785	1,276	-
5	Subtotal			25,880		25,880	-
<u>Union North East Zone Demand Costs</u>							
6	TCPL NCDA	3,211	57,533	6,073	57,533	6,073	-
7	TCPL EDA	365	63,526	762	63,526	762	-
8	TCPL NDA	2,915	47,436	4,546	47,436	4,546	-
9	TCPL PKWY EDA	21,108	12,406	8,610	12,406	8,610	-
10	TCPL PKWY NDA	15,695	17,836	9,204	17,836	9,204	-
11	TCPL PKWY NCDA	122	8,830	35	8,830	35	-
12	Subtotal			29,230		29,230	-
<u>Common Costs</u>							
13	LBA			1,200		1,200	-
14	TCPL Minimum Flow Charge			71		71	-
15	Subtotal			1,271		1,271	-
16	Demand Costs in Rates (line 5 + line 12 + line 15)			56,381		56,381	-
<u>Union North West Zone Fuel Costs</u>							
17	TCPL MDA	6	2,812	18	2,984	19	1
18	TCPL SSMDA	54	2,812	151	2,984	161	9
19	TCPL WDA	155	2,812	435	2,984	462	27
20	CTHI/CPMI	1	2,812	3	2,984	3	0
21	Subtotal			608		645	37
<u>Union North East Zone Fuel Costs</u>							
22	TCPL NCDA	87	2,812	244	2,984	259	15
23	TCPL EDA	11	2,812	31	2,984	33	2
24	TCPL NDA	70	2,812	196	2,984	208	12
25	TCPL PKWY EDA	52	3,935	206	4,151	217	11
26	TCPL PKWY NDA	55	3,935	217	4,151	229	12
27	Subtotal			893		945	52
28	Fuel Costs in Rates (line 21 + line 27)			1,501		1,590	89
29	<b>Total Transportation Costs (line 16 + line 28)</b>			57,882		57,971	89
<b>Storage Costs</b>							
<u>Union North West Zone Demand Costs</u>							
30	TCPL WDA STS Injection	1,150	42,172	1,594	42,172	1,594	-
31	Subtotal			1,594		1,594	-
<u>Union North East Zone Demand Costs</u>							
32	TCPL NDA STS Injection	17,921	17,836	10,509	17,836	10,509	-
33	TCPL EDA STS Withdrawal	9,845	12,406	4,016	12,406	4,016	-
34	TCPL Pkwy to EDA	19,042	12,406	7,767	12,406	7,767	-
35	TCPL Pkwy to EDA EMB	9,125	13,591	4,077	13,591	4,077	-
36	TCPL Pkwy to NDA	24,455	17,836	14,340	17,836	14,340	-
37	Subtotal			40,709		40,709	-
38	Demand Costs in Rates (line 31 + line 37)			42,303		42,303	-
<u>Union North West Zone Fuel Costs</u>							
39	TCPL WDA STS Injection	14	3,935	56	2,984	43	(14)
40	TCPL SSMDA STS Withdrawal	28	3,935	109	4,151	115	6
41	TCPL WDA STS Withdrawal	31	3,935	123	4,151	129	7
42	Subtotal			288		287	(1)
<u>Union North East Zone Fuel Costs</u>							
43	TCPL NCDA STS Injection	2	3,935	7	2,984	5	(2)
44	TCPL NCDA STS Withdrawal	8	3,935	33	4,151	35	2
45	TCPL Pkwy to EDA	8	3,935	30	4,151	32	2
46	TCPL Pkwy to EDA EMB	17	3,935	67	4,151	71	4
47	TCPL Pkwy to NDA	69	3,935	271	4,151	286	15
48	Subtotal			408		428	20
49	Fuel Costs in Rates (line 42 + line 48)			696		715	20
50	<b>Total Storage Costs (line 38 + line 49)</b>			42,999		43,019	20
51	<b>Total Storage and Transportation Costs</b>			100,881		100,990	109

Notes:

- (1) EB-2015-0181, Exhibit A, Tab 2, Appendix A, Schedule 1, p. 1-2, column (g).
- (2) EB-2016-0245, Rate Order, Working Papers, Schedule 23, p. 2-3, columns (d) & (e).



UNION GAS LIMITED  
Allocation of Union North Transportation and Storage Cost Changes by Zone

Line No.	Particulars (\$000's)	Total (a)	Rate 01 (b)	Rate 10 (c)	Rate 20 (d)	Rate 100 (e)	Rate 25 (f)
<b>Union North West Zone</b>							
<u>Transportation Demand Costs</u>							
1	EB-2016-0296 2017 Cap-and-Trade Compliance Plan	25,880	18,439	4,966	2,347	-	127
2	EB-2016-0334 January 2017 QRAM	25,880	18,439	4,966	2,347	-	127
3	Change in Costs (line 2 - line 1)	-	-	-	-	-	-
<u>Transportation Fuel Costs</u>							
4	EB-2016-0296 2017 Cap-and-Trade Compliance Plan	608	408	123	71	-	6
5	EB-2016-0334 January 2017 QRAM	645	433	131	75	-	6
6	Change in Costs (line 5 - line 4)	37	25	8	4	-	0
7	<b>Total Change in Transportation Costs (line 3 + line 6)</b>	<b>37</b>	<b>25</b>	<b>8</b>	<b>4</b>	<b>-</b>	<b>0</b>
<u>Storage Demand Costs</u>							
8	EB-2016-0296 2017 Cap-and-Trade Compliance Plan	1,594	1,227	279	88	-	-
9	EB-2016-0334 January 2017 QRAM	1,594	1,227	279	88	-	-
10	Change in Costs (line 9 - line 8)	-	-	-	-	-	-
<u>Storage Fuel Costs</u>							
11	EB-2016-0296 2017 Cap-and-Trade Compliance Plan	288	194	59	35	-	-
12	EB-2016-0334 January 2017 QRAM	287	194	58	35	-	-
13	Change in Costs (line 12 - line 11)	(1)	(1)	(0)	(0)	-	-
14	<b>Total Change in Storage Costs (line 10 + line 13)</b>	<b>(1)</b>	<b>(1)</b>	<b>(0)</b>	<b>(0)</b>	<b>-</b>	<b>-</b>
15	<b>Total Change in North West Zone Costs (line 7 + line 14)</b>	<b>36</b>	<b>24</b>	<b>7</b>	<b>4</b>	<b>-</b>	<b>0</b>
<b>Union North East Zone</b>							
<u>Transportation Demand Costs</u>							
16	EB-2016-0296 2017 Cap-and-Trade Compliance Plan	29,230	19,431	7,126	2,045	-	628
17	EB-2016-0334 January 2017 QRAM	29,230	19,431	7,126	2,045	-	628
18	Change in Costs (line 17 - line 16)	-	-	-	-	-	-
<u>Transportation Fuel Costs</u>							
19	EB-2016-0296 2017 Cap-and-Trade Compliance Plan	893	571	222	72	-	28
20	EB-2016-0334 January 2017 QRAM	945	604	235	76	-	30
21	Change in Costs (line 20 - line 19)	52	33	13	4	-	2
22	<b>Total Change in Transportation Costs (line 18 + line 21)</b>	<b>52</b>	<b>33</b>	<b>13</b>	<b>4</b>	<b>-</b>	<b>2</b>
<u>Storage Demand Costs</u>							
23	EB-2016-0296 2017 Cap-and-Trade Compliance Plan	40,709	30,111	8,308	2,082	208	-
24	EB-2016-0334 January 2017 QRAM	40,709	30,111	8,308	2,082	208	-
25	Change in Costs (line 24 - line 23)	-	-	-	-	-	-
<u>Storage Fuel Costs</u>							
26	EB-2016-0296 2017 Cap-and-Trade Compliance Plan	408	259	101	46	2	-
27	EB-2016-0334 January 2017 QRAM	428	272	106	48	2	-
28	Change in Costs (line 27 - line 26)	20	13	5	2	0	-
29	<b>Total Change in Storage Costs (line 25 + line 28)</b>	<b>20</b>	<b>13</b>	<b>5</b>	<b>2</b>	<b>0</b>	<b>-</b>
30	<b>Total Change in North East Zone Costs (line 22 + line 29)</b>	<b>72</b>	<b>46</b>	<b>18</b>	<b>6</b>	<b>0</b>	<b>2</b>
<u>Common Costs</u>							
31	EB-2016-0296 2017 Cap-and-Trade Compliance Plan	1,271	-	-	-	-	-
32	EB-2016-0334 January 2017 QRAM	1,271	-	-	-	-	-
33	Change in Costs (line 32 - line 31)	-	-	-	-	-	-
34	<b>Total Change in Storage and Transportation Costs (line 15 + line 30)</b>	<b>109</b>	<b>71</b>	<b>25</b>	<b>11</b>	<b>0</b>	<b>2</b>

UNION GAS LIMITED  
 Derivation of Unit Rate Changes related to Gas Costs in Distribution Rates  
 Effective January 1, 2017

Line No.	Derivation of Amounts for Recovery		
	<u>Change in Gas Cost:</u>		
1	Dawn Reference Price as per EB-2016-0334	(\$/10 <sup>3</sup> m <sup>3</sup> )	161,100
2	Ontario Landed Reference Price as per EB-2016-0247	(\$/10 <sup>3</sup> m <sup>3</sup> )	189,432
3	Change in Gas Cost (line 1 - line 2)	(\$/10 <sup>3</sup> m <sup>3</sup> )	<u>(28,332)</u>
4	Fuel and UFG volume: 2013 approved	(10 <sup>3</sup> m <sup>3</sup> )	85,662
5	Amount for Recovery - Fuel & UFG (line 3 x line 4)	(\$000's)	<u>(2,428)</u>
6	Average Gas in Inventory: 2013 approved	(10 <sup>3</sup> m <sup>3</sup> )	774,843
7	Change in Gas Costs related to Inventory (line 3 x line 6)	(\$000's)	(21,953)
8	Composite Rate of Return		5.18% (1)
9	Amount for Recovery - Gas in Storage (line 7 x line 8)	(\$000's)	<u>(1,136)</u>
10	Total Gas Cost Change to Distribution Rates (line 5 + line 9)	(\$000's)	<u><u>(3,564)</u></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 (g) = (c+f)	2017 Annual Distribution Volume (4) (10 <sup>3</sup> m <sup>3</sup> ) (h)	Unit Rate Change (5) (cents/m <sup>3</sup> ) (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	24.64%	(591)	21,804	18.30%	(187)	(778)	909,690	(0.0855)
12 R10	508	7.76%	(186)	5,717	4.80%	(49)	(235)	337,112	(0.0697)
13 R20	181	2.76%	(66)	1,533	1.29%	(13)	(79)	606,176	(0.0131)
14 R25	-	0.00%	-	-	0.00%	-	-	159,555	-
15 R100	6	0.09%	(2)	107	0.09%	(1)	(3)	1,814,867	(0.0002)
16 M1	2,466	37.62%	(902)	60,609	50.86%	(521)	(1,423)	2,897,179	(0.0491)
17 M2	824	12.57%	(301)	20,667	17.34%	(177)	(479)	1,127,028	(0.0425)
18 M4	342	5.22%	(125)	3,024	2.54%	(26)	(151)	349,263	(0.0433)
19 M5A	431	6.57%	(158)	4,078	3.42%	(35)	(193)	465,451	(0.0414)
20 M7	127	1.94%	(47)	1,113	0.93%	(10)	(56)	124,828	(0.0450)
21 M9	54	0.83%	(20)	511	0.43%	(4)	(24)	60,750	(0.0399)
22 M10	0	0.00%	(0)	5	0.00%	(0)	(0)	189	(0.0567)
								(GJ)	(\$/GJ)
23 T1	-	0.00%	-	-	0.00%	(28)	(28) (5)	492,360	(0.056)
24 T2	-	0.00%	-	-	0.00%	(85)	(85) (5)	1,516,920	(0.056)
25 T3	-	0.00%	-	-	0.00%	-	- (5)	-	-
26 M12	-	0.00%	-	-	0.00%	-	- (5)	-	-
27 M13	-	0.00%	(7)	-	0.00%	-	(7) (5)	5,934,507	(0.001)
28 M16	-	0.00%	(23)	-	0.00%	-	(23) (5)(6)	-	-
29 C1	-	0.00%	-	-	0.00%	-	- (5)	-	-
30 Total	<u>6,554</u>	<u>100.00%</u>	<u>(2,428)</u>	<u>119,168</u>	<u>100.00%</u>	<u>(1,136)</u>	<u>(3,564)</u>		

Notes:

- (1) Calculation of the Composite Return:
- |                           |        |       |              |
|---------------------------|--------|-------|--------------|
| Common Equity (after tax) | 36.00% | 8.93% | 3.21%        |
| Gross-Up for tax (@ 26%)  |        |       | 1.13%        |
| Common Equity (pre-tax)   |        |       | 4.34%        |
| Short-Term Debt           | 64.00% | 1.31% | 0.84%        |
| 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-2016-0245, Rate Order, Working Papers, Schedule 4, Column (i).
- (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-2013-0365, Working Papers, Schedule 1, p. 6.

(6) Rate changes for M16 is broken down into four paths.

M16 Storage Transportation Service	Billing Units	Rate Change	Cost Recovery
	(GJs)	(\$/GJ)	(\$000's)
Charges West of Dawn:			
Fuel & UFG to Dawn	4,098,775	(0.001)	(5)
Fuel & UFG to Pool	4,098,775	(0.003)	(13)
Charges East of Dawn:			
Fuel & UFG to Dawn	2,137,619	(0.001)	(2)
Fuel & UFG to Pool	2,137,619	(0.001)	(3)
Total Rate M16			<u>(23)</u>

**UNION GAS LIMITED**  
Derivation of Amounts and Unit Rates for Prospective Recovery

Line No.	Particulars	Units	North PGVA (179-105) (a)	North West PGVA (179-147) (b)	North East PGVA (179-148) (c)	North Tolls (179-100) (d)	North Fuel (179-100) (e)	North West Tolls & Fuel (179-145) (f)	North East Tolls & Fuel (179-146) (g)
<b>Deferral Amounts for Recovery</b>									
Change in 12-month deferral account projection:									
1	12-month projection from current QRAM application	(1)	(\$000's) -	(0)	(3,751)	-	-	(82)	(157)
2	Less: Projection from previous QRAM application	(2)	(\$000's) 2,672	-	-	(2,052)	(2)	-	-
3	Change (Line 1 - Line 2)		<u>(2,672)</u>	<u>(0)</u>	<u>(3,751)</u>	<u>2,052</u>	<u>2</u>	<u>(82)</u>	<u>(157)</u>
<b>Previous Quarter: True-up of Deferral Balances</b>									
Variance between projected and actual deferral balances for month(s) with actual data since previous QRAM application:									
4	Actual deferral amount	(3)	(\$000's) (1,246)	-	-	1,425	207	-	-
5	Current projected deferral amount	(4)	(\$000's) 981	-	-	(2,535)	(505)	-	-
6	Less: Previous projection included in recovery	(2)	(\$000's) 155	-	-	1,698	77	-	-
7	Variance (Line 4 + Line 5 - Line 6)		<u>(\$000's) (420)</u>	<u>-</u>	<u>-</u>	<u>(2,808)</u>	<u>(375)</u>	<u>-</u>	<u>-</u>
8	Total Deferral Amounts for Recovery (Line 3 + Line 7)		(\$000's) (3,092)	(0)	(3,751)	(756)	(373)	(82)	(157)
<b>Previous Quarter: True-up of Prospective Recovery Amounts</b>									
Variance between projected and actual prospective recovery for month(s) with actual data since previous QRAM application:									
9	Forecast prospective recovery amount		(\$000's) (1,846)	-	-	(502)	(48)	-	-
10	Less: Actual prospective recovery amount		(\$000's) (1,464)	-	-	(403)	(39)	-	-
11	Variance (Line 9 - Line 10)		<u>(\$000's) (382)</u>	<u>-</u>	<u>-</u>	<u>(99)</u>	<u>(9)</u>	<u>-</u>	<u>-</u>
12	Total Amount for Prospective Recovery (Line 8 + Line 11)		(\$000's) <u>(3,474)</u>	<u>(0)</u>	<u>(3,751)</u>	<u>(856)</u>	<u>(382)</u>	<u>(82)</u>	<u>(157)</u>
<b>Calculation of Current Unit Rate for Prospective Recovery</b>									
13	Applicable Forecast Billing Units (January 1, 2017 to December 31, 2017)	(2)	(10 <sup>3</sup> m <sup>3</sup> ) 1,078,555	306,630	771,926	1,440,001	1,078,555	397,315	1,042,686
14	Current QRAM Unit Rate (Line 12 / Line 13 * 100)		(cents/m <sup>3</sup> ) (0.3221)	-	(0.4859)	(0.0594)	(0.0355)	(0.0207)	(0.0150)
<b>Summary of Unit Rates</b>									
15	Expiring Unit Rate Q1	(2)	(cents/m <sup>3</sup> ) 0.0115	-	-	(0.3512)	(0.0186)	-	-
16	Unit Rate Q1 (Line 14)		(cents/m <sup>3</sup> ) (0.3221)	-	(0.4859)	(0.0594)	(0.0355)	(0.0207)	(0.0150)
17	Unit Rate Q2	(2)	(cents/m <sup>3</sup> ) (1.3064)	-	-	(0.0028)	0.0106	-	-
18	Unit Rate Q3	(2)	(cents/m <sup>3</sup> ) (0.8019)	-	-	0.0407	(0.0527)	-	-
19	Unit Rate Q4	(2)	(cents/m <sup>3</sup> ) 0.2291	-	-	0.2009	0.0288	-	-
20	<b>Total Unit Rate - Prospective Recovery</b>		(cents/m <sup>3</sup> ) <b>(2.2013)</b>	<b>-</b>	<b>(0.4859)</b>	<b>0.1794</b>	<b>(0.0488)</b>	<b>(0.0207)</b>	<b>(0.0150)</b>
21	Change in Unit Rate (Line 14 - Line 15)		(cents/m <sup>3</sup> ) (0.3336)	-	(0.4859)	0.2918	(0.0169)	(0.0207)	(0.0150)

**Notes:**

- (1) Tab 1, Schedule 2, p. 1, Line 26.
- (2) Working Papers, Schedule 2.
- (3) Tab 1, Schedule 2, p. 1, Lines 7+8+9 except Inventory Reval. which is from Tab 1, Schedule 2, p. 1, Lines 8+9+10.
- (4) Tab 1, Schedule 2, p. 1, Lines 10+11+12 except Inventory Reval. which is from Tab 1, Schedule 2, p. 1, Lines 11+12.

**UNION GAS LIMITED**  
Summary of Amounts for Prospective Recovery and  
Derivation of Unit Changes to Prospective Rate Riders  
for the 12-month period ending December 31, 2017

Line No.	Particulars	Units	South PGVA (179-106) (h)	Inventory Revaluation (179-109) (i)	Load Balancing Rate 01 (179-107) (j)	Load Balancing Rate 10 (179-107) (k)	Load Balancing Rate 20 (179-107) (l)	Spot Gas Variance Acct (179-107) (m)	Total (n) = sum (a)-(m)
<b>Deferral Amounts for Recovery</b>									
Change in 12-month deferral account projection:									
1	12-month projection from current QRAM application	(1)	(\$000's) 12,553	36,379	-	-	-	-	44,943
2	Less: Projection from previous QRAM application	(2)	(\$000's) -	(19,158)	-	-	-	-	(18,540)
3	Change (Line 1 - Line 2)		12,553	55,537	-	-	-	-	63,482
<b>Previous Quarter: True-up of Deferral Balances</b>									
Variance between projected and actual deferral balances for month(s) with actual data since previous QRAM application:									
4	Actual deferral amount	(3)	(\$000's) 2,752	(20,615)	(0)	(0)	(0)	(1)	(17,478)
5	Current projected deferral amount	(4)	(\$000's) 5,394	26	(0)	(0)	(0)	(1)	3,359
6	Less: Previous projection included in recovery	(2)	(\$000's) 4,105	37	(0)	(0)	(0)	(1)	6,071
7	Variance (Line 4 + Line 5 - Line 6)		(\$000's) 4,040	(20,626)	0	0	0	(1)	(20,190)
8	Total Deferral Amounts for Recovery (Line 3 + Line 7)		(\$000's) 16,594	34,910	0	0	0	(1)	43,292
<b>Previous Quarter: True-up of Prospective Recovery Amounts</b>									
Variance between projected and actual prospective recovery for month(s) with actual data since previous QRAM application:									
9	Forecast prospective recovery amount		(\$000's) (2,929)	2,199	(3)	2	3	(22)	(3,145)
10	Less: Actual prospective recovery amount		(\$000's) (2,529)	1,728	(2)	3	3	(14)	(2,717)
11	Variance (Line 9 - Line 10)		(\$000's) (400)	471	(1)	(0)	1	(8)	(428)
12	Total Amount for Prospective Recovery (Line 8 + Line 11)		(\$000's) 16,194	35,381	(1)	(0)	1	(8)	42,864
<b>Calculation of Current Unit Rate for Prospective Recovery</b>									
13	Applicable Forecast Billing Units (January 1, 2017 to December 31, 2017)	(2)	(10 <sup>3</sup> m <sup>3</sup> ) 3,415,230	4,493,785	976,292	355,228	108,481	1,078,555	
14	Current QRAM Unit Rate (Line 12 / Line 13 * 100)		(cents/m <sup>3</sup> ) 0.4742	0.7873	(0.0001)	(0.0001)	0.0008	(0.0008)	
<b>Summary of Unit Rates</b>									
15	Expiring Unit Rate Q1	(2)	(cents/m <sup>3</sup> ) (0.5742)	0.4568	0.0002	0.0014	(0.0213)	(0.0092)	
16	Unit Rate Q1 (Line 14)		(cents/m <sup>3</sup> ) 0.4742	0.7873	(0.0001)	(0.0001)	0.0008	(0.0008)	
17	Unit Rate Q2	(2)	(cents/m <sup>3</sup> ) (0.3366)	0.2424	(0.0037)	(0.0024)	0.0263	(0.0141)	
18	Unit Rate Q3	(2)	(cents/m <sup>3</sup> ) (0.4130)	(0.0719)	(0.0019)	0.0008	0.0202	(0.0024)	
19	Unit Rate Q4	(2)	(cents/m <sup>3</sup> ) 0.2219	(0.3990)	0.0006	0.0010	0.0066	0.0063	
20	<b>Total Unit Rate - Prospective Recovery</b>		(cents/m <sup>3</sup> ) <b>(0.0535)</b>	<b>0.5588</b>	<b>(0.0051)</b>	<b>(0.0007)</b>	<b>0.0539</b>	<b>(0.0110)</b>	
21	Change in Unit Rate (Line 14 - Line 15)		(cents/m <sup>3</sup> ) 1.0484	0.3305	(0.0003)	(0.0015)	0.0221	0.0084	

**Notes:**

- (1) Tab 1, Schedule 2, p. 1, Line 26.
- (2) Working Papers, Schedule 2.
- (3) Tab 1, Schedule 2, p. 1, Lines 7+8+9 except Inventory Reval. which is from Tab 1, Schedule 2, p. 1, Lines 8+9+10.
- (4) Tab 1, Schedule 2, p. 1, Lines 10+11+12 except Inventory Reval. which is from Tab 1, Schedule 2, p. 1, Lines 11+12.

UNION GAS LIMITED  
Summary of Unit Rates for Prospective Recovery

Line No.	Particulars (cents/m <sup>3</sup> )	EB-2016-0296 Effective January 1, 2017 Unit Rate for Prospective Recovery (1) (a)	Change in Rider (2) (b)	EB-2016-0334 Effective January 1, 2017 Unit Rate for Prospective Recovery (3) (c) = (a + b)
<b><u>Commodity Unit Rates for Prospective Recovery</u></b>				
<u>Union North</u>				
Common Union North Commodity				
1	North Purchase Gas Variance Account	(1.8677)	(0.3336)	(2.2013)
2	Inventory Revaluation	0.2283	0.3305	0.5588
3	Spot Gas	(0.0194)	0.0084	(0.0110)
4	North Fuel	(0.0319)	(0.0169)	(0.0488)
5	Total Common Union North Commodity Unit Rate	(1.6907)	(0.0116)	(1.7023)
Union North Commodity by Zone				
6	Union North West Purchase Gas Variance Account	-	-	-
7	Union North East Purchase Gas Variance Account	-	(0.4859)	(0.4859)
8	Total Union North West Commodity Unit Rate (line 5 + line 6)	(1.6907)	(0.0116)	(1.7023)
9	Total Union North East Commodity Unit Rate (line 5 + line 7)	(1.6907)	(0.4975)	(2.1882)
<u>Union South</u>				
10	South Purchase Gas Variance Account	(1.1019)	1.0484	(0.0535)
11	Inventory Revaluation	0.2283	0.3305	0.5588
12	Spot Gas	-	-	-
13	Total South Commodity Unit Rate	(0.8736)	1.3789	0.5053
<b><u>Union North Transportation Unit Rates for Prospective Recovery</u></b>				
Common Union North Transportation				
14	North Tolls	(0.1124)	0.2918	0.1794
Load balancing				
15	Rate 01	(0.0048)	(0.0003)	(0.0051)
16	Rate 10	0.0008	(0.0015)	(0.0007)
17	Rate 20	0.0318	0.0221	0.0539
Union North Transportation by Zone				
18	Union North West Tolls & Fuel Account	-	(0.0207)	(0.0207)
19	Union North East Tolls & Fuel Account	-	(0.0150)	(0.0150)
Total Union North West Transportation Unit Rate				
20	Rate 01 (line 14 + line 15 + line 18)	(0.1172)	0.2708	0.1536
21	Rate 10 (line 14 + line 16 + line 18)	(0.1116)	0.2696	0.1580
22	Rate 20 (line 14 + line 17 + line 18)	(0.0806)	0.2932	0.2126
Total Union North East Transportation Unit Rate				
23	Rate 01 (line 14 + line 15 + line 19)	(0.1172)	0.2765	0.1593
24	Rate 10 (line 14 + line 16 + line 19)	(0.1116)	0.2753	0.1637
25	Rate 20 (line 14 + line 17 + line 19)	(0.0806)	0.2989	0.2183

**Notes:**

- (1) EB-2016-0247, Appendix A, excluding temporary charges.
- (2) Tab 2, Schedule 4, p. 1-2, line 21.
- (3) Tab 2, Schedule 4, p. 1-2, line 20.

UNION GAS LIMITED  
Union South  
General Service Customer Bill Impacts

Line No.	Particulars	Rate M1 - Residential (Annual Consumption of 2,200 m <sup>3</sup> )			Rate M2 - Commercial (Annual Consumption of 73,000 m <sup>3</sup> )		
		EB-2016-0296 Approved 01-Jan-17 Total	EB-2016-0334 Proposed 01-Jan-17 Total	Impact (\$)	EB-2016-0296 Approved 01-Jan-17 Total	EB-2016-0334 Proposed 01-Jan-17 Total	Impact (\$)
		Bill (\$) (1) (a)	Bill (\$) (1) (b)	(c) = (b) - (a)	Bill (\$) (1) (d)	Bill (\$) (1) (e)	(f) = (e) - (d)
	<u>Delivery Charges</u>						
1	Monthly Charge	252.00	252.00	-	840.00	840.00	-
	Delivery Commodity Charge						
2	Customer-Related GHG Obligation	73.00	73.00	-	2,422.23	2,422.23	-
3	Other Delivery Commodity	99.80	98.71	(1.09)	3,377.89	3,346.86	(31.03)
4	Prospective Recovery - Delivery	-	-	-	-	-	-
5	Storage Services	15.75	15.75	-	456.38	456.38	-
6	Total Delivery Charge	440.55	439.46	(1.09)	7,096.50	7,065.47	(31.03)
	<u>Supply Charges</u>						
7	Transportation to Union	92.45	-	(92.45)	3,068.27	-	(3,068.27)
8	Commodity	254.54	352.38	97.84	8,445.98	11,693.00	3,247.02
9	Prospective Recovery - Commodity	(19.21) (2)	11.10 (3)	30.31	(637.72) (2)	368.88 (3)	1,006.60
10	Subtotal	235.33	363.48	128.15	7,808.26	12,061.88	4,253.62
11	Total Gas Supply Charge	327.78	363.48	35.70	10,876.53	12,061.88	1,185.35
	<u>Total Bill</u>						
12	Including Customer-Related GHG Obligation	768.33	802.94	34.61	17,973.03	19,127.35	1,154.32
13	Excluding Customer-Related GHG Obligation	695.33	729.94	34.61	15,550.80	16,705.12	1,154.32
	<u>Impacts</u>						
14	Sales Service			34.61			1,154.32
15	Direct Purchase			(1.09)			(31.03)
16	Commodity Bill Impact			54.5% (4)			54.5% (4)
	Total Bill Impact						
17	Including Customer-Related GHG Obligation			4.5%			6.4%
18	Excluding Customer-Related GHG Obligation			5.0%			7.4%

Notes:

- (1) Excludes temporary charges/(credits).
- (2) Prospective recovery credit of (0.8736) cents/m<sup>3</sup> for 12 months.
- (3) Prospective recovery charge of 0.5053 cents/m<sup>3</sup> for 12 months.
- (4) Commodity bill impact reflects the impact of the gas commodity bill change divided by the current approved gas commodity bill shown at line 10.

UNION GAS LIMITED  
 Union North  
General Service Customer Bill Impacts

Line No.	Particulars	Union North West Zone Rate 01 - Residential (Annual Consumption of 2,200 m <sup>3</sup> )			Union North West Zone Rate 01 - Residential (Annual Consumption of 2,200 m <sup>3</sup> )		
		Fort Frances District EB-2016-0296 Approved 01-Jan-17 Total Bill (\$) (1) (a)	Union North West Zone EB-2016-0334 Proposed 01-Jan-17 Total Bill (\$) (1) (b)	Impact (\$) (c) = (b) - (a)	Western Zone EB-2016-0296 Approved 01-Jan-17 Total Bill (\$) (1) (d)	Union North West Zone EB-2016-0334 Proposed 01-Jan-17 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						
3	Customer-Related GHG Obligation	73.00	73.00	-	73.00	73.00	-
4	Other Delivery Commodity	201.47	199.61	(1.86)	201.47	199.61	(1.86)
	Total Delivery Charge	526.47	524.61	(1.86)	526.47	524.61	(1.86)
	<u>Supply Charges</u>						
5	Transportation to Union	148.04	148.23	0.19	148.04	148.23	0.19
6	Prospective Recovery - Transportation	(2.57) (2)	3.38 (3)	5.95	(2.57) (2)	3.38 (3)	5.95
7	Storage Services	45.29	45.29	-	45.29	45.29	-
8	Prospective Recovery - Storage	-	-	-	-	-	-
9	Subtotal	190.76	196.90	6.14	190.76	196.90	6.14
10	Commodity	247.98	258.97	10.99	249.78	258.97	9.19
11	Prospective Recovery - Commodity & Fuel	(37.21) (4)	(37.46) (5)	(0.25)	(37.21) (4)	(37.46) (5)	(0.25)
12	Subtotal	210.77	221.51	10.74	212.57	221.51	8.94
13	Total Gas Supply Charge	401.53	418.41	16.88	403.33	418.41	15.08
	<u>Total Bill</u>						
14	Including Customer-Related GHG Obligation	928.00	943.02	15.02	929.80	943.02	13.22
15	Excluding Customer-Related GHG Obligation	855.00	870.02	15.02	856.80	870.02	13.22
	<u>Impacts</u>						
16	Sales Service			15.02			13.22
17	Direct Purchase			4.28			4.28
18	Commodity Bill Impact			5.1% (6)			4.2% (6)
	Total Bill Impact						
19	Including Customer-Related GHG Obligation			1.6%			1.4%
20	Excluding Customer-Related GHG Obligation			1.8%			1.5%

Notes:

- (1) Excludes temporary charges/(credits).
- (2) Prospective recovery credit of 0.1172 cents/m<sup>3</sup> for 12 months.
- (3) Prospective recovery charge of 0.1536 cents/m<sup>3</sup> for 12 months.
- (4) Prospective recovery credit of 1.6907 cents/m<sup>3</sup> for 12 months.
- (5) Prospective recovery credit of 1.7023 cents/m<sup>3</sup> for 12 months.
- (6) Commodity bill impact reflects the impact of the gas commodity bill change divided by the current approved gas commodity bill shown at line 12.

UNION GAS LIMITED  
Union North  
General Service Customer Bill Impacts

Line No.	Particulars	Union North West Zone Rate 01 - Residential (Annual Consumption of 2,200 m <sup>3</sup> )			Union North East Zone Rate 01 - Residential (Annual Consumption of 2,200 m <sup>3</sup> )		
		Northern Zone (Union SSMDA) EB-2016-0296 Approved 01-Jan-17 Total Bill (\$) (1)	Union North West Zone EB-2016-0334 Proposed 01-Jan-17 Total Bill (\$) (1)	Impact (\$) (c) = (b) - (a)	Northern Zone (Union NDA) EB-2016-0296 Approved 01-Jan-17 Total Bill (\$) (1)	Union North East Zone EB-2016-0334 Proposed 01-Jan-17 Total Bill (\$) (1)	Impact (\$) (f) = (e) - (d)
		(a)	(b)		(d)	(e)	
	<u>Delivery Charges</u>						
1	Monthly Charge	252.00	252.00	-	252.00	252.00	-
2	Delivery Commodity Charge						
	Customer-Related GHG Obligation	73.00	73.00	-	73.00	73.00	-
3	Other Delivery Commodity	201.47	199.61	(1.86)	201.47	199.61	(1.86)
4	Total Delivery Charge	526.47	524.61	(1.86)	526.47	524.61	(1.86)
	<u>Supply Charges</u>						
5	Transportation to Union	148.04	148.23	0.19	65.24	65.36	0.12
6	Prospective Recovery - Transportation	(2.57) (2)	3.38 (3)	5.95	(2.57) (2)	3.50 (4)	6.07
7	Storage Services	45.29	45.29	-	145.67	145.74	0.07
8	Prospective Recovery - Storage	-	-	-	-	-	-
9	Subtotal	190.76	196.90	6.14	208.34	214.60	6.26
10	Commodity	252.54	258.97	6.43	252.54	358.61	106.07
11	Prospective Recovery - Commodity & Fuel	(37.21) (4)	(37.46) (5)	(0.25)	(37.21) (5)	(48.13) (7)	(10.92)
12	Subtotal	215.33	221.51	6.18	215.33	310.48	95.15
13	Total Gas Supply Charge	406.09	418.41	12.32	423.67	525.08	101.41
	<u>Total Bill</u>						
14	Including Customer-Related GHG Obligation	932.56	943.02	10.46	950.14	1,049.69	99.55
15	Excluding Customer-Related GHG Obligation	859.56	870.02	10.46	877.14	976.69	99.55
	<u>Impacts</u>						
16	Sales Service			10.46			99.55
17	Direct Purchase			4.28			4.40
18	Commodity Bill Impact			3% (8)			44% (8)
	Total Bill Impact						
19	Including Customer-Related GHG Obligation			1.1%			10.5%
20	Excluding Customer-Related GHG Obligation			1.2%			11.3%

Notes:

- (1) Excludes temporary charges/(credits).
- (2) Prospective recovery credit of 0.1172) cents/m<sup>3</sup> for 12 months.
- (3) Prospective recovery charge of 0.1536 cents/m<sup>3</sup> for 12 months.
- (4) Prospective recovery charge of 0.1593 cents/m<sup>3</sup> for 12 months.
- (5) Prospective recovery credit of (1.6907) cents/m<sup>3</sup> for 12 months.
- (6) Prospective recovery credit of (1.7023) cents/m<sup>3</sup> for 12 months.
- (7) Prospective recovery credit of (2.1882) cents/m<sup>3</sup> for 12 months.
- (8) Commodity bill impact reflects the impact of the gas commodity bill change divided by the current approved gas commodity bill shown at line 12.



UNION GAS LIMITED  
 Union North  
General Service Customer Bill Impacts

		Union North East Zone Rate 01 - Residential (Annual Consumption of 2,200 m <sup>3</sup> )		
Line No.	Particulars	Eastern Zone EB-2016-0296 Approved 01-Jan-17 Total Bill (\$) (1)	Union North East Zone EB-2016-0334 Proposed 01-Jan-17 Total Bill (\$) (1)	Impact (\$) (c) = (b) - (a)
		(a)	(b)	
	<u>Delivery Charges</u>			
1	Monthly Charge	252.00	252.00	-
	Delivery Commodity Charge			
2	Customer-Related GHG Obligation	73.00	73.00	-
3	Other Delivery Commodity	201.47	199.61	(1.86)
4	Total Delivery Charge	526.47	524.61	(1.86)
	<u>Supply Charges</u>			
5	Transportation to Union	65.24	65.36	0.12
6	Prospective Recovery - Transportation	(2.57) (2)	3.50 (3)	6.07
7	Storage Services	145.67	145.74	0.07
8	Prospective Recovery - Storage	-	-	-
9	Subtotal	208.34	214.60	6.26
10	Commodity	254.77	358.61	103.84
11	Prospective Recovery - Commodity & Fuel	(37.21) (4)	(48.13) (5)	(10.92)
12	Subtotal	217.56	310.48	92.92
13	Total Gas Supply Charge	425.90	525.08	99.18
	<u>Total Bill</u>			
14	Including Customer-Related GHG Obligation	952.37	1,049.69	97.32
15	Excluding Customer-Related GHG Obligation	879.37	976.69	97.32
	<u>Impacts</u>			
16	Sales Service			97.32
17	Direct Purchase			4.40
18	Commodity Bill Impact			43% (6)
	Total Bill Impact			
19	Including Customer-Related GHG Obligation			10.2%
20	Excluding Customer-Related GHG Obligation			11.1%

Notes:

- (1) Excludes temporary charges/(credits).
- (2) Prospective recovery credit of 0.1172) cents/m<sup>3</sup> for 12 months.
- (3) Prospective recovery charge of 0.1593 cents/m<sup>3</sup> for 12 months.
- (4) Prospective recovery credit of (1.6907) cents/m<sup>3</sup> for 12 months.
- (5) Prospective recovery credit of (2.1882) cents/m<sup>3</sup> for 12 months.
- (6) Commodity bill impact reflects the impact of the gas commodity bill change divided by the current approved gas commodity bill shown at line 12.

UNION GAS LIMITED  
 Union North  
General Service Customer Bill Impacts

Line No.	Particulars	Union North West Rate 10 - Commercial / Industrial (Annual Consumption of 93,000 m <sup>3</sup> )			Union North West Rate 10 - Commercial / Industrial (Annual Consumption of 93,000 m <sup>3</sup> )		
		Fort Frances District EB-2016-0296 Approved 01-Jan-17 Total Bill (\$) (1)	Union North West Zone EB-2016-0334 Proposed 01-Jan-17 Total Bill (\$) (1)	Impact (\$) (c) = (b) - (a)	Western Zone EB-2016-0296 Approved 01-Jan-17 Total Bill (\$) (1)	Union North West Zone EB-2016-0334 Proposed 01-Jan-17 Total Bill (\$) (1)	Impact (\$) (f) = (e) - (d)
		(a)	(b)		(d)	(e)	
	<u>Delivery Charges</u>						
1	Monthly Charge	840.00	840.00	-	840.00	840.00	-
	Delivery Commodity Charge						
2	Customer-Related GHG Obligation	3,085.83	3,085.83	-	3,085.83	3,085.83	-
3	Other Delivery Commodity	6,010.11	5,945.30	(64.81)	6,010.11	5,945.30	(64.81)
4	Total Delivery Charge	9,935.94	9,871.13	(64.81)	9,935.94	9,871.13	(64.81)
	<u>Supply Charges</u>						
5	Transportation to Union	5,480.39	5,488.94	8.55	5,480.39	5,488.94	8.55
6	Prospective Recovery - Transportation	(103.78) (2)	146.94 (3)	250.72	(103.78) (2)	146.94 (3)	250.72
7	Storage Services	1,441.05	1,440.85	(0.20)	1,441.05	1,440.85	(0.20)
8	Prospective Recovery - Storage	-	-	-	-	-	-
9	Subtotal	6,817.66	7,076.73	259.07	6,817.66	7,076.73	259.07
10	Commodity	10,482.78	10,947.13	464.35	10,558.66	10,947.13	388.47
11	Prospective Recovery - Commodity & Fuel	(1,572.35) (4)	(1,583.14) (5)	(10.79)	(1,572.35) (4)	(1,583.14) (5)	(10.79)
12	Subtotal	8,910.43	9,363.99	453.56	8,986.31	9,363.99	377.68
13	Total Gas Supply Charge	15,728.09	16,440.72	712.63	15,803.97	16,440.72	636.75
	<u>Total Bill</u>						
14	Including Customer-Related GHG Obligation	25,664.03	26,311.85	647.82	25,739.91	26,311.85	571.94
15	Excluding Customer-Related GHG Obligation	22,578.20	23,226.02	647.82	22,654.08	23,226.02	571.94
	<u>Impacts</u>						
16	Sales Service			647.82			571.94
17	Direct Purchase			194.26			194.26
18	Commodity Bill Impact			5.1% (6)			4.2% (6)
	<u>Total Bill Impact</u>						
19	Including Customer-Related GHG Obligation			2.5%			2.2%
20	Excluding Customer-Related GHG Obligation			2.9%			2.5%

Notes:

- (1) Excludes temporary charges/(credits).
- (2) Prospective recovery credit of (0.1116) cents/m<sup>3</sup> for 12 months.
- (3) Prospective recovery charge of 0.1580 cents/m<sup>3</sup> for 12 months.
- (4) Prospective recovery credit of (1.6907) cents/m<sup>3</sup> for 12 months.
- (5) Prospective recovery credit of (1.7023) cents/m<sup>3</sup> for 12 months.
- (6) Commodity bill impact reflects the impact of the gas commodity bill change divided by the current approved gas commodity bill shown at line 12.

UNION GAS LIMITED  
Union North  
General Service Customer Bill Impacts

Line No.	Particulars	Union North West Rate 10 - Commercial / Industrial (Annual Consumption of 93,000 m <sup>3</sup> )			Union North East Rate 10 - Commercial / Industrial (Annual Consumption of 93,000 m <sup>3</sup> )		
		Northern Zone (Union SSM DA) EB-2016-0296 Approved 01-Jan-17 Total Bill (\$) (1) (a)	Union North West Zone EB-2016-0334 Proposed 01-Jan-17 Total Bill (\$) (1) (b)	Impact (\$) (c) = (b) - (a)	Northern Zone (Union NDA) EB-2016-0296 Approved 01-Jan-17 Total Bill (\$) (1) (d)	Union North East Zone EB-2016-0334 Proposed 01-Jan-17 Total Bill (\$) (1) (e)	Impact (\$) (f) = (e) - (d)
	<u>Delivery Charges</u>						
1	Monthly Charge	840.00	840.00	-	840.00	840.00	-
2	Delivery Commodity Charge						
3	Customer-Related GHG Obligation	3,085.83	3,085.83	-	3,085.83	3,085.83	-
4	Other Delivery Commodity	6,010.11	5,945.30	(64.81)	6,010.11	5,945.30	(64.81)
4	Total Delivery Charge	9,935.94	9,871.13	(64.81)	9,935.94	9,871.13	(64.81)
	<u>Supply Charges</u>						
5	Transportation to Union	5,480.39	5,488.94	8.55	2,539.16	2,543.82	4.66
6	Prospective Recovery - Transportation	(103.78) (2)	146.94 (3)	250.72	(103.78) (2)	152.26 (4)	256.04
7	Storage Services	1,441.05	1,440.85	(0.20)	4,348.88	4,350.75	1.87
8	Prospective Recovery - Storage	-	-	-	-	-	-
9	Subtotal	6,817.66	7,076.73	259.07	6,784.26	7,046.83	262.57
10	Commodity	10,676.11	10,947.13	271.02	10,676.11	15,159.19	4,483.08
11	Prospective Recovery - Commodity & Fuel	(1,572.35) (5)	(1,583.14) (6)	(10.79)	(1,572.35) (5)	(2,035.01) (7)	(462.66)
12	Subtotal	9,103.76	9,363.99	260.23	9,103.76	13,124.18	4,020.42
13	Total Gas Supply Charge	15,921.42	16,440.72	519.30	15,888.02	20,171.01	4,282.99
	<u>Total Bill</u>						
14	Including Customer-Related GHG Obligation	25,857.36	26,311.85	454.49	25,823.96	30,042.14	4,218.18
15	Excluding Customer-Related GHG Obligation	22,771.53	23,226.02	454.49	22,738.13	26,956.31	4,218.18
	<u>Impacts</u>						
16	Sales Service			454.49			4,218.18
17	Direct Purchase			194.26			197.76
18	Commodity Bill Impact			2.9% (8)			44.2% (8)
	<u>Total Bill Impact</u>						
19	Including Customer-Related GHG Obligation			1.8%			16.3%
20	Excluding Customer-Related GHG Obligation			2.0%			18.6%

Notes:

- (1) Excludes temporary charges/(credits).
- (2) Prospective recovery credit of 0.1116 cents/m<sup>3</sup> for 12 months.
- (3) Prospective recovery charge of 0.1580 cents/m<sup>3</sup> for 12 months.
- (4) Prospective recovery charge of 0.1637 cents/m<sup>3</sup> for 12 months.
- (5) Prospective recovery credit of 1.6907 cents/m<sup>3</sup> for 12 months.
- (6) Prospective recovery credit of 1.7023 cents/m<sup>3</sup> for 12 months.
- (7) Prospective recovery credit of 2.1882 cents/m<sup>3</sup> for 12 months.
- (8) Commodity bill impact reflects the impact of the gas commodity bill change divided by the current approved gas commodity bill shown at line 12.

UNION GAS LIMITED  
 Union North  
 General Service Customer Bill Impacts

Union North East Rate 10 - Commercial / Industrial (Annual Consumption of 93,000 m <sup>3</sup> )				
Line No.	Particulars	Union North		Impact (\$) (c) = (b) - (a)
		Eastern Zone EB-2016-0296 Approved 01-Jan-17 Total Bill (\$) (1)	East Zone EB-2016-0334 Proposed 01-Jan-17 Total Bill (\$) (1)	
		(a)	(b)	
<u>Delivery Charges</u>				
1	Monthly Charge	840.00	840.00	-
2	Delivery Commodity Charge			
	Customer-Related GHG Obligation	3,085.83	3,085.83	-
3	Other Delivery Commodity	6,010.11	5,945.30	(64.81)
4	Total Delivery Charge	<u>9,935.94</u>	<u>9,871.13</u>	<u>(64.81)</u>
<u>Supply Charges</u>				
5	Transportation to Union	2,539.16	2,543.82	4.66
6	Prospective Recovery - Transportation	(103.78) (2)	152.26 (3)	256.04
7	Storage Services	4,348.88	4,350.75	1.87
8	Prospective Recovery - Storage	-	-	-
9	Subtotal	<u>6,784.26</u>	<u>7,046.83</u>	<u>262.57</u>
10	Commodity	10,769.41	15,159.19	4,389.78
11	Prospective Recovery - Commodity & Fuel	(1,572.35) (4)	(2,035.01) (5)	(462.66)
12	Subtotal	<u>9,197.06</u>	<u>13,124.18</u>	<u>3,927.12</u>
13	Total Gas Supply Charge	15,981.32	20,171.01	4,189.69
<u>Total Bill</u>				
14	Including Customer-Related GHG Obligation	<u>25,917.26</u>	<u>30,042.14</u>	<u>4,124.88</u>
15	Excluding Customer-Related GHG Obligation	<u>22,831.43</u>	<u>26,956.31</u>	<u>4,124.88</u>
<u>Impacts</u>				
16	Sales Service			4,124.88
17	Direct Purchase			197.76
16	Commodity Bill Impact			42.7% (6)
<u>Total Bill Impact</u>				
17	Including Customer-Related GHG Obligation			15.9%
18	Excluding Customer-Related GHG Obligation			18.1%

Notes:

- (1) Excludes temporary charges/(credits).
- (2) Prospective recovery credit of (0.1116) cents/m<sup>3</sup> for 12 months.
- (3) Prospective recovery charge of 0.1637 cents/m<sup>3</sup> for 12 months.
- (4) Prospective recovery credit of (1.6907) cents/m<sup>3</sup> for 12 months.
- (5) Prospective recovery credit of (2.1882) cents/m<sup>3</sup> for 12 months.
- (6) Commodity bill impact reflects the impact of the gas commodity bill change divided by the current approved gas commodity bill shown at line 12.

UNION GAS LIMITED  
 Union South  
General Service Customer Bill Impacts Compared to October 2016 QRAM

Line No.	Rate M1 - Residential (Annual Consumption of 2,200 m <sup>3</sup> )			Rate M2 - Commercial (Annual Consumption of 73,000 m <sup>3</sup> )			
	EB-2016-0247	EB-2016-0334	Impact (\$ (5))	EB-2016-0247	EB-2016-0334	Impact (\$ (5))	
	Approved 01-Oct-16 Total Bill (\$) (1)	Proposed 01-Jan-17 Total Bill (\$) (1)		Approved 01-Oct-16 Total Bill (\$) (1)	Proposed 01-Jan-17 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	-
	Delivery Commodity Charge						
2	Customer-Related GHG Obligation	-	73.00	73.00	-	2,422.23	2,422.23
3	Other Delivery Commodity	85.77	98.71	12.94	2,877.35	3,346.86	469.51
4	Prospective Recovery - Delivery	-	-	-	-	-	-
5	Storage Services	15.45	15.75	0.30	449.77	456.38	6.61
6	Total Delivery Charge	353.22	439.46	86.24	4,167.12	7,065.47	2,898.35
	<u>Supply Charges</u>						
7	Transportation to Union	92.45	-	(92.45)	3,068.27	-	(3,068.27)
8	Commodity	254.56	352.38	97.82	8,446.54	11,693.00	3,246.46
9	Prospective Recovery - Commodity	(19.21) (2)	11.10 (3)	30.31	(637.72) (2)	368.88 (3)	1,006.60
10	Subtotal	235.35	363.48	128.13	7,808.82	12,061.88	4,253.06
11	Total Gas Supply Charge	327.80	363.48	35.68	10,877.09	12,061.88	1,184.79
	<u>Total Bill</u>						
12	Including Customer-Related GHG Obligation	681.02	802.94	121.92	15,044.21	19,127.35	4,083.14
13	Excluding Customer-Related GHG Obligation	681.02	729.94	48.92	15,044.21	16,705.12	1,660.91
	<u>Impacts</u>						
14	Sales Service			121.92			4,083.14
15	Direct Purchase			86.24			2,898.35
16	Commodity Bill Impact			54.4%	(4)		54.5% (4)
	<u>Total Bill Impact</u>						
17	Including Customer-Related GHG Obligation			17.9%			27.1%
18	Excluding Customer-Related GHG Obligation			7.2%			11.0%

Notes:

- (1) Excludes temporary charges/(credits).
- (2) Prospective recovery credit of (0.8736) cents/m<sup>3</sup> for 12 months.
- (3) Prospective recovery charge of 0.5053 cents/m<sup>3</sup> for 12 months.
- (4) Commodity bill impact reflects the impact of the gas commodity bill change divided by the current approved gas commodity bill shown at line 10.
- (5) Includes the bill impacts effective January 1, 2017 from EB-2016-0245 (2017 Rates), EB-2016-0296 (Cap-and-Trade Compliance Plan), and EB-2016-0334 (January 2017 QRAM).

UNION GAS LIMITED  
 Union North  
 General Service Customer Bill Impacts Compared to October 2016 QRAM

Line No.	Union North West Zone Rate 01 - Residential (Annual Consumption of 2,200 m <sup>3</sup> )			Union North West Zone Rate 01 - Residential (Annual Consumption of 2,200 m <sup>3</sup> )			
	Fort Frances District EB-2016-0247 Approved 01-Oct-16 Total Bill (\$) (1)	Union North West Zone EB-2016-0334 Proposed 01-Jan-17 Total Bill (\$) (1)	Impact (\$ (7)) (c) = (b) - (a)	Western Zone EB-2016-0247 Approved 01-Oct-16 Total Bill (\$) (1)	Union North West Zone EB-2016-0334 Proposed 01-Jan-17 Total Bill (\$) (1)	Impact (\$ (7)) (f) = (e) - (d)	
	(a)	(b)		(d)	(e)		
	<u>Delivery Charges</u>						
1	Monthly Charge	252.00	252.00	-	252.00	252.00	-
	Delivery Commodity Charge						
2	Customer-Related GHG Obligation	-	73.00	73.00	-	73.00	73.00
3	Other Delivery Commodity	192.77	199.61	6.84	192.77	199.61	6.84
4	Total Delivery Charge	444.77	524.61	79.84	444.77	524.61	79.84
	<u>Supply Charges</u>						
5	Transportation to Union	128.01	148.23	20.22	109.71	148.23	38.52
6	Prospective Recovery - Transportation	(2.57) (2)	3.38 (3)	5.95	(2.57) (2)	3.38 (3)	5.95
7	Storage Services	80.92	45.29	(35.63)	73.61	45.29	(28.32)
8	Prospective Recovery - Storage	-	-	-	-	-	-
9	Subtotal	206.36	196.90	(9.46)	180.75	196.90	16.15
10	Commodity	247.99	258.97	10.98	249.80	258.97	9.17
11	Prospective Recovery - Commodity & Fuel	(37.21) (4)	(37.46) (5)	(0.25)	(37.21) (4)	(37.46) (5)	(0.25)
12	Subtotal	210.78	221.51	10.73	212.59	221.51	8.92
13	Total Gas Supply Charge	417.14	418.41	1.27	393.34	418.41	25.07
	<u>Total Bill</u>						
14	Including Customer-Related GHG Obligation	861.91	943.02	81.11	838.11	943.02	104.91
15	Excluding Customer-Related GHG Obligation	861.91	870.02	8.11	838.11	870.02	31.91
	<u>Impacts</u>						
16	Sales Service			81.11			104.91
17	Direct Purchase			70.38			95.99
18	Commodity Bill Impact			5.1% (6)			4.2% (6)
	<u>Total Bill Impact</u>						
19	Including Customer-Related GHG Obligation			9.4%			12.5%
20	Excluding Customer-Related GHG Obligation			0.9%			3.8%

Notes:

- (1) Excludes temporary charges/(credits).
- (2) Prospective recovery credit of (0.1172) cents/m<sup>3</sup> for 12 months.
- (3) Prospective recovery charge of 0.1536 cents/m<sup>3</sup> for 12 months.
- (4) Prospective recovery credit of (1.6907) cents/m<sup>3</sup> for 12 months.
- (5) Prospective recovery credit of (1.7023) cents/m<sup>3</sup> for 12 months.
- (6) Commodity bill impact reflects the impact of the gas commodity bill change divided by the current approved gas commodity bill shown at line 12.
- (7) Includes the bill impacts effective January 1, 2017 from EB-2016-0245 (2017 Rates), EB-2016-0296 (Cap-and-Trade Compliance Plan), and EB-2016-0334 (January 2017 QRAM).

UNION GAS LIMITED  
 Union North  
General Service Customer Bill Impacts Compared to October 2016 QRAM

Line No.	Union North West Zone Rate 01 - Residential (Annual Consumption of 2,200 m <sup>3</sup> )			Union North East Zone Rate 01 - Residential (Annual Consumption of 2,200 m <sup>3</sup> )			
	Northern Zone (Union SSMDA) EB-2016-0247 Approved 01-Oct-16	Union North West Zone EB-2016-0334 Proposed 01-Jan-17	Impact (\$ (9))	Northern Zone (Union NDA) EB-2016-0247 Approved 01-Oct-16	Union North East Zone EB-2016-0334 Proposed 01-Jan-17	Impact (\$ (9))	
	Total Bill (\$) (1) (a)	Total Bill (\$) (1) (b)	(c) = (b) - (a)	Total Bill (\$) (1) (d)	Total Bill (\$) (1) (e)	(f) = (e) - (d)	
	<u>Delivery Charges</u>						
1	Monthly Charge	252.00	252.00	-	252.00	252.00	-
	Delivery Commodity Charge						
2	Customer-Related GHG Obligation	-	73.00	73.00	-	73.00	73.00
3	Other Delivery Commodity	192.77	199.61	6.84	192.77	199.61	6.84
4	Total Delivery Charge	444.77	524.61	79.84	444.77	524.61	79.84
	<u>Supply Charges</u>						
5	Transportation to Union	142.79	148.23	5.44	142.79	65.36	(77.43)
6	Prospective Recovery - Transportation	(2.57) (2)	3.38 (3)	5.95	(2.57) (2)	3.50 (4)	6.07
7	Storage Services	86.83	45.29	(41.54)	86.83	145.74	58.91
8	Prospective Recovery - Storage	-	-	-	-	-	-
9	Subtotal	227.05	196.90	(30.15)	227.05	214.60	(12.45)
10	Commodity	252.56	258.97	6.41	252.56	358.61	106.05
11	Prospective Recovery - Commodity & Fuel	(37.21) (5)	(37.46) (6)	(0.25)	(37.21) (5)	(48.13) (7)	(10.92)
12	Subtotal	215.35	221.51	6.16	215.35	310.48	95.13
13	Total Gas Supply Charge	442.40	418.41	(23.99)	442.40	525.08	82.68
	<u>Total Bill</u>						
14	Including Customer-Related GHG Obligation	887.17	943.02	55.85	887.17	1,049.69	162.52
15	Excluding Customer-Related GHG Obligation	887.17	870.02	(17.15)	887.17	976.69	89.52
	<u>Impacts</u>						
16	Sales Service			55.85			162.52
17	Direct Purchase			49.69			67.39
18	Commodity Bill Impact			2.9% (8)			44.2% (8)
	<u>Total Bill Impact</u>						
19	Including Customer-Related GHG Obligation			6.3%			18.3%
20	Excluding Customer-Related GHG Obligation			(1.9%)			10.1%

Notes:

- (1) Excludes temporary charges/(credits).
- (2) Prospective recovery credit of (0.1172) cents/m<sup>3</sup> for 12 months.
- (3) Prospective recovery charge of 0.1536 cents/m<sup>3</sup> for 12 months.
- (4) Prospective recovery charge of 0.1593 cents/m<sup>3</sup> for 12 months.
- (5) Prospective recovery credit of (1.6907) cents/m<sup>3</sup> for 12 months.
- (6) Prospective recovery credit of (1.7023) cents/m<sup>3</sup> for 12 months.
- (7) Prospective recovery credit of (2.1882) cents/m<sup>3</sup> for 12 months.
- (8) Commodity bill impact reflects the impact of the gas commodity bill change divided by the current approved gas commodity bill shown at line 12.
- (9) Includes the bill impacts effective January 1, 2017 from EB-2016-0245 (2017 Rates), EB-2016-0296 (Cap-and-Trade Compliance Plan), and EB-2016-0334 (January 2017 QRAM).

UNION GAS LIMITED  
 Union North  
 General Service Customer Bill Impacts Compared to October 2016 QRAM

Line No.		Union North East Zone Rate 01 - Residential (Annual Consumption of 2,200 m <sup>3</sup> )		
		Eastern Zone EB-2016-0247 Approved 01-Oct-16	Union North East Zone EB-2016-0334 Proposed 01-Jan-17	Impact
		Total Bill (\$) (1)	Total Bill (\$) (1)	(\$ (7)
		(a)	(b)	(c) = (b) - (a)
	<u>Delivery Charges</u>			
1	Monthly Charge	252.00	252.00	-
	Delivery Commodity Charge			
2	Customer-Related GHG Obligation	-	73.00	73.00
3	Other Delivery Commodity	192.77	199.61	6.84
4	Total Delivery Charge	444.77	524.61	79.84
	<u>Supply Charges</u>			
5	Transportation to Union	170.77	65.36	(105.41)
6	Prospective Recovery - Transportation	(2.57) (2)	3.50 (3)	6.07
7	Storage Services	98.00	145.74	47.74
8	Prospective Recovery - Storage	-	-	-
9	Subtotal	266.20	214.60	(51.60)
10	Commodity	254.80	358.61	103.81
11	Prospective Recovery - Commodity & Fuel	(37.21) (4)	(48.13) (5)	(10.92)
12	Subtotal	217.59	310.48	92.89
13	Total Gas Supply Charge	483.79	525.08	41.29
	<u>Total Bill</u>			
14	Including Customer-Related GHG Obligation	928.56	1,049.69	121.13
15	Excluding Customer-Related GHG Obligation	928.56	976.69	48.13
	<u>Impacts</u>			
16	Sales Service			121.13
17	Direct Purchase			28.24
18	Commodity Bill Impact			42.7% (6)
	Total Bill Impact			
19	Including Customer-Related GHG Obligation			13.0%
20	Excluding Customer-Related GHG Obligation			5.2%

Notes:

- (1) Excludes temporary charges/(credits).
- (2) Prospective recovery credit of (0.1172) cents/m<sup>3</sup> for 12 months.
- (3) Prospective recovery charge of 0.1593 cents/m<sup>3</sup> for 12 months.
- (4) Prospective recovery credit of (1.6907) cents/m<sup>3</sup> for 12 months.
- (5) Prospective recovery credit of (2.1882) cents/m<sup>3</sup> for 12 months.
- (6) Commodity bill impact reflects the impact of the gas commodity bill change divided by the current approved gas commodity bill shown at line 12.
- (7) Includes the bill impacts effective January 1, 2017 from EB-2016-0245 (2017 Rates), EB-2016-0296 (Cap-and-Trade Compliance Plan), and EB-2016-0334 (January 2017 QRAM).



UNION GAS LIMITED  
Union North  
General Service Customer Bill Impacts Compared to October 2016 QRAM

Line No.	Union North West Rate 10 - Commercial / Industrial (Annual Consumption of 93,000 m³)			Union North West Rate 10 - Commercial / Industrial (Annual Consumption of 93,000 m³)			
	Fort Frances District EB-2016-0247 Approved 01-Oct-16 Bill (\$) (1)	Union North West Zone EB-2016-0334 Proposed 01-Jan-17 Bill (\$) (1)	Impact (\$ (7)) (c) = (b) - (a)	Western Zone EB-2016-0247 Approved 01-Oct-16 Bill (\$) (1)	Union North West Zone EB-2016-0334 Proposed 01-Jan-17 Bill (\$) (1)	Impact (\$ (7)) (f) = (e) - (d)	
	(a)	(b)	(c) = (b) - (a)	(d)	(e)	(f) = (e) - (d)	
<u>Delivery Charges</u>							
1	Monthly Charge	840.00	840.00	-	840.00	840.00	-
2	Delivery Commodity Charge						
	Customer-Related GHG Obligation	-	3,085.83	3,085.83	-	3,085.83	3,085.83
3	Other Delivery Commodity	5,562.02	5,945.30	383.28	5,562.02	5,945.30	383.28
4	Total Delivery Charge	6,402.02	9,871.13	3,469.11	6,402.02	9,871.13	3,469.11
<u>Supply Charges</u>							
5	Transportation to Union	4,773.96	5,488.94	714.98	4,000.50	5,488.94	1,488.44
6	Prospective Recovery - Transportation	(103.78) (2)	146.94 (3)	250.72	(103.78) (2)	146.94 (3)	250.72
7	Storage Services	2,232.65	1,440.85	(791.80)	1,923.61	1,440.85	(482.76)
8	Prospective Recovery - Storage	-	-	-	-	-	-
9	Subtotal	6,902.83	7,076.73	173.90	5,820.33	7,076.73	1,256.40
10	Commodity	10,483.53	10,947.13	463.60	10,559.40	10,947.13	387.73
11	Prospective Recovery - Commodity & Fuel	(1,572.35) (4)	(1,583.14) (5)	(10.79)	(1,572.35) (4)	(1,583.14) (5)	(10.79)
12	Subtotal	8,911.18	9,363.99	452.81	8,987.05	9,363.99	376.94
13	Total Gas Supply Charge	15,814.01	16,440.72	626.71	14,807.38	16,440.72	1,633.34
<u>Total Bill</u>							
14	Including Customer-Related GHG Obligation	22,216.03	26,311.85	4,095.82	21,209.40	26,311.85	5,102.45
15	Excluding Customer-Related GHG Obligation	22,216.03	23,226.02	1,009.99	21,209.40	23,226.02	2,016.62
<u>Impacts</u>							
16	Sales Service			4,095.82			5,102.45
17	Direct Purchase			3,643.01			4,725.51
18	Commodity Bill Impact			5.1% (6)			4.2% (6)
<u>Total Bill Impact</u>							
19	Including Customer-Related GHG Obligation			18.4%			24.1%
20	Excluding Customer-Related GHG Obligation			4.5%			9.5%

Notes:

- (1) Excludes temporary charges/(credits).
- (2) Prospective recovery credit of (0.1116) cents/m³ for 12 months.
- (3) Prospective recovery charge of 0.1580 cents/m³ for 12 months.
- (4) Prospective recovery credit of (1.6907) cents/m³ for 12 months.
- (5) Prospective recovery credit of (1.7023) cents/m³ for 12 months.
- (6) Commodity bill impact reflects the impact of the gas commodity bill change divided by the current approved gas commodity bill shown at line 12.
- (7) Includes the bill impacts effective January 1, 2017 from EB-2016-0245 (2017 Rates), EB-2016-0296 (Cap-and-Trade Compliance Plan), and EB-2016-0334 (January 2017 QRAM).

UNION GAS LIMITED  
 Union North  
 General Service Customer Bill Impacts Compared to October 2016 QRAM

Line No.	Union North West Rate 10 - Commercial / Industrial (Annual Consumption of 93,000 m³)			Union North East Rate 10 - Commercial / Industrial (Annual Consumption of 93,000 m³)			
	Northern Zone (Union SSMDA) EB-2016-0247	Union North West Zone EB-2016-0334	Impact	Northern Zone (Union NDA) EB-2016-0247	Union North East Zone EB-2016-0334	Impact	
	Approved 01-Oct-16 Bill (\$) (1)	Proposed 01-Jan-17 Bill (\$) (1)	(\$ (9) (c) = (b) - (a)	Approved 01-Oct-16 Bill (\$) (1)	Proposed 01-Jan-17 Bill (\$) (1)	(\$ (9) (f) = (e) - (d)	
	(a)	(b)		(d)	(e)		
<b>Delivery Charges</b>							
1	Monthly Charge	840.00	840.00	-	840.00	840.00	-
2	Delivery Commodity Charge						
	Customer-Related GHG Obligation	-	3,085.83	3,085.83	-	3,085.83	3,085.83
3	Other Delivery Commodity	5,562.02	5,945.30	383.28	5,562.02	5,945.30	383.28
4	Total Delivery Charge	6,402.02	9,871.13	3,469.11	6,402.02	9,871.13	3,469.11
<b>Supply Charges</b>							
5	Transportation to Union	5,399.87	5,488.94	89.07	5,399.87	2,543.82	(2,856.05)
6	Prospective Recovery - Transportation	(103.78) (2)	146.94 (3)	250.72	(103.78) (2)	152.26 (4)	256.04
7	Storage Services	2,482.83	1,440.85	(1,041.98)	2,482.83	4,350.75	1,867.92
8	Prospective Recovery - Storage	-	-	-	-	-	-
9	Subtotal	7,778.92	7,076.73	(702.19)	7,778.92	7,046.83	(732.09)
10	Commodity	10,676.87	10,947.13	270.26	10,676.87	15,159.19	4,482.32
11	Prospective Recovery - Commodity & Fuel	(1,572.35) (5)	(1,583.14) (6)	(10.79)	(1,572.35) (5)	(2,035.01) (7)	(462.66)
12	Subtotal	9,104.52	9,363.99	259.47	9,104.52	13,124.18	4,019.66
13	Total Gas Supply Charge	16,883.44	16,440.72	(442.72)	16,883.44	20,171.01	3,287.57
<b>Total Bill</b>							
14	Including Customer-Related GHG Obligation	23,285.46	26,311.85	3,026.39	23,285.46	30,042.14	6,756.68
15	Excluding Customer-Related GHG Obligation	23,285.46	23,226.02	(59.44)	23,285.46	26,956.31	3,670.85
<b>Impacts</b>							
16	Sales Service			3,026.39			6,756.68
17	Direct Purchase			2,766.92			2,737.02
18	Commodity Bill Impact			2.8% (8)			44.2% (8)
<b>Total Bill Impact</b>							
19	Including Customer-Related GHG Obligation			13.0%			29.0%
20	Excluding Customer-Related GHG Obligation			(0.3%)			15.8%

**Notes:**

- (1) Excludes temporary charges/(credits).
- (2) Prospective recovery credit of (0.1116) cents/m³ for 12 months.
- (3) Prospective recovery charge of 0.1580 cents/m³ for 12 months.
- (4) Prospective recovery charge of 0.1637 cents/m³ for 12 months.
- (5) Prospective recovery credit of (1.6907) cents/m³ for 12 months.
- (6) Prospective recovery credit of (1.7023) cents/m³ for 12 months.
- (7) Prospective recovery credit of (2.1882) cents/m³ for 12 months.
- (8) Commodity bill impact reflects the impact of the gas commodity bill change divided by the current approved gas commodity bill shown at line 12.
- (9) Includes the bill impacts effective January 1, 2017 from EB-2016-0245 (2017 Rates), EB-2016-0296 (Cap-and-Trade Compliance Plan), and EB-2016-0334 (January 2017 QRAM).

UNION GAS LIMITED  
 Union North  
General Service Customer Bill Impacts Compared to October 2016 QRAM

Line No.	Union North East Rate 10 - Commercial / Industrial (Annual Consumption of 93,000 m <sup>3</sup> )			
	Eastern Zone EB-2016-0247 Approved 01-Oct-16 Total Bill (\$) (1) (a)	Union North East Zone EB-2016-0334 Proposed 01-Jan-17 Total Bill (\$) (1) (b)	Impact (\$ (7)) (c) = (b) - (a)	
	<u>Delivery Charges</u>			
1	Monthly Charge	840.00	840.00	-
	Delivery Commodity Charge			
2	Customer-Related GHG Obligation	-	3,085.83	3,085.83
3	Other Delivery Commodity	5,562.02	5,945.30	383.28
4	Total Delivery Charge	6,402.02	9,871.13	3,469.11
	<u>Supply Charges</u>			
5	Transportation to Union	6,581.30	2,543.82	(4,037.48)
6	Prospective Recovery - Transportation	(103.78) (2)	152.26 (3)	256.04
7	Storage Services	2,954.89	4,350.75	1,395.86
8	Prospective Recovery - Storage	-	-	-
9	Subtotal	9,432.41	7,046.83	(2,385.58)
10	Commodity	10,770.15	15,159.19	4,389.04
11	Prospective Recovery - Commodity & Fuel	(1,572.35) (4)	(2,035.01) (5)	(462.66)
12	Subtotal	9,197.80	13,124.18	3,926.38
13	Total Gas Supply Charge	18,630.21	20,171.01	1,540.80
	<u>Total Bill</u>			
14	Including Customer-Related GHG Obligation	25,032.23	30,042.14	5,009.91
15	Excluding Customer-Related GHG Obligation	25,032.23	26,956.31	1,924.08
	<u>Impacts</u>			
16	Sales Service			5,009.91
	Direct Purchase			1,083.53
17	Commodity Bill Impact			42.7% (6)
	<u>Total Bill Impact</u>			
	Including Customer-Related GHG Obligation			20.0%
18	Excluding Customer-Related GHG Obligation			7.7%

Notes:

- (1) Excludes temporary charges/(credits).
- (2) Prospective recovery credit of (0.1116) cents/m<sup>3</sup> for 12 months.
- (3) Prospective recovery charge of 0.1637 cents/m<sup>3</sup> for 12 months.
- (4) Prospective recovery credit of (1.6907) cents/m<sup>3</sup> for 12 months.
- (5) Prospective recovery credit of (2.1882) cents/m<sup>3</sup> for 12 months.
- (6) Commodity bill impact reflects the impact of the gas commodity bill change divided by the current approved gas commodity bill shown at line 12.
- (7) Includes the bill impacts effective January 1, 2017 from EB-2016-0245 (2017 Rates), EB-2016-0296 (Cap-and-Trade Compliance Plan), and EB-2016-0334 (January 2017 QRAM).

**EB-2016-0334**  
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Appendix A	Summary of Changes to Rates
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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 <sup>3</sup> )	EB-2016-0296 Approved January 1, 2017 Rate (a)	Rate Change (b)	EB-2016-0334 Approved January 1, 2017 Rate (c)
1	Monthly Charge - All Zones	\$21.00		\$21.00
	Monthly Delivery Charge - All Zones			
	Including Customer-Related GHG Obligation			
2	First 100 m <sup>3</sup>	12.6264	(0.0855)	12.5409
3	Next 200 m <sup>3</sup>	12.3934	(0.0855)	12.3079
4	Next 200 m <sup>3</sup>	12.0257	(0.0855)	11.9402
5	Next 500 m <sup>3</sup>	11.6882	(0.0855)	11.6027
6	Over 1,000 m <sup>3</sup>	11.4094	(0.0855)	11.3239
	Excluding Customer-Related GHG Obligation			
7	First 100 m <sup>3</sup>	9.3083	(0.0855)	9.2228
8	Next 200 m <sup>3</sup>	9.0753	(0.0855)	8.9898
9	Next 200 m <sup>3</sup>	8.7076	(0.0855)	8.6221
10	Next 500 m <sup>3</sup>	8.3701	(0.0855)	8.2846
11	Over 1,000 m <sup>3</sup>	8.0913	(0.0855)	8.0058
12	Delivery - Price Adjustment (All Volumes)	0.6677 (1)		0.6677 (1)
	Gas Transportation Service			
13	Union North West Zone	6.7292	0.0093	6.7385
14	Union North East Zone	2.9655	0.0050	2.9705
15	Transportation - Price Adjustment (Union North West)	0.3919 (2)	0.2708	0.6627 (3)
16	Transportation - Price Adjustment (Union North East)	0.3919 (2)	0.2765	0.6684 (4)
	Storage Service			
17	Union North West Zone	2.0589	(0.0002)	2.0587
18	Union North East Zone	6.6220	0.0020	6.6240
19	Storage - Price Adjustment (All Zones)	-		-
	Commodity Cost of Gas and Fuel			
20	Union North West Zone (previously Fort Frances)	11.2718	0.4993	11.7711
21	Union North West Zone (previously Western Zone)	11.3534	0.4177	11.7711
22	Union North West Zone (previously Northern Zone)	11.4797	0.2914	11.7711
23	Union North East Zone (previously Northern Zone)	11.4797	4.8205	16.3002
24	Union North East Zone (previously Eastern Zone)	11.5800	4.7202	16.3002
25	Commodity and Fuel - Price Adjustment (Union North West)	(1.6907) (5)	(0.0116)	(1.7023) (6)
26	Commodity and Fuel - Price Adjustment (Union North East)	(1.6907) (5)	(0.4975)	(2.1882) (7)

Notes:

- (1) Includes temporary charges of 0.6186 and 0.0491 cents/m<sup>3</sup> expiring March 31, 2017.
- (2) Includes Prospective Recovery of (0.3510), (0.0065), 0.0388, and 0.2015 cents/m<sup>3</sup>, and a temporary charge of 0.5091 cents/m<sup>3</sup> expiring March 31, 2017.
- (3) Includes Prospective Recovery of (0.0065), 0.0388, 0.2015, (0.0595), and (0.0207) cents/m<sup>3</sup>, and a temporary charge of 0.5091 cents/m<sup>3</sup> expiring March 31, 2017.
- (4) Includes Prospective Recovery of (0.0065), 0.0388, 0.2015, (0.0595), and (0.0150) cents/m<sup>3</sup>, and a temporary charge of 0.5091 cents/m<sup>3</sup> expiring March 31, 2017.
- (5) Includes Prospective Recovery of 0.4405, (1.0675), (0.9289), and (0.1348) cents/m<sup>3</sup>.
- (6) Includes Prospective Recovery of (1.0675), (0.9289), (0.1348), 0.4289, and 0.0000 cents/m<sup>3</sup>.
- (7) Includes Prospective Recovery of (1.0675), (0.9289), (0.1348), 0.4289, and (0.4859) cents/m<sup>3</sup>.

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

Line No.	Particulars (cents/m <sup>3</sup> )	EB-2016-0296 Approved January 1, 2017 Rate (a)	Rate Change (b)	EB-2016-0334 Approved January 1, 2017 Rate (c)
1	Monthly Charge - All Zones	\$70.00		\$70.00
	Monthly Delivery Charge - All Zones			
	Including Customer-Related GHG Obligation			
2	First 1,000 m <sup>3</sup>	11.1130	(0.0697)	11.0433
3	Next 9,000 m <sup>3</sup>	9.6805	(0.0697)	9.6108
4	Next 20,000 m <sup>3</sup>	9.0089	(0.0697)	8.9392
5	Next 70,000 m <sup>3</sup>	8.4721	(0.0697)	8.4024
6	Over 100,000 m <sup>3</sup>	6.4384	(0.0697)	6.3687
	Excluding Customer-Related GHG Obligation			
7	First 1,000 m <sup>3</sup>	7.7949	(0.0697)	7.7252
8	Next 9,000 m <sup>3</sup>	6.3624	(0.0697)	6.2927
9	Next 20,000 m <sup>3</sup>	5.6908	(0.0697)	5.6211
10	Next 70,000 m <sup>3</sup>	5.1540	(0.0697)	5.0843
11	Over 100,000 m <sup>3</sup>	3.1203	(0.0697)	3.0506
12	Delivery - Price Adjustment (All Volumes)	0.6349 (1)		0.6349 (1)
	Gas Transportation Service			
13	Union North West Zone	5.8929	0.0092	5.9021
14	Union North East Zone	2.7303	0.0050	2.7353
15	Transportation - Price Adjustment (Union North West)	0.4196 (2)	0.2696	0.6892 (3)
16	Transportation - Price Adjustment (Union North East)	0.4196 (2)	0.2753	0.6949 (4)
	Storage Service			
17	Union North West Zone	1.5495	(0.0002)	1.5493
18	Union North East Zone	4.6762	0.0020	4.6782
19	Storage - Price Adjustment (All Zones)	-		-
	Commodity Cost of Gas and Fuel			
20	Union North West Zone (previously Fort Frances Zone)	11.2718	0.4993	11.7711
21	Union North West Zone (previously Western Zone)	11.3534	0.4177	11.7711
22	Union North West Zone (previously Northern Zone)	11.4797	0.2914	11.7711
23	Union North East Zone (previously Northern Zone)	11.4797	4.8205	16.3002
24	Union North East Zone (previously Eastern Zone)	11.5800	4.7202	16.3002
25	Commodity and Fuel - Price Adjustment (Union North West)	(1.6907) (5)	(0.0116)	(1.7023) (6)
26	Commodity and Fuel - Price Adjustment (Union North East)	(1.6907) (5)	(0.4975)	(2.1882) (7)

Notes:

- (1) Includes temporary charges of 0.4730 and 0.1619 cents/m<sup>3</sup> expiring March 31, 2017.
- (2) Includes Prospective Recovery of (0.3498), (0.0052), 0.0415, and 0.2019 cents/m<sup>3</sup>, and a temporary charge of 0.5312 cents/m<sup>3</sup> expiring March 31, 2017.
- (3) Includes Prospective Recovery of (0.0052), 0.0415, 0.2019, (0.0595), and (0.0207) cents/m<sup>3</sup>, and a temporary charge of 0.5312 cents/m<sup>3</sup> expiring March 31, 2017.
- (4) Includes Prospective Recovery of (0.0052), 0.0415, 0.2019, (0.0595), and (0.0150) cents/m<sup>3</sup>, and a temporary charge of 0.5312 cents/m<sup>3</sup> expiring March 31, 2017.
- (5) Includes Prospective Recovery of 0.4405, (1.0675), (0.9289), and (0.1348) cents/m<sup>3</sup>.
- (6) Includes Prospective Recovery of (1.0675), (0.9289), (0.1348), 0.4289, and 0.0000 cents/m<sup>3</sup>.
- (7) Includes Prospective Recovery of (1.0675), (0.9289), (0.1348), 0.4289, and (0.4859) cents/m<sup>3</sup>.

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

Line No.	Particulars (cents/m <sup>3</sup> )	EB-2016-0296 Approved January 1, 2017 Rate (a)	Rate Change (b)	EB-2016-0334 Approved January 1, 2017 Rate (c)
1	Monthly Charge	\$884.46		\$884.46
	Delivery Demand Charge			
2	First 70,000 m <sup>3</sup>	28.6326		28.6326
3	All over 70,000 m <sup>3</sup>	16.8374		16.8374
	Delivery Commodity Charge			
	Including Customer-Related GHG Obligation			
4	First 852,000 m <sup>3</sup>	3.8912	(0.0131)	3.8781
5	All over 852,000 m <sup>3</sup>	3.7369	(0.0131)	3.7238
	Excluding Customer-Related GHG Obligation			
6	First 852,000 m <sup>3</sup>	0.5731	(0.0131)	0.5600
7	All over 852,000 m <sup>3</sup>	0.4188	(0.0131)	0.4057
	Monthly Gas Supply Demand Charge			
8	Union North West Zone	55.8485	0.0860	55.9345
9	Union North East Zone	49.7267	0.1009	49.8276
10	Gas Supply Demand - Price Adjustment (All Zones)	-		-
	Commodity Transportation 1			
11	Union North West Zone	3.5625	0.0046	3.5671
12	Union North East Zone	2.6079	0.0050	2.6129
13	Transportation 1 - Price Adjustment (Union North West)	(0.0806) (1)	0.2932	0.2126 (2)
14	Transportation 1 - Price Adjustment (Union North East)	(0.0806) (1)	0.2989	0.2183 (3)
	Commodity Transportation 2			
15	Union North West Zone	-		-
16	Union North East Zone	-		-
	Commodity Cost of Gas and Fuel			
17	Union North West Zone (previously Fort Frances Zone)	11.0091	0.4875	11.4966
18	Union North West Zone (previously Western Zone)	11.0888	0.4078	11.4966
19	Union North West Zone (previously Northern Zone)	11.2120	0.2846	11.4966
20	Union North East Zone (previously Northern Zone)	11.2120	4.7063	15.9183
21	Union North East Zone (previously Eastern Zone)	11.3100	4.6083	15.9183
22	Commodity and Fuel - Price Adjustment (Union North West)	(1.6907) (4)	(0.0116)	(1.7023) (5)
23	Commodity and Fuel - Price Adjustment (Union North East)	(1.6907) (4)	(0.4975)	(2.1882) (6)
	Bundled Storage Service (\$/GJ)			
24	Monthly Demand Charge	20.111		20.111
25	Commodity Charge	0.206	0.001	0.207
26	Storage Demand - Price Adjustment	-		-

Notes:

- (1) Includes Prospective Recovery of (0.3725), 0.0235, 0.0609, and 0.2075 cents/m<sup>3</sup>.
- (2) Includes Prospective Recovery of 0.0235, 0.0609, 0.2075, (0.0586), and (0.0207) cents/m<sup>3</sup>.
- (3) Includes Prospective Recovery of 0.0235, 0.0609, 0.2075, (0.0586), and (0.0150) cents/m<sup>3</sup>.
- (4) Includes Prospective Recovery of 0.4405, (1.0675), (0.9289), and (0.1348) cents/m<sup>3</sup>.
- (5) Includes Prospective Recovery of (1.0675), (0.9289), (0.1348), 0.4289, and 0.0000 cents/m<sup>3</sup>.
- (6) Includes Prospective Recovery of (1.0675), (0.9289), (0.1348), 0.4289, and (0.4859) cents/m<sup>3</sup>.

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 <sup>3</sup> )	EB-2016-0296 Approved January 1, 2017 Rate (a)	Rate Change (b)	EB-2016-0334 Approved January 1, 2017 Rate (c)
1	Monthly Charge	\$1,372.75		\$1,372.75
2	Delivery Demand Charge All Zones	15.1083		15.1083
	Delivery Commodity Charge All Zones			
3	Including Customer-Related GHG Obligation	3.5390	(0.0002)	3.5388
4	Excluding Customer-Related GHG Obligation	0.2209	(0.0002)	0.2207
5	Monthly Gas Supply Demand Charge Union North West Zone	112.0994	0.3463	112.4457
6	Union North East Zone	158.4424	0.3884	158.8308
7	Gas Supply Demand - Price Adjustment (All Zones)	-		-
8	Commodity Transportation 1 Union North West Zone	6.2885	0.0194	6.3079
9	Union North East Zone	9.0613	0.0222	9.0835
10	Transportation 1 - Price Adjustment (Union North West)	-		-
11	Transportation 1 - Price Adjustment (Union North East)	-		-
12	Commodity Transportation 2 Union North West Zone	-		-
13	Union North East Zone	-		-
14	Commodity Cost of Gas and Fuel Union North West Zone (previously Fort Frances Zone)	11.0091	0.4875	11.4966
15	Union North West Zone (previously Western Zone)	11.0888	0.4078	11.4966
16	Union North West Zone (previously Northern Zone)	11.2120	0.2846	11.4966
17	Union North East Zone (previously Northern Zone)	11.2120	4.7063	15.9183
18	Union North East Zone (previously Eastern Zone)	11.3100	4.6083	15.9183
19	Commodity and Fuel - Price Adjustment (Union North West)	(1.6907) (1)	(0.0116)	(1.7023) (2)
20	Commodity and Fuel - Price Adjustment (Union North East)	(1.6907) (1)	(0.4975)	(2.1882) (3)
21	Bundled Storage Service (\$/GJ) Monthly Demand Charge	20.111		20.111
22	Commodity Charge	0.206	0.001	0.207
23	Storage Demand - Price Adjustment	-		-

Notes:

- (1) Includes Prospective Recovery of 0.4405, (1.0675), (0.9289), and (0.1348) cents/m<sup>3</sup>.  
 (2) Includes Prospective Recovery of (1.0675), (0.9289), (0.1348), 0.4289, and 0.0000 cents/m<sup>3</sup>.  
 (3) Includes Prospective Recovery of (1.0675), (0.9289), (0.1348), 0.4289, and (0.4859) cents/m<sup>3</sup>.



UNION GAS LIMITED  
 Union North  
Summary of Changes to Sales Rates

Line No.	Particulars (cents/m <sup>3</sup> )	EB-2016-0296 Approved January 1, 2017 Rate (a)	Rate Change (b)	EB-2016-0334 Approved January 1, 2017 Rate (c)
	<u>Rate 25 - Large Volume Interruptible Service</u>			
1	Monthly Charge	\$306.75		\$306.75
	Delivery Charge - All Zones *			
	Maximum			
2	Including Customer-Related GHG Obligation	8.5225	(0.0627)	8.4598
3	Excluding Customer-Related GHG Obligation	5.2044	(0.0627)	5.1417
	Gas Supply Charges - All Zones			
	Minimum	1.4848		1.4848
4				
5	Maximum	675.9484		675.9484

\* see Appendix C.

UNION GAS LIMITED  
 Union South  
Summary of Changes to Sales Rates

Line No.	Particulars (cents/m <sup>3</sup> )	EB-2016-0296 Approved January 1, 2017 Rate (a)	Rate Change (b)	EB-2016-0334 Approved January 1, 2017 Rate (c)
<u>Utility Sales</u>				
1	Commodity and Fuel	11.5698	4.4480	16.0178
2	Commodity and Fuel - Price Adjustment	(0.6779) (1)	1.3789	0.7010 (2)
3	Transportation	4.2031	(4.2031)	-
4	Total Gas Supply Commodity Charge	<u>15.0950</u>	<u>1.6238</u>	<u>16.7188</u>
<u>M4 Firm Commercial/Industrial</u>				
5	Minimum annual gas supply commodity charge	4.8595	(4.6693)	0.1902
<u>M4 / M5A Interruptible Commercial/Industrial</u>				
6	Minimum annual gas supply commodity charge	4.8595	(4.6693)	0.1902
<u>Storage and Transportation Supplemental Services - Rate T1, Rate T2 &amp; Rate T3</u>				
		<u>\$/GJ</u>		<u>\$/GJ</u>
Monthly demand charges: (\$/GJ)				
7	Firm gas supply service	59.279		59.279
8	Firm backstop gas	1.692	0.017	1.709
Commodity charges:				
9	Gas supply	2.932	1.219	4.151
10	Backstop gas	4.520	0.052	4.572
11	Reasonable Efforts Backstop Gas	5.481	0.051	5.532
12	Supplemental Inventory	Note (3)		Note (3)
13	Supplemental Gas Sales Service (cents/m <sup>3</sup> )	18.9201	0.1897	19.1098
14	Failure to Deliver	2.749	(0.012)	2.737
15	Discretionary Gas Supply Service (DGSS)	Note (4)		Note (4)

Notes:

- (1) Includes Prospective Recovery of (0.1174), (0.0942), (0.4849), and (0.1771) cents/m<sup>3</sup>, and a temporary charge of 0.1957 cents/m<sup>3</sup> expiring March 31, 2017.
- (2) Includes Prospective Recovery of (0.0942), (0.4849), (0.1771), and 1.2615 cents/m<sup>3</sup>, and a temporary charge of 0.1957 cents/m<sup>3</sup> expiring March 31, 2017.
- (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 <sup>3</sup> )	EB-2016-0296 Approved January 1, 2017 Rate (a)	Rate Change (b)	EB-2016-0334 Approved January 1, 2017 Rate (c)
	<u>Rate M1 - Small Volume General Service Rate</u>			
1	Monthly Charge	\$21.00		\$21.00
	Including Customer-Related GHG Obligation			
2	First 100 m <sup>3</sup>	8.1019	(0.0491)	8.0528
3	Next 150 m <sup>3</sup>	7.8608	(0.0491)	7.8117
4	All over 250 m <sup>3</sup>	7.2378	(0.0491)	7.1887
	Excluding Customer-Related GHG Obligation			
5	First 100 m <sup>3</sup>	4.7838	(0.0491)	4.7347
6	Next 150 m <sup>3</sup>	4.5427	(0.0491)	4.4936
7	All over 250 m <sup>3</sup>	3.9197	(0.0491)	3.8706
8	Delivery - Price Adjustment (All Volumes)	0.4365 (1)		0.4365 (1)
9	Storage Service	0.7153		0.7153
10	Storage - Price Adjustment	-		-
	<u>Rate M2 - Large Volume General Service Rate</u>			
11	Monthly Charge	\$70.00		\$70.00
	Including Customer-Related GHG Obligation			
12	First 1,000 m <sup>3</sup>	8.0645	(0.0425)	8.0220
13	Next 6,000 m <sup>3</sup>	7.9768	(0.0425)	7.9343
14	Next 13,000 m <sup>3</sup>	7.7899	(0.0425)	7.7474
15	All over 20,000 m <sup>3</sup>	7.4705	(0.0425)	7.4280
	Excluding Customer-Related GHG Obligation			
16	First 1,000 m <sup>3</sup>	4.7464	(0.0425)	4.7039
17	Next 6,000 m <sup>3</sup>	4.6587	(0.0425)	4.6162
18	Next 13,000 m <sup>3</sup>	4.4718	(0.0425)	4.4293
19	All over 20,000 m <sup>3</sup>	4.1524	(0.0425)	4.1099
20	Delivery - Price Adjustment (All Volumes)	0.4836 (2)		0.4836 (2)
21	Storage Service	0.6252		0.6252
22	Storage - Price Adjustment	-		-

Notes:

- (1) Includes temporary charges of 0.2283 and 0.2082 cents/m<sup>3</sup> expiring March 31, 2017.  
 (2) Includes temporary charges of 0.1629 and 0.3207 cents/m<sup>3</sup> expiring March 31, 2017.

UNION GAS LIMITED  
 Union South  
Summary of Changes to Sales Rates

Line No.	Particulars (cents/m <sup>3</sup> )	EB-2016-0296 Approved January 1, 2017 Rate (a)	Rate Change (b)	EB-2016-0334 Approved January 1, 2017 Rate (c)
<u>Rate M4 - Firm comm/ind contract rate</u>				
Monthly demand charge:				
1	First 8,450 m <sup>3</sup>	56.9923		56.9923
2	Next 19,700 m <sup>3</sup>	25.5539		25.5539
3	All over 28,150 m <sup>3</sup>	21.4688		21.4688
Monthly delivery commodity charge:				
Including Customer-Related GHG Obligation				
4	First block	4.7767	(0.0433)	4.7334
5	All remaining use	3.9550	(0.0433)	3.9117
Excluding Customer-Related GHG Obligation				
6	First block	1.4586	(0.0433)	1.4153
7	All remaining use	0.6369	(0.0433)	0.5936
8	Delivery - Price Adjustment (All Volumes)	-		-
9	Minimum annual firm delivery commodity charge	1.6488	(0.0433)	1.6055
<u>Interruptible contracts *</u>				
10	Monthly Charge	\$654.15		\$654.15
Daily delivery commodity charge:				
Including Customer-Related GHG Obligation				
11	2,400 m <sup>3</sup> to 17,000 m <sup>3</sup>	6.3832	(0.0414)	6.3418
12	17,000 m <sup>3</sup> to 30,000 m <sup>3</sup>	6.2533	(0.0414)	6.2119
13	30,000 m <sup>3</sup> to 50,000 m <sup>3</sup>	6.1850	(0.0414)	6.1436
14	50,000 m <sup>3</sup> to 60,000 m <sup>3</sup>	6.1371	(0.0414)	6.0957
Excluding Customer-Related GHG Obligation				
15	2,400 m <sup>3</sup> to 17,000 m <sup>3</sup>	3.0651	(0.0414)	3.0237
16	17,000 m <sup>3</sup> to 30,000 m <sup>3</sup>	2.9352	(0.0414)	2.8938
17	30,000 m <sup>3</sup> to 50,000 m <sup>3</sup>	2.8669	(0.0414)	2.8255
18	50,000 m <sup>3</sup> to 60,000 m <sup>3</sup>	2.8190	(0.0414)	2.7776
19	Delivery - Price Adjustment (All Volumes)	-		-
20	Minimum annual interruptible delivery commodity charge	3.2553	(0.0414)	3.2139
<u>Rate M5A - interruptible comm/ind contract</u>				
<u>Firm contracts *</u>				
21	Monthly demand charge	31.7959		31.7959
Monthly delivery commodity charge				
22	Including Customer-Related GHG Obligation	5.7245	(0.0414)	5.6831
23	Excluding Customer-Related GHG Obligation	2.4064	(0.0414)	2.3650
24	Delivery - Price Adjustment (All Volumes)	-		-
<u>Interruptible contracts *</u>				
25	Monthly Charge	\$654.15		\$654.15
Daily delivery commodity charge:				
Including Customer-Related GHG Obligation				
26	2,400 m <sup>3</sup> to 17,000 m <sup>3</sup>	6.3832	(0.0414)	6.3418
27	17,000 m <sup>3</sup> to 30,000 m <sup>3</sup>	6.2533	(0.0414)	6.2119
28	30,000 m <sup>3</sup> to 50,000 m <sup>3</sup>	6.1850	(0.0414)	6.1436
29	50,000 m <sup>3</sup> to 60,000 m <sup>3</sup>	6.1371	(0.0414)	6.0957
Excluding Customer-Related GHG Obligation				
29	2,400 m <sup>3</sup> to 17,000 m <sup>3</sup>	3.0651	(0.0414)	3.0237
30	17,000 m <sup>3</sup> to 30,000 m <sup>3</sup>	2.9352	(0.0414)	2.8938
31	30,000 m <sup>3</sup> to 50,000 m <sup>3</sup>	2.8669	(0.0414)	2.8255
32	50,000 m <sup>3</sup> to 60,000 m <sup>3</sup>	2.8190	(0.0414)	2.7776
33	Delivery - Price Adjustment (All Volumes)	-		-
34	Minimum annual interruptible delivery commodity charge	3.2553	(0.0414)	3.2139

Notes:

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

UNION GAS LIMITED  
 Union South  
Summary of Changes to Sales Rates

Line No.	Particulars (cents/m <sup>3</sup> )	EB-2016-0296 Approved January 1, 2017 Rate (a)	Rate Change (b)	EB-2016-0334 Approved January 1, 2017 Rate (c)
<u>Rate M7 - Special large volume contract</u>				
<u>Firm</u>				
1	Monthly demand charge	30.8246		30.8246
	Monthly delivery commodity charge			
2	Including Customer-Related GHG Obligation	3.8156	(0.0450)	3.7706
3	Excluding Customer-Related GHG Obligation	0.4975	(0.0450)	0.4525
4	Delivery - Price Adjustment	-		-
<u>Interruptible *</u>				
Monthly delivery commodity charge:				
	Maximum			
5	Including Customer-Related GHG Obligation	8.9958	(0.0450)	8.9508
6	Excluding Customer-Related GHG Obligation	5.6777	(0.0450)	5.6327
7	Delivery - Price Adjustment	-		-
<u>Seasonal *</u>				
Monthly delivery commodity charge:				
	Maximum			
8	Including Customer-Related GHG Obligation	8.7517	(0.0450)	8.7067
9	Excluding Customer-Related GHG Obligation	5.4336	(0.0450)	5.3886
10	Delivery - Price Adjustment	-		-
<u>Rate M9 - Large wholesale service</u>				
11	Monthly demand charge	22.3154		22.3154
	Monthly delivery commodity charge			
12	Including Customer-Related GHG Obligation	3.6327	(0.0399)	3.5928
13	Excluding Customer-Related GHG Obligation	0.3146	(0.0399)	0.2747
14	Delivery - Price Adjustment	-		-
<u>Rate M10 - Small wholesale service</u>				
	Monthly delivery commodity charge			
15	Including Customer-Related GHG Obligation	10.1753	(0.0567)	10.1186
16	Excluding Customer-Related GHG Obligation	6.8572	(0.0567)	6.8005

Notes:

\* 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 (cents/m <sup>3</sup> )	EB-2016-0296 Approved January 1, 2017 Rate (a)	Rate Change (b)	EB-2016-0334 Approved January 1, 2017 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			
	Union provides deliverability inventory	1.561	(0.056)	1.505
3	Customer provides deliverability inventory	1.186		1.186
4	Firm incremental injection	1.186		1.186
5	Interruptible withdrawal	1.186		1.186
Commodity charges:				
6	Withdrawal	0.028	(0.003)	0.025
7	Customer provides compressor fuel	0.008		0.008
8	Injection	0.028	(0.003)	0.025
9	Customer provides compressor fuel	0.008		0.008
10	Storage fuel ratio - customer provides fuel	0.406%		0.406%
<u>Transportation (cents / m<sup>3</sup>)</u>				
11	Monthly demand charge first 28,150 m <sup>3</sup>	35.4376		35.4376
12	Monthly demand charge next 112,720 m <sup>3</sup>	24.4833		24.4833
Firm commodity charges:				
13	Union provides compressor fuel - All volumes			
	Including Customer-Related GHG Obligation	3.5286	(0.0087)	3.5199
14	Excluding Customer-Related GHG Obligation	0.2105	(0.0087)	0.2018
Customer provides compressor fuel - All volumes				
15	Including Customer-Related GHG Obligation	3.4708		3.4708
16	Excluding Customer-Related GHG Obligation	0.1527		0.1527
Interruptible commodity charges: *				
Maximum - Union provides compressor fuel				
17	Including Customer-Related GHG Obligation	8.9958	(0.0450)	8.9508
18	Excluding Customer-Related GHG Obligation	5.6777	(0.0450)	5.6327
Maximum - customer provides compressor fuel				
19	Including Customer-Related GHG Obligation	8.9380	(0.0363)	8.9017
20	Excluding Customer-Related GHG Obligation	5.6199	(0.0363)	5.5836
21	Transportation fuel ratio - customer provides fuel	0.305%		0.305%
<u>Authorized overrun services</u>				
<u>Storage (\$ / GJ)</u>				
Commodity charges				
22	Injection / Withdrawals	0.101	(0.008)	0.093
23	Customer provides compressor fuel	0.059	(0.002)	0.057
Transportation commodity charge (cents/m <sup>3</sup> )				
24	Including Customer-Related GHG Obligation	4.6937	(0.0087)	4.6850
25	Excluding Customer-Related GHG Obligation	1.3756	(0.0087)	1.3669
Customer provides compressor fuel				
26	Including Customer-Related GHG Obligation	4.6359		4.6359
27	Excluding Customer-Related GHG Obligation	1.3178		1.3178
28	<u>Monthly Charge</u>	\$1,905.94		\$1,905.94

\* 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 (cents/m <sup>3</sup> )	EB-2016-0296 Approved January 1, 2017 Rate (a)	Rate Change (b)	EB-2016-0334 Approved January 1, 2017 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			
	Union provides deliverability inventory	1.561	(0.056)	1.505
3	Customer provides deliverability inventory	1.186		1.186
4	Firm incremental injection	1.186		1.186
5	Interruptible withdrawal	1.186		1.186
Commodity charges:				
6	Withdrawal	0.028	(0.003)	0.025
7	Customer provides compressor fuel	0.008		0.008
8	Injection	0.028	(0.003)	0.025
9	Customer provides compressor fuel	0.008		0.008
10	Storage fuel ratio - customer provides fuel	0.406%		0.406%
<u>Transportation (cents / m<sup>3</sup>)</u>				
11	Monthly demand charge first 140,870 m <sup>3</sup>	26.4455		26.4455
12	Monthly demand charge all over 140,870 m <sup>3</sup>	13.9884		13.9884
Firm commodity charges:				
Union provides compressor fuel - All volumes				
13	Including Customer-Related GHG Obligation	3.4239	(0.0081)	3.4158
14	Excluding Customer-Related GHG Obligation	0.1058	(0.0081)	0.0977
Customer provides compressor fuel - All volumes				
15	Including Customer-Related GHG Obligation	3.3702		3.3702
16	Excluding Customer-Related GHG Obligation	0.0521		0.0521
Interruptible commodity charges: *				
Maximum - Union provides compressor fuel				
17	Including Customer-Related GHG Obligation	8.9958	(0.0450)	8.9508
18	Excluding Customer-Related GHG Obligation	5.6777	(0.0450)	5.6327
Maximum - customer provides compressor fuel				
19	Including Customer-Related GHG Obligation	8.9421	(0.0369)	8.9052
20	Excluding Customer-Related GHG Obligation	5.6240	(0.0369)	5.5871
21	Transportation fuel ratio - customer provides fuel	0.283%		0.283%
<u>Authorized overrun services</u>				
<u>Storage (\$ / GJ)</u>				
Commodity charges				
22	Injection / Withdrawals	0.101	(0.008)	0.093
23	Customer provides compressor fuel	0.059	(0.002)	0.057
Transportation commodity charge (cents/m <sup>3</sup> )				
24	Including Customer-Related GHG Obligation	4.2933	(0.0081)	4.2852
25	Excluding Customer-Related GHG Obligation	0.9752	(0.0081)	0.9671
Customer provides compressor fuel				
26	Including Customer-Related GHG Obligation	4.2396		4.2396
27	Excluding Customer-Related GHG Obligation	0.9215		0.9215
28	<u>Monthly Charge</u>	\$5,513.81		\$5,513.81

\* 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 (cents/m <sup>3</sup> )	EB-2016-0296 Approved January 1, 2017 Rate (a)	Rate Change (b)	EB-2016-0334 Approved January 1, 2017 Rate (c)
<u>Rate T3 - Storage and Transportation</u>				
<u>Storage (\$ / GJ)</u>				
Monthly demand charges:				
1	Firm space	0.011		0.011
	Firm Injection/Withdrawal Right			
2	Union provides deliverability inventory	1.561	(0.056)	1.505
3	Customer provides deliverability inventory	1.186		1.186
4	Firm incremental injection	1.186		1.186
5	Interruptible withdrawal	1.186		1.186
Commodity charges:				
6	Withdrawal	0.028	(0.003)	0.025
7	Customer provides compressor fuel	0.008		0.008
8	Injection	0.028	(0.003)	0.025
9	Customer provides compressor fuel	0.008		0.008
10	Storage fuel ratio - Customer provides fuel	0.406%		0.406%
<u>Transportation (cents / m<sup>3</sup>)</u>				
11	Monthly demand charge	16.7213		16.7213
	Union provides compressor fuel - All volumes			
12	Including Customer-Related GHG Obligation	3.5240	(0.0108)	3.5132
13	Excluding Customer-Related GHG Obligation	0.2059	(0.0108)	0.1951
	Customer provides compressor fuel - All volumes			
14	Including Customer-Related GHG Obligation	3.4520		3.4520
15	Excluding Customer-Related GHG Obligation	0.1339		0.1339
16	Transportation fuel ratio- Customer provides fuel	0.380%		0.380%
<u>Authorized overrun services</u>				
<u>Storage (\$ / GJ)</u>				
Commodity charges				
17	Injection / Withdrawals	0.101	(0.008)	0.093
18	Customer provides compressor fuel	0.059	(0.002)	0.057
Transportation commodity charge (cents/m <sup>3</sup> )				
19	Including Customer-Related GHG Obligation	4.0737	(0.0108)	4.0629
20	Excluding Customer-Related GHG Obligation	0.7556	(0.0108)	0.7448
	Customer provides compressor fuel			
21	Including Customer-Related GHG Obligation	4.0017		4.0017
22	Excluding Customer-Related GHG Obligation	0.6836		0.6836
<u>Monthly Charge</u>				
23	City of Kitchener	\$19,968.19		\$19,968.19
24	Natural Resource Gas	\$3,065.32		\$3,065.32
25	Six Nations	\$1,021.77		\$1,021.77



UNION GAS LIMITED  
 Union South  
Summary of Changes to Unbundled Rates

Line No.	Particulars (cents/m <sup>3</sup> )	EB-2016-0296 Approved January 1, 2017 Rate (a)	Rate Change (b)	EB-2016-0334 Approved January 1, 2017 Rate (c)
<u>U2 Unbundled Service</u>				
<u>Storage (\$ / GJ)</u>				
Monthly demand charges:				
1	Standard Storage Service (SSS) Combined Firm Space & Deliverability	0.023		0.023
2	Standard Peaking Service (SPS) Combined Firm Space & Deliverability	0.114		0.114
3	Incremental firm injection right	1.030		1.030
4	Incremental firm withdrawal right	1.030		1.030
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	0.406%		0.406%
<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-2016-0296 Approved January 1, 2017		EB-2016-0334 Approved January 1, 2017	
		Rate (a)	Rate Change (b)	Rate (c)	Rate Change (d)
<u>M12 Transportation Service</u>					
<u>Firm transportation</u>					
Monthly demand charges:					
1	Dawn to Kirkwall	2.865		2.865	
2	Dawn to Parkway	3.402		3.402	
3	Kirkwall to Parkway	0.537		0.537	
4	F24-T	0.070		0.070	
<u>M12-X Firm Transportation</u>					
5	Between Dawn, Kirkwall and Parkway	4.239		4.239	
Commodity charges:					
6	Dawn to Kirkwall / Parkway (Cons) / Lisgar	0.006	(1)	0.006	(1)
7	Dawn to Parkway (TCPL / EGT)	0.009	(1)	0.009	(1)
8	Kirkwall to Parkway (Cons) / Lisgar	0.002	(1)	0.002	(1)
9	Kirkwall to Parkway (TCPL / EGT)	0.005	(1)	0.005	(1)
10	Parkway to Dawn / Kirkwall	0.003	(1)	0.003	(1)
11	Kirkwall to Dawn	0.002	(1)	0.002	(1)
12	Parkway (TCPL) to Parkway (Cons)	0.002	(1)	0.002	(1)
<u>Limited Firm/Interruptible</u>					
Monthly demand charges:					
13	Maximum	8.165		8.165	
Commodity charges :					
14	Others	Note (1)		Note (1)	
<u>Authorized Overrun</u>					
Transportation commodity charges:					
Easterly:					
15	Dawn to Kirkwall - Union supplied fuel	Note (1)		Note (1)	
16	Dawn to Parkway (Cons) / Lisgar - Union supplied fuel	Note (1)		Note (1)	
17	Dawn to Parkway (TCPL / EGT) - Union supplied fuel	Note (1)		Note (1)	
18	Kirkwall to Parkway (Cons) / Lisgar - Union supplied fuel	Note (1)		Note (1)	
19	Kirkwall to Parkway (TCPL) - Union supplied fuel	Note (1)		Note (1)	
20	Dawn to Kirkwall - Shipper supplied fuel	0.100	(1)	0.100	(1)
21	Dawn to Parkway (Cons) / Lisgar - Shipper supplied fuel	0.118	(1)	0.118	(1)
22	Dawn to Parkway (TCPL / EGT) - Shipper supplied fuel	0.121	(1)	0.121	(1)
23	Kirkwall to Parkway (Cons) / Lisgar - Shipper supplied fuel	0.020	(1)	0.020	(1)
24	Kirkwall to Parkway (TCPL / EGT) - Shipper supplied fuel	0.023	(1)	0.023	(1)
M12-X Firm Transportation					
25	Between Dawn, Kirkwall and Parkway - Union supplied fuel	Note (1)		Note (1)	
Between Dawn, Kirkwall and Parkway - Shipper supplied fuel:					
26	Dawn to Kirkwall / Parkway (Cons) / Lisgar	0.145	(1)	0.145	(1)
27	Dawn to Parkway (TCPL / EGT)	0.148	(1)	0.148	(1)
28	Kirkwall to Parkway (Cons) / Lisgar	0.141	(1)	0.141	(1)
29	Kirkwall to Parkway (TCPL / EGT)	0.144	(1)	0.144	(1)
30	Parkway to Dawn / Kirkwall	0.142	(1)	0.142	(1)
31	Kirkwall to Dawn	0.141	(1)	0.141	(1)
<u>M13 Transportation of Locally Produced Gas</u>					
32	Monthly fixed charge per customer station	952.72		\$952.72	
33	Transmission commodity charge to Dawn	0.035		0.035	
34	Commodity charge - Union supplies fuel	0.010	(0.001)	0.009	
35	Commodity charge - Shipper supplies fuel	0.002	(2)	0.002	(2)
36	Authorized Overrun - Union supplies fuel	0.079	(0.002)	0.077	
37	Authorized Overrun - Shipper supplies fuel	0.071	(2)	0.071	(2)

Notes:

- (1) Monthly fuel rates and fuel and commodity 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-2016-0296	Rate	EB-2016-0334
		Approved January 1, 2017	Change	Approved January 1, 2017
		(a)	(b)	(c)
<u>M16 Storage Transportation Service</u>				
1	Monthly fixed charge per customer station	\$1,515.67		\$1,515.67
Monthly demand charges:				
2	East of Dawn	0.770		0.770
3	West of Dawn	1.045		1.045
4	Transmission commodity charge to Dawn	0.035		0.035
Transportation Fuel Charges to Dawn:				
5	East of Dawn - Union supplied fuel	0.010	(0.001)	0.009
6	West of Dawn - Union supplied fuel	0.010	(0.001)	0.009
7	East of Dawn - Shipper supplied fuel	0.002 (1)		0.002 (1)
8	West of Dawn - Shipper supplied fuel	0.002 (1)		0.002 (1)
Transportation Fuel Charges to Pools:				
9	East of Dawn - Union supplied fuel	0.011	(0.001)	0.010
10	West of Dawn - Union supplied fuel	0.027	(0.003)	0.024
11	East of Dawn - Shipper supplied fuel	0.002 (1)		0.002 (1)
12	West of Dawn - Shipper supplied fuel	0.005 (1)		0.005 (1)
<u>Authorized Overrun</u>				
Transportation Fuel Charges to Dawn:				
13	East of Dawn - Union supplied fuel	0.069	(0.001)	0.068
14	West of Dawn - Union supplied fuel	0.079	(0.002)	0.077
15	East of Dawn - Shipper supplied fuel	0.062 (1)		0.062 (1)
16	West of Dawn - Shipper supplied fuel	0.071 (1)		0.071 (1)
Transportation Fuel Charges to Pools:				
17	East of Dawn - Union supplied fuel	0.036	(0.001)	0.035
18	West of Dawn - Union supplied fuel	0.061	(0.003)	0.058
19	East of Dawn - Shipper supplied fuel	0.027 (1)		0.027 (1)
20	West of Dawn - Shipper supplied fuel	0.039 (1)		0.039 (1)
<u>C1 - Cross Franchise Transportation Service</u>				
<u>Transportation service</u>				
Monthly demand charges:				
21	St. Clair / Bluewater & Dawn	1.045		1.045
22	Ojibway & Dawn	1.045		1.045
23	Parkway to Dawn	0.837		0.837
24	Parkway to Kirkwall	0.837		0.837
25	Kirkwall to Dawn	1.475		1.475
26	Dawn to Kirkwall	2.865		2.865
27	Dawn to Parkway	3.402		3.402
28	Kirkwall to Parkway	0.537		0.537
29	Dawn to Dawn-Vector	0.029		0.029
30	Dawn to Dawn-TCPL	0.138		0.138
Commodity charges:				
31	St. Clair / Bluewater & Dawn - Union supplied fuel (Nov. 1 - Mar. 31)	0.017	(0.002)	0.015
32	St. Clair / Bluewater & Dawn - Union supplied fuel (Apr. 1 - Oct. 31)	0.014	(0.001)	0.013
33	Ojibway & Dawn - Union supplied fuel (Nov. 1 - Mar. 31)	0.019	(0.002)	0.017
34	Ojibway & Dawn - Union supplied fuel (Apr. 1 - Oct. 31)	0.026	(0.003)	0.023
35	Parkway to Kirkwall / Dawn - Union supplied fuel (Nov. 1 - Mar. 31)	0.011	(0.001)	0.010
36	Parkway to Kirkwall / Dawn - Union supplied fuel (Apr. 1 - Oct. 31)	0.017	(0.002)	0.015
37	Kirkwall to Dawn - Union supplied fuel (Nov. 1 - Mar. 31)	0.010	(0.001)	0.009
38	Kirkwall to Dawn - Union supplied fuel (Apr. 1 - Oct. 31)	0.010	(0.001)	0.009
39	Dawn to Kirkwall - Union supplied fuel (Nov. 1 - Mar. 31)	0.043	(0.006)	0.037
40	Dawn to Kirkwall - Union supplied fuel (Apr. 1 - Oct. 31)	0.022	(0.003)	0.019
41	Dawn to Parkway (Cons) / Lisgar - Union supplied fuel (Nov. 1 - Mar. 31)	0.056	(0.007)	0.049
42	Dawn to Parkway (Cons) / Lisgar - Union supplied fuel (Apr. 1 - Oct.31)	0.034	(0.004)	0.030
43	Dawn to Parkway (TCPL) - Union supplied fuel (Nov. 1 - Mar. 31)	0.059	(0.007)	0.052
44	Dawn to Parkway (TCPL) - Union supplied fuel (Apr. 1 - Oct.31)	0.037	(0.004)	0.033
45	Kirkwall to Parkway (Cons) / Lisgar - Union supplied fuel (Nov. 1 - Mar. 31)	0.023	(0.003)	0.020
46	Kirkwall to Parkway (Cons) / Lisgar - Union supplied fuel (Apr. 1 - Oct.31)	0.022	(0.003)	0.019
47	Kirkwall to Parkway (TCPL) - Union supplied fuel (Nov. 1 - Mar. 31)	0.026	(0.003)	0.023
48	Kirkwall to Parkway (TCPL) - Union supplied fuel (Apr. 1 - Oct.31)	0.025	(0.003)	0.022

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-2016-0296 Approved January 1, 2017		EB-2016-0334 Approved January 1, 2017	
		Rate (a)	Rate Change (b)	Rate (c)	Rate Change (d)
<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)	0.004	(1)	0.004	(1)
2	St. Clair / Bluewater & Dawn - Shipper supplied fuel (Apr. 1 - Oct. 31)	0.004	(1)	0.004	(1)
3	Ojibway & Dawn - Shipper supplied fuel (Nov. 1 - Mar. 31)	0.004	(1)	0.004	(1)
4	Ojibway & Dawn - Shipper supplied fuel (Apr. 1 - Oct. 31)	0.004	(1)	0.004	(1)
5	Parkway to Kirkwall / Dawn - Shipper supplied fuel (Nov. 1 - Mar. 31)	0.003	(1)	0.003	(1)
6	Parkway to Kirkwall / Dawn - Shipper supplied fuel (Apr. 1 - Oct. 31)	0.003	(1)	0.003	(1)
7	Kirkwall to Dawn - Shipper supplied fuel (Nov. 1 - Mar. 31)	0.002	(1)	0.002	(1)
8	Kirkwall to Dawn - Shipper supplied fuel (Apr. 1 - Oct. 31)	0.002	(1)	0.002	(1)
9	Dawn to Kirkwall - Shipper supplied fuel (Nov. 1 - Mar. 31)	0.006	(1)	0.006	(1)
10	Dawn to Kirkwall - Shipper supplied fuel (Apr. 1 - Oct. 31)	0.006	(1)	0.006	(1)
11	Dawn to Parkway (Cons) / Lisgar - Shipper supplied fuel (Nov. 1 - Mar. 31)	0.006	(1)	0.006	(1)
12	Dawn to Parkway (Cons) / Lisgar - Shipper supplied fuel (Apr. 1 - Oct.31)	0.006	(1)	0.006	(1)
13	Dawn to Parkway (TCPL) - Shipper supplied fuel (Nov. 1 - Mar. 31)	0.009	(1)	0.009	(1)
14	Dawn to Parkway (TCPL) - Shipper supplied fuel (Apr. 1 - Oct.31)	0.009	(1)	0.009	(1)
15	Kirkwall to Parkway (Cons) / Lisgar - Shipper supplied fuel (Nov. 1 - Mar. 31)	0.002	(1)	0.002	(1)
16	Kirkwall to Parkway (Cons) / Lisgar - Shipper supplied fuel (Apr. 1 - Oct.31)	0.002	(1)	0.002	(1)
17	Kirkwall to Parkway (TCPL) - Shipper supplied fuel (Nov. 1 - Mar. 31)	0.005	(1)	0.005	(1)
18	Kirkwall to Parkway (TCPL) - Shipper supplied fuel (Apr. 1 - Oct.31)	0.005	(1)	0.005	(1)
19	Dawn to Dawn-Vector - Shipper supplied fuel (Nov. 1 - Mar. 31)	0.003	(1)	0.003	(1)
20	Dawn to Dawn-Vector - Shipper supplied fuel (Apr. 1 - Oct. 31)	0.003	(1)	0.003	(1)
21	Dawn to Dawn-TCPL - Shipper supplied fuel (Nov. 1 - Mar. 31)	0.004	(1)	0.004	(1)
22	Dawn to Dawn-TCPL - Shipper supplied fuel (Apr. 1 - Oct. 31)	0.004	(1)	0.004	(1)
23	Dawn(Tecumseh), Dawn(Facilities or TCPL), Dawn (Vector) and Dawn (TSLE)	Note	(1)	Note	(1)
Interruption commodity charges:					
24	Maximum	75.00		75.00	
<u>Authorized Overrun</u>					
Firm transportation commodity charges:					
25	St. Clair / Bluewater & Dawn - Union supplied fuel (Nov. 1 - Mar. 31)	0.051	(0.002)	0.049	
26	St. Clair / Bluewater & Dawn - Union supplied fuel (Apr. 1 - Oct. 31)	0.048	(0.001)	0.047	
27	Ojibway & Dawn - Union supplied fuel (Nov. 1 - Mar. 31)	0.053	(0.002)	0.051	
28	Ojibway & Dawn - Union supplied fuel (Apr. 1 - Oct. 31)	0.060	(0.003)	0.057	
29	Parkway to Kirkwall / Dawn - Union supplied fuel (Nov. 1 - Mar. 31)	0.153	(0.006)	0.147	
30	Parkway to Kirkwall / Dawn - Union supplied fuel (Apr. 1 - Oct. 31)	0.159	(0.006)	0.153	
31	Kirkwall to Dawn - Union supplied fuel (Nov. 1 - Mar. 31)	0.058	(0.001)	0.057	
32	Kirkwall to Dawn - Union supplied fuel (Apr. 1 - Oct. 31)	0.058	(0.001)	0.057	
33	Dawn to Kirkwall - Union supplied fuel (Nov. 1 - Mar. 31)	0.167	(0.010)	0.157	
34	Dawn to Kirkwall - Union supplied fuel (Apr. 1 - Oct. 31)	0.146	(0.007)	0.139	
35	Dawn to Parkway (Cons) / Lisgar - Union supplied fuel (Nov. 1 - Mar. 31)	0.198	(0.012)	0.186	
36	Dawn to Parkway (Cons) / Lisgar - Union supplied fuel (Apr. 1 - Oct.31)	0.176	(0.009)	0.167	
37	Dawn to Parkway (TCPL) - Union supplied fuel (Nov. 1 - Mar. 31)	0.201	(0.012)	0.189	
38	Dawn to Parkway (TCPL) - Union supplied fuel (Apr. 1 - Oct.31)	0.179	(0.009)	0.170	
39	Kirkwall to Parkway (Cons) / Lisgar - Union supplied fuel (Nov. 1 - Mar. 31)	0.071	(0.008)	0.063	
40	Kirkwall to Parkway (Cons) / Lisgar - Union supplied fuel (Apr. 1 - Oct.31)	0.070	(0.008)	0.062	
41	Kirkwall to Parkway (TCPL) - Union supplied fuel (Nov. 1 - Mar. 31)	0.074	(0.008)	0.066	
42	Kirkwall to Parkway (TCPL) - Union supplied fuel (Apr. 1 - Oct.31)	0.073	(0.008)	0.065	
43	St. Clair / Bluewater & Dawn - Shipper supplied fuel (Nov. 1 - Mar. 31)	0.038	(1)	0.038	(1)
44	St. Clair / Bluewater & Dawn - Shipper supplied fuel (Apr. 1 - Oct. 31)	0.038	(1)	0.038	(1)
45	Ojibway & Dawn - Shipper supplied fuel (Nov. 1 - Mar. 31)	0.038	(1)	0.038	(1)
46	Ojibway & Dawn - Shipper supplied fuel (Apr. 1 - Oct. 31)	0.038	(1)	0.038	(1)
47	Parkway to Kirkwall / Dawn - Shipper supplied fuel (Nov. 1 - Mar. 31)	0.115	(1)	0.115	(1)
48	Parkway to Kirkwall / Dawn - Shipper supplied fuel (Apr. 1 - Oct. 31)	0.115	(1)	0.115	(1)
49	Kirkwall to Dawn - Shipper supplied fuel (Nov. 1 - Mar. 31)	0.051	(1)	0.051	(1)
50	Kirkwall to Dawn - Shipper supplied fuel (Apr. 1 - Oct. 31)	0.051	(1)	0.051	(1)
51	Dawn to Kirkwall - Shipper supplied fuel (Nov. 1 - Mar. 31)	0.100	(1)	0.100	(1)
52	Dawn to Kirkwall - Shipper supplied fuel (Apr. 1 - Oct. 31)	0.100	(1)	0.100	(1)
53	Dawn to Parkway (Cons) / Lisgar - Shipper supplied fuel (Nov. 1 - Mar. 31)	0.118	(1)	0.118	(1)
54	Dawn to Parkway (Cons) / Lisgar - Shipper supplied fuel (Apr. 1 - Oct.31)	0.118	(1)	0.118	(1)
55	Dawn to Parkway (TCPL) - Shipper supplied fuel (Nov. 1 - Mar. 31)	0.121	(1)	0.121	(1)
56	Dawn to Parkway (TCPL) - Shipper supplied fuel (Apr. 1 - Oct.31)	0.121	(1)	0.121	(1)
57	Kirkwall to Parkway (Cons) / Lisgar - Shipper supplied fuel (Nov. 1 - Mar. 31)	0.020	(1)	0.020	(1)
58	Kirkwall to Parkway (Cons) / Lisgar - Shipper supplied fuel (Apr. 1 - Oct.31)	0.020	(1)	0.020	(1)
59	Kirkwall to Parkway (TCPL) - Shipper supplied fuel (Nov. 1 - Mar. 31)	0.023	(1)	0.023	(1)
60	Kirkwall to Parkway (TCPL) - Shipper supplied fuel (Apr. 1 - Oct.31)	0.023	(1)	0.023	(1)
61	Dawn to Dawn-Vector - Shipper supplied fuel (Nov. 1 - Mar. 31)	0.004	(1)	0.004	(1)
62	Dawn to Dawn-Vector - Shipper supplied fuel (Apr. 1 - Oct. 31)	0.004	(1)	0.004	(1)
63	Dawn to Dawn-TCPL - Shipper supplied fuel (Nov. 1 - Mar. 31)	0.009	(1)	0.009	(1)
64	Dawn to Dawn-TCPL - Shipper supplied fuel (Apr. 1 - Oct. 31)	0.009	(1)	0.009	(1)

Notes:

(1) Plus customer supplied fuel per rate schedule.



RATE 01A - SMALL VOLUME GENERAL FIRM SERVICE

**ELIGIBILITY**

Any customer in Union's North West and North East Zones who is an end user whose total gas requirements at that location are equal to or less than 50,000 m<sup>3</sup> per year.

**SERVICES AVAILABLE**

The following services are available under this rate schedule:

(a) **Sales Service**

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

(b) **Transportation Service**

For continuous delivery on Union's distribution system from the Point of Receipt on TransCanada's system to the Point of Consumption on the customer's premises of natural gas owned by the customer and transported by TransCanada 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.

Transportation Service customers in the Union North East Zone may contract with Union for transportation service from Dawn to the customer's delivery area. The charges for the transportation service will consist of the Rate C1 Dawn-Parkway firm transportation rate and applicable fuel charges, in accordance with Union's Rate C1 rate schedule, and all applicable third party (i.e. TransCanada) transportation charges on upstream pipelines from Parkway to the customer's delivery area.

(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**

	Including Customer-Related GHG Obligation		Excluding Customer-Related GHG Obligation	
	Union North West	Union North East	Union North West	Union North East
<u>APPLICABLE TO ALL SERVICES</u>				
<u>MONTHLY CHARGE</u>	\$21.00	\$21.00	\$21.00	\$21.00
<u>DELIVERY CHARGE (1)</u>	<u>¢ per m<sup>3</sup></u>	<u>¢ per m<sup>3</sup></u>	<u>¢ per m<sup>3</sup></u>	<u>¢ per m<sup>3</sup></u>
First 100 m <sup>3</sup> per month @	12.5409	12.5409	9.2228	9.2228
Next 200 m <sup>3</sup> per month @	12.3079	12.3079	8.9898	8.9898
Next 200 m <sup>3</sup> per month @	11.9402	11.9402	8.6221	8.6221
Next 500 m <sup>3</sup> per month @	11.6027	11.6027	8.2846	8.2846
Over 1,000 m <sup>3</sup> per month @	11.3239	11.3239	8.0058	8.0058
Delivery-Price Adjustment (All Volumes)	0.6677 (2)	0.6677 (2)	0.6677 (2)	0.6677 (2)

Notes:

- (1) Includes cap-and-trade rates of 0.0509 cents/m<sup>3</sup> for facility-related greenhouse gas obligation costs and 3.3181 cents/m<sup>3</sup> for customer-related greenhouse gas obligation costs, as applicable.
- (2) Includes temporary charges of 0.6186, and 0.0491 cents/m<sup>3</sup> expiring March 31, 2017



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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.

Effective January 1, 2017  
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Chatham, Ontario

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RATE 10 - LARGE VOLUME GENERAL FIRM SERVICE

**ELIGIBILITY**

Any customer in Union's North West and North East Zones who is an end-user whose total firm gas requirements at one or more Company-owned meters at one location exceed 50,000 m<sup>3</sup> per year.

**SERVICES AVAILABLE**

The following services are available under this rate schedule:

(a) **Sales Service**

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

(b) **Transportation Service**

For continuous delivery on Union's distribution system from the Point of Receipt on TransCanada's system to the Point of Consumption on the customer's premises of natural gas owned by the customer and transported by TransCanada 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.

Transportation Service customers in the Union North East Zone may contract with Union for transportation service from Dawn to the customer's delivery area. The charges for the transportation service will consist of the Rate C1 Dawn-Parkway firm transportation rate and applicable fuel charges, in accordance with Union's Rate C1 rate schedule, and all applicable third party (i.e. TransCanada) transportation charges on upstream pipelines from Parkway to the customer's delivery area.

(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**

	Including Customer-Related GHG Obligation		Excluding Customer-Related GHG Obligation	
	Union North West	Union North East	Union North West	Union North East
<u>APPLICABLE TO ALL SERVICES</u>				
<u>MONTHLY CHARGE</u>	\$70.00	\$70.00	\$70.00	\$70.00
<u>DELIVERY CHARGE (1)</u>	<u>¢ per m<sup>3</sup></u>	<u>¢ per m<sup>3</sup></u>	<u>¢ per m<sup>3</sup></u>	<u>¢ per m<sup>3</sup></u>
First 1,000 m <sup>3</sup> per month @	11.0433	11.0433	7.7252	7.7252
Next 9,000 m <sup>3</sup> per month @	9.6108	9.6108	6.2927	6.2927
Next 20,000 m <sup>3</sup> per month @	8.9392	8.9392	5.6211	5.6211
Next 70,000 m <sup>3</sup> per month @	8.4024	8.4024	5.0843	5.0843
Over 100,000 m <sup>3</sup> per month @	6.3687	6.3687	3.0506	3.0506
Delivery-Price Adjustment (All Volumes)	0.6349 (2)	0.6349 (2)	0.6349 (2)	0.6349 (2)

Notes:

- (1) Includes cap-and-trade rates of 0.0378 cents/m<sup>3</sup> for facility-related greenhouse gas obligation costs and 3.3181 cents/m<sup>3</sup> for customer-related greenhouse gas obligation costs, as applicable.
- (2) Includes temporary charges of 0.4730, and 0.1619 cents/m<sup>3</sup> expiring March 31, 2017.



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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 and customers purchasing gas from Union with maximum daily requirements in excess of 3,000 m<sup>3</sup> per day must enter into a Service Agreement with Union.

**TERMS AND CONDITIONS OF SERVICE**

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

Effective

January 1, 2017  
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Chatham, Ontario

Supersedes EB-2016-0296 Rate Schedule effective January 1, 2017.





RATE 20 - MEDIUM VOLUME FIRM SERVICE

**ELIGIBILITY**

Any customer in Union's North West and North East Zones who is an end-user or who is authorized to serve an end-user of gas through one or more Company-owned meters at one location, and whose total maximum daily requirements for firm or combined firm and interruptible service is 14,000 m<sup>3</sup> or more.

**SERVICES AVAILABLE**

The following services are available under this rate schedule:

(a) **Sales Service**

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

(b) **Transportation Service**

For continuous delivery on Union's distribution system from the Point of Receipt on TransCanada'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.

Transportation Service customers in the Union North East Zone may contract with Union for transportation service from Dawn to the customer's delivery area. The charges for the transportation service will consist of the Rate C1 Dawn-Parkway firm transportation rate and applicable fuel charges, in accordance with Union's Rate C1 rate schedule, and all applicable third party (i.e. TransCanada) transportation charges on upstream pipelines from Parkway to the customer's delivery area.

(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)

	Including Customer-Related <u>GHG Obligation</u>	Excluding Customer-Related <u>GHG Obligation</u>
<u>MONTHLY CHARGE</u>	\$884.46	\$884.46
<u>DELIVERY CHARGES</u> (cents per month per m <sup>3</sup> )		
Monthly Demand Charge for first 70,000 m <sup>3</sup> of Contracted Daily Demand	28.6326	28.6326
Monthly Demand Charge for all units over 70,000 m <sup>3</sup> of Contracted Daily Demand	16.8374	16.8374
Commodity Charge for first 852,000 m <sup>3</sup> of gas volumes delivered (2)	3.8781	0.5600
Commodity Charge for all units over 852,000 m <sup>3</sup> of gas volumes delivered (2)	3.7238	0.4057

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.
- (2) Includes cap-and-trade rates of 0.0082 cents/m<sup>3</sup> for facility-related greenhouse gas obligation costs and 3.3181 cents/m<sup>3</sup> for customer-related greenhouse gas obligation costs, as applicable.

ADDITIONAL CHARGES FOR SALES SERVICE

Gas Supply Charge

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

Commodity Transportation

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

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

**HEAT CONTENT ADJUSTMENT**

The gas supply commodity charges hereunder will be adjusted upwards or downwards as described below if the average total heating value of the gas per cubic metre (m<sup>3</sup>) determined in accordance with Union's Terms and Conditions in any month falls above or below 37.89 MJ per m<sup>3</sup>, respectively.

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



**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.

	Including Customer-Related GHG Obligation		Excluding Customer-Related GHG Obligation	
	Union <u>North West</u>	Union <u>North East</u>	Union <u>North West</u>	Union <u>North East</u>
<u>MONTHLY CHARGE</u>	\$884.46	\$884.46	\$884.46	\$884.46
<u>DELIVERY CHARGES (1)</u>	<u>cents per m<sup>3</sup></u>	<u>cents per m<sup>3</sup></u>	<u>cents per m<sup>3</sup></u>	<u>cents per m<sup>3</sup></u>
Commodity Charge for each unit of gas volumes delivered	5.7608	5.7608	2.4427	2.4427

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 \$220.55

BUNDLED (T-SERVICE) STORAGE SERVICE CHARGES

Monthly Demand Charge for each unit of Contracted Daily Storage Withdrawal Entitlement (\$/GJ/Month) \$20.111

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) \$0.207

Authorized Overrun Commodity Charge on each additional unit of gas Union authorizes for withdrawal from storage (\$/GJ) \$0.868

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

Notes:

- (1) Includes cap-and-trade rates of 0.0082 cents/m<sup>3</sup> for facility-related greenhouse gas obligation costs and 3.3181 cents/m<sup>3</sup> for customer-related greenhouse gas obligation costs, as applicable.



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#### **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

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Chatham, Ontario

Supersedes EB-2016-0296 Rate Schedule effective January 1, 2017.



RATE 25 - LARGE VOLUME INTERRUPTIBLE SERVICE

**ELIGIBILITY**

Any customer in Union's North West and North East Zones who is an end-user or who is authorized to serve an end-user of gas through one or more Company-owned meters at one location, and whose total maximum daily interruptible requirement is 3,000 m<sup>3</sup> or more or the interruptible portion of a maximum daily requirement for combined firm and interruptible service is 14,000 m<sup>3</sup> or more and whose operations, in the judgement of Union, can readily accept interruption and restoration of gas service.

**SERVICES AVAILABLE**

The following services are available under this rate schedule:

(a) **Sales Service**

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

(b) **Transportation Service**

For delivery of natural gas owned by the customer on Union's distribution system from the Point of Receipt from TransCanada'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.

Transportation Service customers in the Union North East Zone may contract with Union for transportation service from Dawn to the customer's delivery area. The charges for the transportation service will consist of the Rate C1 Dawn-Parkway firm transportation rate and applicable fuel charges, in accordance with Union's Rate C1 rate schedule, and all applicable third party (i.e. TransCanada) transportation charges on upstream pipelines from Parkway to the customer's delivery area.

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)

	Including Customer-Related <u>GHG Obligation</u>	Excluding Customer-Related <u>GHG Obligation</u>
<u>MONTHLY CHARGE</u>	\$306.75	\$306.75
<u>DELIVERY CHARGES (2)</u> 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:	<u>cents per m<sup>3</sup></u> 8.4598	<u>cents per m<sup>3</sup></u> 5.1417
<u>UNAUTHORIZED OVERRUN NON - COMPLIANCE RATE</u> Unauthorized overrun gas taken any month during a period when a notice of interruption is in effect.	<u>cents per m<sup>3</sup></u> 232.8600	<u>cents per m<sup>3</sup></u> 232.8600

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.
- (2) Includes cap-and-trade rates of 0.0017 cents/m<sup>3</sup> for facility-related greenhouse gas obligation costs and 3.3181 cents/m<sup>3</sup> for customer-related greenhouse gas obligation costs, as applicable.



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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 (m<sup>3</sup>) determined in accordance with Union's Terms and Conditions in any month falls above or below 37.89 MJ per m<sup>3</sup>, respectively.

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

ADDITIONAL CHARGES FOR TRANSPORTATION – ALL ZONES

MONTHLY TRANSPORTATION ACCOUNT CHARGE:

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

\$220.55

**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.



**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.



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

**ELIGIBILITY**

Any customer in Union's North West and North East Zones already connected to Union's gas distribution system who is an end-user or is authorized to serve an end-user.

**SERVICE AVAILABLE**

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

**GAS SUPPLY CHARGE**

The gas supply charge shall be \$5.00 per 10<sup>3</sup>m<sup>3</sup> 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.





**uniongas**

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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

January 1, 2017  
O.E.B. Order # EB-2016-0334

Chatham, Ontario

Supersedes EB-2016-0296 Rate Schedule effective January 1, 2017.



RATE 100 – LARGE VOLUME HIGH LOAD FACTOR FIRM SERVICE

**ELIGIBILITY**

Any customer in Union's North West and North East Zones who is an end-user or who is authorized to serve an end-user of gas through one or more Company-owned meters at one location, and whose maximum daily requirement for firm service is 100,000 m<sup>3</sup> or more, and whose annual requirement for firm service is equal to or greater than its maximum daily requirement multiplied by 256.

**SERVICES AVAILABLE**

The following services are available under this rate schedule:

(a) **Sales Service**

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

(b) **Transportation Service**

For continuous delivery on Union's distribution system from the Point of Receipt on TransCanada'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.

Transportation Service customers in the Union North East Zone may contract with Union for transportation service from Dawn to the customer's delivery area. The charges for the transportation service will consist of the Rate C1 Dawn-Parkway firm transportation rate and applicable fuel charges, in accordance with Union's Rate C1 rate schedule, and all applicable third party (i.e. TransCanada) transportation charges on upstream pipelines from Parkway to the customer's delivery area.

(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>Including Customer-Related GHG Obligation</u>	<u>Excluding Customer-Related GHG Obligation</u>
<u>MONTHLY CHARGE</u>	\$1,372.75	\$1,372.75
<u>DELIVERY CHARGES</u> (cents per Month per m <sup>3</sup> of Daily Contract Demand)		
Monthly Demand Charge for each unit of Contracted Daily Demand	15.1083	15.1083
Commodity Charge for each unit of gas volumes delivered (cents/m <sup>3</sup> ) (2)	3.5388	0.2207

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.
- (2) Includes cap-and-trade rates of 0.0004 cents/m<sup>3</sup> for facility-related greenhouse gas obligation costs and 3.3181 cents/m<sup>3</sup> for customer-related greenhouse gas obligation costs, as applicable.

ADDITIONAL CHARGES FOR SALES SERVICE

Gas Supply Charges

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

Commodity Transportation

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

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

**HEAT CONTENT ADJUSTMENT**

The gas supply commodity charges hereunder will be adjusted upwards or downwards as described below if the average total heating value of the gas per cubic metre (m<sup>3</sup>) determined in accordance with Union's Terms and Conditions in any month falls above or below 37.89 MJ per m<sup>3</sup>, respectively.

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



**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	Including Customer-Related <u>GHG Obligation</u>		Excluding Customer-Related <u>GHG Obligation</u>	
	<u>Union North West</u>	<u>Union North East</u>	<u>Union North West</u>	<u>Union North East</u>
<u>MONTHLY CHARGE</u>	\$1,372.75	\$1,372.75	\$1,372.75	\$1,372.75
<u>DELIVERY CHARGES (cents per m<sup>3</sup>) (1)</u>				
Commodity Charge for each unit of gas volumes delivered	4.2484	4.2484	0.9303	0.9303

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 \$220.55

BUNDLED (T-SERVICE) STORAGE SERVICE CHARGES

Monthly Demand Charge for each unit of Contracted Daily Storage Withdrawal Entitlement (\$/GJ/Month) \$20.111

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) \$0.207

Authorized Overrun Commodity Charge on each additional unit of gas Union authorizes for withdrawal from storage (\$/GJ) \$0.868

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

Notes:

- (1) Includes cap-and-trade rates of 0.0004 cents/m<sup>3</sup> for facility-related greenhouse gas obligation costs and 3.3181 cents/m<sup>3</sup> for customer-related greenhouse gas obligation costs, as applicable.



#### **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.



Union Gas Limited  
Union North  
Gas Supply Charges

(A) Availability

Available to customers in Union's North West and North East 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

	Union North West	Union North East
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Rate 01A (cents / m<sup>3</sup>)

Storage	2.0587	6.6240
Storage - Price Adjustment	-	-
Commodity and Fuel (1)	11.7711	16.3002
Commodity and Fuel - Price Adjustment	(1.7023)	(2.1882)
Transportation	6.7385	2.9705
Transportation - Price Adjustment	0.6627	0.6684
<b>Total Gas Supply Charge</b>	<b>19.5287</b>	<b>24.3749</b>

Rate 10 (cents / m<sup>3</sup>)

Storage	1.5493	4.6782
Storage - Price Adjustment	-	-
Commodity and Fuel (1)	11.7711	16.3002
Commodity and Fuel - Price Adjustment	(1.7023)	(2.1882)
Transportation	5.9021	2.7353
Transportation - Price Adjustment	0.6892	0.6949
<b>Total Gas Supply Charge</b>	<b>18.2094</b>	<b>22.2204</b>

Notes:

(1) The Commodity and Fuel rate includes a gas supply administration charge of 0.1902 cents/m<sup>3</sup>.



Union Gas Limited  
Union North  
Gas Supply Charges

<u>Utility Sales</u>	<u>Union</u>	<u>Union</u>
	<u>North West</u>	<u>North East</u>
<u>Rate 20 (cents / m<sup>3</sup>)</u>		
Commodity and Fuel (1)	11.4966	15.9183
Commodity and Fuel - Price Adjustment	(1.7023)	(2.1882)
Commodity Transportation - Charge 1	3.5671	2.6129
Transportation 1 - Price Adjustment	0.2126	0.2183
Commodity Transportation - Charge 2	-	-
Monthly Gas Supply Demand	55.9345	49.8276
Gas Supply Demand - Price Adjustment	-	-
Commissioning and Decommissioning Rate	6.5316	5.3667
<u>Rate 100 (cents / m<sup>3</sup>)</u>		
Commodity and Fuel (1)	11.4966	15.9183
Commodity and Fuel - Price Adjustment	(1.7023)	(2.1882)
Commodity Transportation - Charge 1	6.3079	9.0835
Commodity Transportation - Charge 2	-	-
Monthly Gas Supply Demand	112.4457	158.8308
Commissioning and Decommissioning Rate	7.9846	11.3527
<u>Rate 25 (cents / m<sup>3</sup>)</u>		
Gas Supply Charge:		
Interruptible Service		
Minimum	1.4848	1.4848
Maximum	675.9484	675.9484
<u>Natural Gas Liquefaction Service (\$ / GJ) (2)</u>		
Gas Supply Charge:		
Interruptible Service		
Minimum		0.3919
Maximum		178.3976

Notes:

- (1) The Commodity and Fuel rate includes a gas supply administration charge of 0.1902 cents/m<sup>3</sup>.
- (2) Billing in energy (\$/GJ) will only apply to the Natural Gas Liquefaction Service.

Effective: January 1, 2017  
O.E.B. Order # EB-2016-0334

Chatham, Ontario

Supersedes EB-2016-0296 Rate Schedule effective January 1, 2017.



SMALL VOLUME GENERAL SERVICE RATE

**(A) Availability**

Available to customers in Union's Southern Delivery Zone.

**(B) Applicability**

To general service customers whose total consumption is equal to or less than 50,000 m<sup>3</sup> per year.

**(C) Rates**

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

		Including Customer-Related <u>GHG Obligation</u>	Excluding Customer-Related <u>GHG Obligation</u>
a)	Monthly Charge	\$21.00	\$21.00
b)	Delivery Charge (1)		
	First                   100 m <sup>3</sup>	8.0528 ¢ per m <sup>3</sup>	4.7347 ¢ per m <sup>3</sup>
	Next                   150 m <sup>3</sup>	7.8117 ¢ per m <sup>3</sup>	4.4936 ¢ per m <sup>3</sup>
	All Over               250 m <sup>3</sup>	7.1887 ¢ per m <sup>3</sup>	3.8706 ¢ per m <sup>3</sup>
	Delivery - Price Adjustment (All Volumes) (2)	0.4365 ¢ per m <sup>3</sup>	0.4365 ¢ per m <sup>3</sup>
c)	Storage Charge (if applicable)	0.7153 ¢ per m <sup>3</sup>	0.7153 ¢ per m <sup>3</sup>
	Storage - Price Adjustment (All Volumes)	- ¢ per m <sup>3</sup>	- ¢ per m <sup>3</sup>

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

**d) Gas Supply Charge (if applicable)**

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

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

Notes:

- (1) Includes cap-and-trade rates of 0.0297 cents/m<sup>3</sup> for facility-related greenhouse gas obligation costs and 3.3181 cents/m<sup>3</sup> for customer-related greenhouse gas obligation costs, as applicable.
- (2) Includes temporary charges of 0.2283, and 0.2082 cents/m<sup>3</sup> expiring March 31, 2017.

**(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 for the identified delivery charge and the total gas supply charge for utility sales provided in Schedule "A" per m<sup>3</sup>, plus 7¢ per m<sup>3</sup>.

	Including Customer-Related <u>GHG Obligation</u>	Excluding Customer-Related <u>GHG Obligation</u>
Overrun Delivery Charge (1)	8.7681 ¢ per m <sup>3</sup>	5.4500 ¢ per m <sup>3</sup>

Notes:

- (1) Includes cap-and-trade rates of 0.0297 cents/m<sup>3</sup> for facility-related greenhouse gas obligation costs and 3.3181 cents/m<sup>3</sup> for customer-related greenhouse gas obligation costs, as applicable.

**(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>	Assumed Atmospheric Pressure <u>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

January 1, 2017  
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Chatham, Ontario

Supersedes EB-2016-0296 Rate Schedule effective January 1, 2017.



LARGE VOLUME GENERAL SERVICE RATE

**(A) Availability**

Available to customers in Union's Southern Delivery Zone.

**(B) Applicability**

To general service customers whose total consumption is greater than 50,000 m<sup>3</sup> per year.

**(C) Rates**

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

		<u>Including Customer-Related GHG Obligation</u>	<u>Excluding Customer-Related GHG Obligation</u>
a)	Monthly Charge	\$70.00	\$70.00
b)	Delivery Charge (1)		
	First                   1 000 m <sup>3</sup>	8.0220 ¢ per m <sup>3</sup>	4.7039 ¢ per m <sup>3</sup>
	Next                   6 000 m <sup>3</sup>	7.9343 ¢ per m <sup>3</sup>	4.6162 ¢ per m <sup>3</sup>
	Next                   13 000 m <sup>3</sup>	7.7474 ¢ per m <sup>3</sup>	4.4293 ¢ per m <sup>3</sup>
	All Over               20 000 m <sup>3</sup>	7.4280 ¢ per m <sup>3</sup>	4.1099 ¢ per m <sup>3</sup>
	Delivery – Price Adjustment (All Volumes) (2)	0.4836 ¢ per m <sup>3</sup>	0.4836 ¢ per m <sup>3</sup>
c)	Storage Charge (if applicable)	0.6252 ¢ per m <sup>3</sup>	0.6252 ¢ per m <sup>3</sup>
	Storage - Price Adjustment (All Volumes)	- ¢ per m <sup>3</sup>	- ¢ per m <sup>3</sup>
	Applicable to all bundled customers (sales and bundled transportation service).		
d)	Gas Supply Charge (if applicable)		
	The gas supply charge is comprised of charges for transportation and for commodity and fuel. The applicable rates are provided in Schedule "A".		

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

Notes:

- (1) Includes cap-and-trade rates of 0.0209 cents/m<sup>3</sup> for facility-related greenhouse gas obligation costs and 3.3181 cents/m<sup>3</sup> for customer-related greenhouse gas obligation costs, as applicable.
- (2) Includes temporary charges of 0.1629, and 0.3207 cents/m<sup>3</sup> expiring March 31, 2017.

**(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 for the identified delivery charge and the total gas supply charge for utility sales provided in Schedule "A" per m<sup>3</sup>, plus 7¢ per m<sup>3</sup>.

	Including Customer-Related <u>GHG Obligation</u>	Excluding Customer-Related <u>GHG Obligation</u>
Overrun Delivery Charge (1)	8.6472 ¢ per m <sup>3</sup>	5.3291 ¢ per m <sup>3</sup>

Notes:

- (1) Includes cap-and-trade rates of 0.0209 cents/m<sup>3</sup> for facility-related greenhouse gas obligation costs and 3.3181 cents/m<sup>3</sup> for customer-related greenhouse gas obligation costs, as applicable.

**(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>	Assumed Atmospheric Pressure <u>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 m<sup>3</sup> and 60 000 m<sup>3</sup>.

**(C) Rates**

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

	Including Customer-Related <u>GHG Obligation</u>	Excluding Customer-Related <u>GHG Obligation</u>
1. Bills will be rendered monthly and shall be the total of:		
(i) A Monthly Demand Charge		
First           8 450 m <sup>3</sup> of daily contracted demand	56.9923 ¢ per m <sup>3</sup>	56.9923 ¢ per m <sup>3</sup>
Next           19 700 m <sup>3</sup> of daily contracted demand	25.5539 ¢ per m <sup>3</sup>	25.5539 ¢ per m <sup>3</sup>
All Over       28 150 m <sup>3</sup> of daily contracted demand	21.4688 ¢ per m <sup>3</sup>	21.4688 ¢ per m <sup>3</sup>
(ii) A Monthly Delivery Commodity Charge (1)		
First 422 250 m <sup>3</sup> delivered per month	4.7334 ¢ per m <sup>3</sup>	1.4153 ¢ per m <sup>3</sup>
Next volume equal to 15 days use of daily contracted demand	4.7334 ¢ per m <sup>3</sup>	1.4153 ¢ per m <sup>3</sup>
For remainder of volumes delivered in the month	3.9117 ¢ per m <sup>3</sup>	0.5936 ¢ per m <sup>3</sup>
Delivery- Price Adjustment (All Volumes)	- ¢ per m <sup>3</sup>	- ¢ per m <sup>3</sup>
(iii) Gas Supply Charge (if applicable)		
The gas supply charge is comprised of charges for transportation and for commodity and fuel. The applicable rates are provided in Schedule "A"		
2. Overrun Charge		
Authorized overrun gas is available provided that it is authorized by Union in advance. Union will not unreasonably withhold authorization. Overrun means gas taken on any day in excess of 103% of contracted daily demand. Authorized overrun will be available April 1 through October 31 at the identified authorized overrun delivery charge and, if applicable, the total gas supply charge for utility sales provided in Schedule "A" per m <sup>3</sup> for all volumes purchased.		
Unauthorized overrun gas taken in any month shall be paid for at the identified unauthorized overrun delivery charge for the delivery and the total gas supply charge for utility sales provided in Schedule "A" per m <sup>3</sup> for all gas supply volumes purchased.		
	Including Customer-Related <u>GHG Obligation</u>	Excluding Customer-Related <u>GHG Obligation</u>
Authorized Overrun Delivery Charge (1)	6.6071 ¢ per m <sup>3</sup>	3.2890 ¢ per m <sup>3</sup>
Unauthorized Overrun Delivery Charge (2)	8.7681 ¢ per m <sup>3</sup>	5.4500 ¢ per m <sup>3</sup>



3. Firm 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 firm 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 the identified firm minimum annual delivery charge and, if applicable a gas supply commodity charge provided in Schedule "A".

Firm Minimum Annual Delivery Charge 1.6055 ¢ per m<sup>3</sup>

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

4. Interruptible Service

Union may agree, in its sole discretion, to combine a firm service with an interruptible service provided that the amount of interruptible volume to be delivered and agreed upon by Union and the customer shall be no less than 350,000 m<sup>3</sup> per year.

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:

	<u>Including Customer-Related GHG Obligation</u>	<u>Excluding Customer-Related GHG Obligation</u>
a) (i) Monthly Delivery Commodity Charge (3)		
<u>Daily Contracted Demand Level (CD)</u>		
2 400 m <sup>3</sup> ≤ CD < 17 000 m <sup>3</sup>	6.3418 ¢ per m <sup>3</sup>	3.0237 ¢ per m <sup>3</sup>
17 000 m <sup>3</sup> ≤ CD < 30 000 m <sup>3</sup>	6.2119 ¢ per m <sup>3</sup>	2.8938 ¢ per m <sup>3</sup>
30 000 m <sup>3</sup> ≤ CD < 50 000 m <sup>3</sup>	6.1436 ¢ per m <sup>3</sup>	2.8255 ¢ per m <sup>3</sup>
50 000 m <sup>3</sup> ≤ CD ≤ 60 000 m <sup>3</sup>	6.0957 ¢ per m <sup>3</sup>	2.7776 ¢ per m <sup>3</sup>

Delivery - Price Adjustment (All Volumes) - ¢ per m<sup>3</sup> - ¢ per m<sup>3</sup>

(ii) Days Use of Interruptible Contract Demand

The price determined under Paragraph 4(a) of "Rates" will be reduced by the amount based on the number of Days Use of Contracted Demand as scheduled below:

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

(iii) Gas Supply Charge (if applicable)

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

(iv) Monthly Charge \$654.15 per month \$654.15 per month



- b) 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 m<sup>3</sup> per annum. Overrun volumes will not contribute to the minimum volume. In the event that the customer shall not take such minimum volume, the customer shall pay an amount equal to the deficiency from the minimum volume times the identified interruptible minimum annual delivery charge, 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.

Interruptible Minimum Annual Delivery Charge	3.2139 ¢ per m <sup>3</sup>
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- c) 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 identified unauthorized overrun delivery charge and the total gas supply charge for utility sales provided in Schedule "A" per m<sup>3</sup> for all gas supply volumes purchased.

	Including Customer-Related <u>GHG Obligation</u>	Excluding Customer-Related <u>GHG Obligation</u>
Unauthorized Overrun Delivery Charge (2)	8.7681 ¢ per m <sup>3</sup>	5.4500 ¢ per m <sup>3</sup>

Unauthorized Overrun Non-Compliance Rate:

Unauthorized overrun gas taken any month during a period when a notice of interruption is in effect shall be paid for at the rate of 232.8600 ¢ per m<sup>3</sup> (\$60 per GJ) for the delivery.

Notes:

- (1) Includes cap-and-trade rates of 0.0280 cents/m<sup>3</sup> for facility-related greenhouse gas obligation costs and 3.3181 cents/m<sup>3</sup> for customer-related greenhouse gas obligation costs, as applicable.
- (2) Includes cap-and-trade rates of 0.0297 cents/m<sup>3</sup> for facility-related greenhouse gas obligation costs and 3.3181 cents/m<sup>3</sup> for customer-related greenhouse gas obligation costs, as applicable.
- (3) Includes cap-and-trade rates of 0.0249 cents/m<sup>3</sup> for facility-related greenhouse gas obligation costs and 3.3181 cents/m<sup>3</sup> for customer-related greenhouse gas obligation costs, as applicable.

**(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.

Effective	January 1, 2017	Chatham, Ontario
	O.E.B. Order # EB-2016-0334	

Supersedes EB-2016-0296 Rate Schedule effective January 1, 2017.



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 m<sup>3</sup> and 60 000 m<sup>3</sup> inclusive.

**(C) Rates**

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

1. Interruptible Service

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

	<u>Including Customer-Related GHG Obligation</u>	<u>Excluding Customer-Related GHG Obligation</u>
a) (i) Monthly Delivery Commodity Charge (1)		
<u>Daily Contracted Demand Level (CD)</u>		
2 400 m <sup>3</sup> ≤ CD < 17 000 m <sup>3</sup>	6.3418 ¢ per m <sup>3</sup>	3.0237 ¢ per m <sup>3</sup>
17 000 m <sup>3</sup> ≤ CD < 30 000 m <sup>3</sup>	6.2119 ¢ per m <sup>3</sup>	2.8938 ¢ per m <sup>3</sup>
30 000 m <sup>3</sup> ≤ CD < 50 000 m <sup>3</sup>	6.1436 ¢ per m <sup>3</sup>	2.8255 ¢ per m <sup>3</sup>
50 000 m <sup>3</sup> ≤ CD ≤ 60 000 m <sup>3</sup>	6.0957 ¢ per m <sup>3</sup>	2.7776 ¢ per m <sup>3</sup>
Delivery- Price Adjustment (All Volumes)	- ¢ per m <sup>3</sup>	- ¢ per m <sup>3</sup>
(ii) Days Use of Interruptible Contract Demand		
The price determined under Paragraph 1(a) of "Rates" will be reduced by the amount based on the number of Days Use of Contracted Demand as scheduled below:		
For 75 days use of contracted demand	0.0530 ¢ per m <sup>3</sup>	0.0530 ¢ per m <sup>3</sup>
For each additional days use of contracted demand up to a maximum of 275 days, an additional discount of	0.00212 ¢ per m <sup>3</sup>	0.00212 ¢ per m <sup>3</sup>
(iii) Gas Supply Charge (if applicable)		
The gas supply charge is comprised of charges for transportation and for commodity and fuel. The applicable rates are provided in Schedule "A"		
(iv) Monthly Charge	\$654.15 per month	\$654.15 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 m<sup>3</sup> per annum. Overrun volumes will not contribute to the minimum volume. In the event that the customer shall not take such minimum volume, the customer shall pay an amount equal to the deficiency from the minimum volume times the identified interruptible minimum annual delivery charge, 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.

Interruptible Minimum Annual Delivery Charge	3.2139 ¢ per m <sup>3</sup>
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- 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 identified unauthorized overrun delivery charge and the total gas supply charge for utility sales provided in Schedule "A" per m<sup>3</sup> for all gas supply volumes purchased.

	Including Customer-Related <u>GHG Obligation</u>	Excluding Customer-Related <u>GHG Obligation</u>
Unauthorized Overrun Delivery Charge (2)	8.7681 ¢ per m <sup>3</sup>	5.4500 ¢ per m <sup>3</sup>

Unauthorized Overrun Non-Compliance Rate:

Unauthorized overrun gas taken any month during a period when a notice of interruption is in effect shall be paid for at the rate of 232.8600 ¢ per m<sup>3</sup> (\$60 per GJ) for the delivery.

- 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 31.7959 ¢ per m<sup>3</sup>.
- b) The commodity charge for firm service shall be the rate for firm service at Union's firm rates net of a monthly demand charge of 31.7959 ¢ per m<sup>3</sup> of daily contracted demand and a delivery commodity price adjustment of 0.0000 ¢ per m<sup>3</sup>. (3)
- c) The interruptible commodity charge will be established under Clause 1 of this schedule.

Notes:

- (1) Includes cap-and-trade rates of 0.0249 cents/m<sup>3</sup> for facility-related greenhouse gas obligation costs and 3.3181 cents/m<sup>3</sup> for customer-related greenhouse gas obligation costs, as applicable.
- (2) Includes cap-and-trade rates of 0.0297 cents/m<sup>3</sup> for facility-related greenhouse gas obligation costs and 3.3181 cents/m<sup>3</sup> for customer-related greenhouse gas obligation costs, as applicable.
- (3) Includes cap-and-trade rates for facility-related greenhouse gas obligation costs related to the firm service.





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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. 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

January 1, 2017  
O.E.B. Order # EB-2016-0334

Chatham, Ontario

Supersedes EB-2016-0296 Rate Schedule effective January 1, 2017.



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 m<sup>3</sup>; and
- b) who has site specific energy measuring equipment 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.

	<u>Including Customer-Related GHG Obligation</u>	<u>Excluding Customer-Related GHG Obligation</u>
1. Bills will be rendered monthly and shall be the total of:		
(i) A Monthly Demand Charge		
A negotiated Monthly Demand Charge for each m <sup>3</sup> of daily contracted firm demand up to	30.8246 ¢ per m <sup>3</sup>	30.8246 ¢ per m <sup>3</sup>
(ii) A Monthly Delivery Commodity Charge		
(1) A Monthly Firm Delivery Commodity Charge (1) for all firm volumes of and a Delivery - Price Adjustment of	3.7706 ¢ per m <sup>3</sup> - ¢ per m <sup>3</sup>	0.4525 ¢ per m <sup>3</sup> - ¢ per m <sup>3</sup>
(2) A Monthly Interruptible Delivery Commodity Charge (1) for all interruptible volumes to be negotiated between Union and the customer not to exceed an annual average of and a Delivery - Price Adjustment of	8.9508 ¢ per m <sup>3</sup> - ¢ per m <sup>3</sup>	5.6327 ¢ per m <sup>3</sup> - ¢ per m <sup>3</sup>
(3) A Monthly Seasonal Delivery Commodity Charge (1) for all seasonal volumes to be negotiated between Union and the customer not to exceed an annual average of and a Delivery - Price Adjustment of	8.7067 ¢ per m <sup>3</sup> - ¢ per m <sup>3</sup>	5.3886 ¢ per m <sup>3</sup> - ¢ per m <sup>3</sup>

(iii) Gas Supply Charge (if applicable)

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

(iv) Overrun Gas

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

Unauthorized overrun gas taken in any month shall be paid for at the M1 rate in effect at the time the overrun occurs, plus, if applicable, the total gas supply charge for utility sales provided in Schedule "A" per m<sup>3</sup> for all the gas supply volumes purchased. (2)

Unauthorized Overrun Non-Compliance Rate:

Unauthorized overrun gas taken any month during a period when a notice of interruption is in effect shall be paid for at the rate of 232.8600 ¢ per m<sup>3</sup> (\$60 per GJ) for the delivery.



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 at the identified commissioning and decommissioning rate and the total gas supply charge for utility sales provided in Schedule "A" per m<sup>3</sup>, if applicable.

	Including Customer-Related <u>GHG Obligation</u>	Excluding Customer-Related <u>GHG Obligation</u>
Commissioning and Decommissioning Rate (1)	7.3968 ¢ per m <sup>3</sup>	4.0787 ¢ per m <sup>3</sup>

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.

Notes:

- (1) Includes cap-and-trade rates of 0.0288 cents/m<sup>3</sup> for facility-related greenhouse gas obligation costs and 3.3181 cents/m<sup>3</sup> for customer-related greenhouse gas obligation costs, as applicable.
- (2) Includes cap-and-trade rates of 0.0297 cents/m<sup>3</sup> for facility-related greenhouse gas obligation costs and 3.3181 cents/m<sup>3</sup> for customer-related greenhouse gas obligation costs, as applicable.

**(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.

Effective

January 1, 2017  
O.E.B. Order # EB-2016-0334

Chatham, Ontario

Supersedes EB-2016-0296 Rate Schedule effective January 1, 2017.



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.

	Including Customer-Related <u>GHG Obligation</u>	Excluding Customer-Related <u>GHG Obligation</u>
1.		
(i) A Monthly Demand Charge 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.	22.3154 ¢ per m <sup>3</sup>	22.3154 ¢ per m <sup>3</sup>
(ii) A Delivery Commodity Charge for gas delivered of (1) and a Delivery - Price Adjustment of	3.5928 ¢ per m <sup>3</sup> - ¢ per m <sup>3</sup>	0.2747 ¢ per m <sup>3</sup> - ¢ per m <sup>3</sup>
(iii) Gas Supply Charge (if applicable)		
The gas supply charge is comprised of charges for transportation and for commodity and fuel. The applicable rates are provided in Schedule "A".		

Notes

- (1) Includes cap-and-trade rates of 0.0248 cents/m<sup>3</sup> for facility-related greenhouse gas obligation costs and 3.3181 cents/m<sup>3</sup> for customer-related greenhouse gas obligation costs, as applicable.

**(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 at the identified authorized overrun delivery charge. 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 at the identified unauthorized overrun delivery charge.

	Including Customer-Related <u>GHG Obligation</u>	Excluding Customer-Related <u>GHG Obligation</u>
Authorized Overrun Delivery Charge (1)	4.3265 ¢ per m <sup>3</sup>	1.0084 ¢ per m <sup>3</sup>
Unauthorized Overrun Delivery Charge (1)	39.3429 ¢ per m <sup>3</sup>	36.0248 ¢ per m <sup>3</sup>

Notes

- (1) Includes cap-and-trade rates of 0.0248 cents/m<sup>3</sup> for facility-related greenhouse gas obligation costs and 3.3181 cents/m<sup>3</sup> for customer-related greenhouse gas obligation costs, as applicable.

**(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.



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.

	Including Customer-Related <u>GHG Obligation</u>	Excluding Customer-Related <u>GHG Obligation</u>
1. A Delivery Commodity Charge (1) of	10.1186 ¢ per m <sup>3</sup>	6.8005 ¢ per m <sup>3</sup>
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 identified unauthorized overrun delivery charge and, if applicable, the total gas supply charge for utility sales provided in Schedule "A" per m<sup>3</sup>, plus 7¢ per m<sup>3</sup> for all gas supply volumes purchased.

	Including Customer-Related <u>GHG Obligation</u>	Excluding Customer-Related <u>GHG Obligation</u>
Unauthorized Overrun Delivery Charge (2)	8.7681 ¢ per m <sup>3</sup>	5.4500 ¢ per m <sup>3</sup>

**(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.

Notes:

- (1) Includes cap-and-trade rates of 0.0258 cents/m<sup>3</sup> for facility-related greenhouse gas obligation costs and 3.3181 cents/m<sup>3</sup> for customer-related greenhouse gas obligation costs, as applicable.
- (2) Includes cap-and-trade rates of 0.0297 cents/m<sup>3</sup> for facility-related greenhouse gas obligation costs and 3.3181 cents/m<sup>3</sup> for customer-related greenhouse gas obligation costs, as applicable.

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O.E.B. Order # EB-2016-0334

Supersedes EB-2016-0296 Rate Schedule effective January 1, 2017.



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	\$1.709	
Backstop Gas Commodity Charge On all quantities supplied by Union to the Ontario Point(s) of Receipt		\$4.572
c) Reasonable Efforts Backstop Gas Paid on all quantities of gas supplied by Union to the customer's Point(s) of Consumption		\$5.532
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		\$2.737
f) Short Term Storage / Balancing Service (2)  Maximum		\$6.000
g) Discretionary Gas Supply Service ("DGSS")		Note (3)
h) Parkway Delivery Commitment Incentive ("PDCI")		\$(0.158)



**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.





STORAGE AND TRANSPORTATION RATES  
FOR CONTRACT CARRIAGE CUSTOMERS

**(A) Availability**

Available to customers in Union's Southern Delivery Zone.

**(B) Applicability**

To a customer:

- a) whose qualifying annual transportation volume for combined firm and interruptible service is at least 2 500 000 m<sup>3</sup> or greater and has a daily firm contracted demand up to 140,870 m<sup>3</sup>; and
- b) who enters into a Carriage Service Contract with Union for the transportation or the storage and transportation of Gas for use at facilities located within Union's gas franchise area; and
- c) who has meters with electronic recording at each Point of Consumption; and
- d) who has site specific energy measuring equipment 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>	
			Fuel Ratio	Commodity Charge <u>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	\$1.505			
Customer provides deliverability Inventory (4)	\$1.186			
c) Incremental Firm Injection Right: Applied to the contracted Maximum Incremental Firm Injection Right	\$1.186			
d) Annual Interruptible Withdrawal Right: Applied to the contracted Maximum Annual Interruptible Withdrawal Right	\$1.186			



	Demand Charge <u>Rate/GJ/mo</u>	Commodity Charge <u>Rate/GJ</u>	For Customers Providing Their Own Compressor Fuel	
			Fuel Ratio <u>Ratio</u>	Commodity Charge <u>Rate/GJ</u>
e) Withdrawal Commodity Paid on all quantities withdrawn from storage up to the Maximum Daily Storage Withdrawal Quantity		\$0.025	0.406%	\$0.008
f) Injection Commodity Paid on all quantities injected into storage up to the Maximum Daily Storage Injection Quantity		\$0.025	0.406%	\$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 the customer's total 151-day winter consumption (November 1 through March 31) and the customer's average daily consumption (Daily Contract Quantity) for the contract year multiplied by 151 days of winter. 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	Union Providing Compressor Fuel		Fuel Ratio (5)	For Customers Providing Their Own Compressor Fuel	
	Commodity Charge			Commodity Charge	
	Including Customer-Related GHG Obligation	Excluding Customer-Related GHG Obligation		Including Customer-Related GHG Obligation	Excluding Customer-Related GHG Obligation
<u>Rate/m<sup>3</sup>/mo</u>	<u>Rate/m<sup>3</sup></u>	<u>Rate/m<sup>3</sup></u>		<u>Rate/m<sup>3</sup></u>	<u>Rate/m<sup>3</sup></u>
a) Annual Firm Transportation Demand Applied to the Firm Daily Contract Demand First 28,150 m <sup>3</sup> per month Next 112,720 m <sup>3</sup> per month	35.4376 ¢	24.4833 ¢			
b) Firm Transportation Commodity Paid on all firm quantities redelivered to the customer's Point(s) of Consumption Commodity Charge (All volumes) (6)	3.5199 ¢	0.2018 ¢	0.305%	3.4708 ¢	0.1527 ¢
c) Interruptible Transportation Commodity Paid on all interruptible quantities redelivered to the customer's Point(s) of Consumption Maximum (6)	8.9508 ¢	5.6327 ¢	0.305%	8.9017 ¢	5.5836 ¢

Notes:

- 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.
- In negotiating the rate to be charged for the transportation of gas under Interruptible Transportation, the matters that are to be considered include:
  - The amount of the interruptible transportation for which customer is willing to contract,
  - The anticipated load factor for the interruptible transportation quantities,
  - Interruptible or curtailment provisions, and
  - Competition.
- 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.
- 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.
- 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.
- Includes cap-and-trade rates of 0.0167 cents/m<sup>3</sup> for facility-related greenhouse gas obligation costs and 3.3181 cents/m<sup>3</sup> for customer-related greenhouse gas obligation costs, as applicable.



**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.

	<u>Firm or Interruptible Service</u>				
	Union Providing Compressor Fuel		Fuel Ratio	For Customers Providing Their Own Compressor Fuel	
	Commodity Charge			Commodity Charge	
	Including Customer-Related GHG Obligation	Excluding Customer-Related GHG Obligation	Including Customer-Related GHG Obligation	Excluding Customer-Related GHG Obligation	
Storage Injections	\$0.093/GJ	\$0.093/GJ	0.861%	\$0.057/GJ	\$0.057/GJ
Storage Withdrawals	\$0.093/GJ	\$0.093/GJ	0.861%	\$0.057/GJ	\$0.057/GJ
Transportation (1)	4.6850 ¢/m <sup>3</sup>	1.3669 ¢/m <sup>3</sup>	0.305%	4.6359 ¢/m <sup>3</sup>	1.3178 ¢/m <sup>3</sup>

Unauthorized

For all quantities on any Day in excess of 103% of the customer's contractual rights, for which authorization has not been received, the customer will be charged the identified unauthorized overrun charge, as appropriate.

	Including Customer-Related GHG Obligation	Excluding Customer-Related GHG Obligation
Unauthorized Overrun Storage Injections and Withdrawals Charge (2)	5.4500 ¢ per m <sup>3</sup> or \$1.404 per GJ	5.4500 ¢ per m <sup>3</sup> or \$1.404 per GJ
Unauthorized Overrun Transportation Charge (2)	8.7681 ¢ per m <sup>3</sup> or \$2.259 per GJ	5.4500 ¢ per m <sup>3</sup> or \$1.404 per GJ

Unauthorized Overrun Non-Compliance Rate:

Unauthorized overrun gas taken any month during a period when a notice of interruption is in effect shall be paid for at the rate of 232.8600 ¢ per m<sup>3</sup> (\$60 per GJ) for the transportation service.

Notes:

- (1) Includes cap-and-trade rates of 0.0167 cents/m<sup>3</sup> for facility-related greenhouse gas obligation costs and 3.3181 cents/m<sup>3</sup> for customer-related greenhouse gas obligation costs, as applicable.
- (2) Includes cap-and-trade rates of 0.0297 cents/m<sup>3</sup> for facility-related greenhouse gas obligation costs and 3.3181 cents/m<sup>3</sup> for customer-related greenhouse gas obligation costs, as applicable.



**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 <u>Rate/GJ</u>
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	\$1,905.94
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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:  
[www.uniongas.com/business/account-services/unionline/contracts-rates/T1-service-features](http://www.uniongas.com/business/account-services/unionline/contracts-rates/T1-service-features)

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

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

**5. Parkway Delivery Commitment Incentive ("PDCI")**

For all Parkway Delivery Obligation ("PDO") volumes delivered to Union.	<u>Rate/GJ</u>
PDCI	\$(0.158)

**(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

January 1, 2017  
O.E.B. Order # EB-2016-0334

Chatham, Ontario

Supersedes EB-2016-0296 Rate Schedule effective January 1, 2017.



STORAGE AND TRANSPORTATION RATES  
FOR CONTRACT CARRIAGE CUSTOMERS

**(A) Availability**

Available to customers in Union's Southern Delivery Zone.

**(B) Applicability**

To a customer:

- a) who has a daily firm contracted demand of at least 140 870 m<sup>3</sup>. Firm and/or interruptible daily contracted demand of less than 140,870 m<sup>3</sup> cannot be combined for the purposes of qualifying for this rate class; and
- b) who enters into a Carriage Service Contract with Union for the transportation or the storage and transportation of Gas for use at facilities located within Union's gas franchise area; and
- c) who has meters with electronic recording at each Point of Consumption; and
- d) who has site specific energy measuring equipment 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>	
			Fuel <u>Ratio</u>	Commodity Charge <u>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	\$1.505			
Customer provides deliverability Inventory (4)	\$1.186			
c) Incremental Firm Injection Right: Applied to the contracted Maximum Incremental Firm Injection Right	\$1.186			
d) Annual Interruptible Withdrawal Right: Applied to the contracted Maximum Annual Interruptible Withdrawal Right	\$1.186			





	Demand Charge <u>Rate/GJ/mo</u>	Commodity Charge <u>Rate/GJ</u>	For Customers Providing Their Own Compressor Fuel	
			Fuel Ratio <u>Ratio</u>	Commodity Charge <u>Rate/GJ</u>
e) Withdrawal Commodity Paid on all quantities withdrawn from storage up to the Maximum Daily Storage Withdrawal Quantity		\$0.025	0.406%	\$0.008
f) Injection Commodity Paid on all quantities injected into storage up to the Maximum Daily Storage Injection Quantity		\$0.025	0.406%	\$0.008
g) Short Term Storage / Balancing Service Maximum		\$6.000		
h) Daily Variance Account Interruptible Injections/Withdrawals Paid on all quantities withdrawn from and injected into the Daily Variance Account up to the Maximum Injection/Withdrawal Quantity		\$0.093	0.861%	\$0.057

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 the customer's total 151-day winter consumption (November 1 through March 31) and the customer's average daily consumption (Daily Contract Quantity) for the contract year multiplied by 151 days of winter. This calculation will be done using two years of historical data (with 25% weighting for each year) and one year of forecast data (with 50% weighting). If a customer is new, or an existing customer is undergoing a significant change in operations, the allocation will be based on forecast consumption only, as negotiated between Union and the customer. Once sufficient historical information is available for the customer, the standard calculation will be done. At each contract renewal, the aggregate excess calculation will be performed to set the new space allocation.

3.2 Obligated daily contract quantity multiple of 15

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

3.3 For new, large (daily firm transportation demand requirements in excess of 1,200,000 m<sup>3</sup>/day) gas fired power generation customers, storage space is determined by peak hourly consumption x 24 x 4 days. Should the customer elect firm deliverability less than their maximum entitlement (see Note 4.2), the maximum storage space available at the rates specified herein is 10 x firm storage deliverability contracted, not to exceed peak hourly consumption x 24 x 4 days.

3.4 Contract Demand multiple of 10

For customers with non-obligated supply and who are not eligible for Section 3.3 above, the maximum storage space is determined as 9 x firm daily Contract Demand and the Daily Variance Account maximum storage space is determined as 1 x firm daily Contract Demand.

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



4. Annual Injection/Withdrawal Right

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

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

4.2 For new, large (daily firm transportation demand requirements in excess of 1,200,000 m<sup>3</sup>/day) gas fired power generation customers, the maximum entitlement of firm storage deliverability is 24 times the customer's peak hourly consumption, with 1.2% firm deliverability available at the rates specified

4.3 For customers with non-obligated supply and are not eligible for Section 4.2 above, the firm storage deliverability is determined as 1.2% of firm storage space, excluding the firm storage space associated with the Daily Variance Account. For the Daily Variance Account, the storage deliverability is available on an interruptible basis up to the customer's firm contracted demand.

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:**

	Union Providing Compressor Fuel			For Customers Providing Their Own Compressor Fuel		
	Demand Charge	Commodity Charge		Fuel Ratio (5)	Commodity Charge	
		Including Customer-Related GHG Obligation	Excluding Customer-Related GHG Obligation		Including Customer-Related GHG Obligation	Excluding Customer-Related GHG Obligation
	<u>Rate/m<sup>3</sup>/mo</u>	<u>Rate/m<sup>3</sup></u>	<u>Rate/m<sup>3</sup></u>	<u>Rate/m<sup>3</sup></u>	<u>Rate/m<sup>3</sup></u>	
a) Annual Firm Transportation Demand Applied to the Firm Daily Contract Demand First 140,870 m <sup>3</sup> per month All over 140,870 m <sup>3</sup> per month	26.4455 ¢ 13.9884 ¢					
b) Firm Transportation Commodity Paid on all firm quantities redelivered to the customer's Point(s) of Consumption Commodity Charge (All volumes) (8)		3.4158 ¢	0.0977 ¢	0.283%	3.3702 ¢ 0.0521 ¢	
c) Interruptible Transportation Commodity Paid on all interruptible quantities redelivered to the customer's Point(s) of Consumption Maximum (8)		8.9508 ¢	5.6327 ¢	0.283%	8.9052 ¢ 5.5871 ¢	

Notes:

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



6. Firm transportation fuel ratio does not apply to new customers or existing customers with incremental daily firm demand requirements in excess of 1,200,000 m<sup>3</sup>/day that contract for M12 Dawn to Parkway transportation service equivalent to 100% of their daily firm demand requirement. If a customer with a daily firm demand requirement in excess of 1,200,000 m<sup>3</sup>/day contracts for M12 Dawn to Parkway transportation service at less than 100% of their firm daily demand requirement, the firm transportation fuel ratio will be applicable to daily volumes not transported under the M12 transportation contract.
7. Either Union or a customer, or potential customer, may apply to the Ontario Energy Board to fix rates and other charges different from the rates and other charges specified herein if the changed rates and other charges are considered by either party to be necessary, desirable and in the public interest.
8. Includes cap-and-trade rates of 0.0115 cents/m<sup>3</sup> for facility-related greenhouse gas obligation costs and 3.3181 cents/m<sup>3</sup> for customer-related greenhouse gas obligation costs, as applicable.

**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. Authorized Overrun is not applicable to the Daily Variance Account.

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. The Authorized Overrun rates are not applicable to the Daily Variance Account.

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

Firm or Interruptible Service

	Union Providing Compressor Fuel		Fuel Ratio	For Customers Providing Their Own Compressor Fuel	
	Commodity Charge			Commodity Charge	
	Including Customer-Related GHG Obligation	Excluding Customer-Related GHG Obligation		Including Customer-Related GHG Obligation	Excluding Customer-Related GHG Obligation
Storage Injections	\$0.093/GJ	\$0.093/GJ	0.861%	\$0.057/GJ	\$0.057/GJ
Storage Withdrawals	\$0.093/GJ	\$0.093/GJ	0.861%	\$0.057/GJ	\$0.057/GJ
Transportation (1)	4.2852 ¢/m <sup>3</sup>	0.9671 ¢/m <sup>3</sup>	0.283%	4.2396 ¢/m <sup>3</sup>	0.9215 ¢/m <sup>3</sup>

Unauthorized

For all quantities on any Day in excess of 103% of the customer's contractual rights, for which authorization has not been received, the customer will be charged the identified unauthorized overrun charge, as appropriate. For the Daily Variance Account, this unauthorized storage overrun rate will be charged on all quantities in excess of the Daily Variance Account maximum injection/withdrawal quantity.

	Including Customer-Related GHG Obligation	Excluding Customer-Related GHG Obligation
Unauthorized Overrun Storage Injections and Withdrawals Charge (2)	5.4500 ¢ per m <sup>3</sup> or \$1.404 per GJ	5.4500 ¢ per m <sup>3</sup> or \$1.404 per GJ
Unauthorized Overrun Transportation Charge (2)	8.7681 ¢ per m <sup>3</sup> or \$2.259 per GJ	5.4500 ¢ per m <sup>3</sup> or \$1.404 per GJ

Unauthorized Overrun Non-Compliance Rate:

Unauthorized overrun gas taken any month during a period when a notice of interruption is in effect shall be paid for at the rate of 232.8600 ¢ per m<sup>3</sup> (\$60 per GJ) for the transportation service.

Notes:

- (1) Includes cap-and-trade rates of 0.0115 cents/m<sup>3</sup> for facility-related greenhouse gas obligation costs and 3.3181 cents/m<sup>3</sup> for customer-related greenhouse gas obligation costs, as applicable.
- (2) Includes cap-and-trade rates of 0.0297 cents/m<sup>3</sup> for facility-related greenhouse gas obligation costs and 3.3181 cents/m<sup>3</sup> for customer-related greenhouse gas obligation costs, as applicable.



**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	\$5,513.81
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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**

The delivery options available to customers are detailed at:  
[www.uniongas.com/business/account-services/unionline/contracts-rates/T1-service-features](http://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 m<sup>3</sup>/day who have non obligated deliveries may contract to use Union's 5 additional nomination windows (13 in total) for the purposes of delivering gas to Union. These windows are in addition to the standard NAESB and TCPL STS nomination windows. Customers taking the additional nomination window service will pay an additional monthly demand charge of \$0.070/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:  
[www.uniongas.com/business/account-services/unionline/contracts-rates/T1-service-features](http://www.uniongas.com/business/account-services/unionline/contracts-rates/T1-service-features)

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

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

**6. Parkway Delivery Commitment Incentive ("PDCI")**

For all Parkway Delivery Obligation ("PDO") volumes delivered to Union.	<u>Rate/GJ</u>
PDCI	\$(0.158)

**(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

January 1, 2017  
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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 Distributor:

- a) whose minimum annual transportation of natural gas is 700 000 m<sup>3</sup> or greater; and
- b) who enters into a Carriage Service Contract with Union for the transportation or the storage and transportation of Gas for distribution to its customers; and
- c) who has meters with electronic recording at each Point of Redelivery; and
- d) for whom Union has determined transportation and/or storage capacity is available.

**(C) Rates**

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

**STORAGE SERVICE:**

	<u>Demand Charge Rate/GJ/mo</u>	<u>Commodity Charge 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	\$1.505			
Customer provides deliverability Inventory (4)	\$1.186			
c) Incremental Firm Injection Right: Applied to the contracted Maximum Incremental Firm Injection Right	\$1.186			
d) Annual Interruptible Withdrawal Right: Applied to the contracted Maximum Annual Interruptible Withdrawal Right	\$1.186			





	Demand Charge <u>Rate/GJ/mo</u>	Commodity Charge <u>Rate/GJ</u>	<u>For Customers Providing Their Own Compressor Fuel</u>	
			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		\$0.025	0.406%	\$0.008
f) Injection Commodity Paid on all quantities injected into storage up to the Maximum Daily Storage Injection Quantity		\$0.025	0.406%	\$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 the customer's total 151-day winter consumption (November 1 through March 31) and the customer's average daily consumption (Daily Contract Quantity) for the contract year multiplied by 151 days of winter. This calculation will be done using two years of historical data (with 25% weighting for each year) and one year of forecast data (with 50% weighting). If a customer is new, or an existing customer is undergoing a significant change in operations, the allocation will be based on forecast consumption only, as negotiated between Union and the customer. Once sufficient historical information is available for the customer, the standard calculation will be done. At each contract renewal, the aggregate excess calculation will be performed to set the new space allocation.

3.2 Obligated daily contract quantity multiple of 15

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

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

4. Annual Injection/Withdrawal Right

The maximum level of deliverability available to a customer at the rates specified herein is determined to be the greater of obligated daily contract quantity or firm daily contract demand less obligated daily contract quantity.

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



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

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

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



TRANSPORTATION CHARGES:

	Demand Charge	Union Providing Compressor Fuel		Fuel Ratio	For Customers Providing Their Own Compressor Fuel	
		Commodity Charge			Commodity Charge	
		Including Customer-Related GHG Obligation	Excluding Customer-Related GHG Obligation		Including Customer-Related GHG Obligation	Excluding Customer-Related GHG Obligation
		Rate/m <sup>3</sup> /mo	Rate/m <sup>3</sup>		Rate/m <sup>3</sup>	Rate/m <sup>3</sup>
a) Annual Firm Transportation Demand (1) Applied to the Firm Daily Contract Demand	16.7213 ¢					
b) Firm Transportation Commodity (2) Paid on all firm quantities redelivered to the Customer's Point(s) of Redelivery		3.5132 ¢	0.1951 ¢	0.380%	3.4520 ¢	0.1339 ¢

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.
2. Includes cap-and-trade rates of 0.0235 cents/m<sup>3</sup> for facility-related greenhouse gas obligation costs and 3.3181 cents/m<sup>3</sup> for customer-related greenhouse gas obligation costs, as applicable.

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 Compressor Fuel		Fuel Ratio	For Customers Providing Their Own Compressor Fuel	
	Commodity Charge			Commodity Charge	
	Including Customer-Related GHG Obligation	Excluding Customer-Related GHG Obligation		Including Customer-Related GHG Obligation	Excluding Customer-Related GHG Obligation
Storage Injections	\$0.093/GJ	\$0.093/GJ	0.861%	\$0.057/GJ	\$0.057/GJ
Storage Withdrawals	\$0.093/GJ	\$0.093/GJ	0.861%	\$0.057/GJ	\$0.057/GJ
Transportation (1)	4.0629 ¢/m <sup>3</sup>	0.7448 ¢/m <sup>3</sup>	0.380%	4.0017 ¢/m <sup>3</sup>	0.6836 ¢/m <sup>3</sup>

Unauthorized

For all quantities on any Day in excess of 103% of the customer's contractual rights, for which authorization has not been received, the customer will be charged the identified unauthorized overrun charge, as appropriate.

	Including Customer-Related GHG Obligation	Excluding Customer-Related GHG Obligation
Unauthorized Overrun Storage Injections and Withdrawals Charge	36.0000 ¢ per m <sup>3</sup> or \$9.276 per GJ	36.0000 ¢ per m <sup>3</sup> or \$9.276 per GJ
Unauthorized Overrun Transportation Charge (1)	39.3416 ¢ per m <sup>3</sup> or \$10.131 per GJ	36.0235 ¢ per m <sup>3</sup> or \$9.276 per GJ

Notes:

(1) Includes cap-and-trade rates of 0.0235 cents/m<sup>3</sup> for facility-related greenhouse gas obligation costs and 3.3181 cents/m<sup>3</sup> for customer-related greenhouse gas obligation costs, as applicable.

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 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 redelivery a Monthly Charge shall be applied to each specific customer as follows:

	<u>Monthly Charge</u>
City of Kitchener	\$ 19,968.19
NRG	\$ 3,065.32
Six Nations	\$ 1,021.77

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.

**4. Parkway Delivery Commitment Incentive ("PDCI")**

For all Parkway Delivery Obligation ("PDO") volumes delivered to Union.	<u>Rate/GJ</u>
PDCI	\$(0.158)

**(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

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Chatham, Ontario

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**uniongas**

Effective  
2017-01-01  
Schedule "A"

**Gas Supply Charges**

**(A) Availability:**

Available to customers in Union's Southern Delivery Zone.

**(B) Applicability:**

To all sales customers served under Rate M1, Rate M2, Rate M4, Rate M5A, Rate M7, Rate M9, Rate M10 and storage and transportation customers taking supplemental services under Rate T1, Rate T2 and Rate T3.

**(C) Rates:**

cents / m<sup>3</sup>

Utility Sales

Commodity and Fuel	16.0178 (1)
Commodity and Fuel - Price Adjustment	0.7010
Transportation	-
<b>Total Gas Supply Commodity Charge</b>	<b>16.7188</b>

Minimum Annual Gas Supply Commodity Charge

Rate M4 Firm and Rate M5A Interruptible Contract	0.1902
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Storage and Transportation Supplemental Services - Rate T1, Rate T2 & Rate T3

\$/GJ

Monthly demand charges:	
Firm gas supply service	59.279
Firm backstop gas	1.709
Commodity charges:	
Gas supply	4.151
Backstop gas	4.572
Reasonable Efforts Backstop Gas	5.532
Supplemental Inventory	Note (2)
Supplemental Gas Sales Service (cents / m <sup>3</sup> )	19.1098
Failure to Deliver: Applied to quantities not delivered to Union in the event the customer's supply fails	2.737
Discretionary Gas Supply Service (DGSS)	Note (3)

Notes:

- (1) The Commodity and Fuel rate includes a gas supply administration charge of 0.1902 cents/m<sup>3</sup>.
- (2) The charge for banked gas purchases shall be the higher of the daily spot gas cost at Dawn in the month of or the month following the month in which gas is sold under this rate and shall not be less than Union's approved weighted average cost of gas.
- (3) Reflects the "back to back" price plus a gas supply administration charge.

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STORAGE RATES FOR  
UNBUNDLED CUSTOMERS

(A) Availability

Available to customers in Union's Southern Delivery Zone.

(B) Applicability

To a customer, or an agent, who is authorized to service residential and non-contract commercial and industrial end-users paying for the Monthly Fixed Charge and Delivery charge under Rate M1 or Rate M2:

- a) who enters into an Unbundled Service Contract with Union for the storage of Gas for use at facilities located within Union's gas franchise area;
- b) who contracts for Standard Peaking Service (SPS) with Union unless the customer can demonstrate that it has a replacement to the deliverability available in the SPS physically tied into Union's system and an OEB approved rate to provide the SPS replacement service;
- c) who accepts daily estimates of consumption at Points of Consumption as prepared by Union so that they may nominate an equivalent amount from storage, upstream transportation, or Ontario Producers authorized to sell to third parties;
- d) who nominates injections and withdrawals from storage and deliveries on upstream pipeline systems daily or Ontario Producers authorized to sell to third parties;
- e) for whom Union has determined storage capacity is available; and
- f) who accepts a monthly bill as prepared by Union.

(C) Rates

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

STORAGE SERVICE	Demand Charge <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	\$0.023		
b) Injection Commodity		0.406%	\$0.026
c) Withdrawal Commodity		0.406%	\$0.026
ii) Standard Peaking Service (SPS)			
a) Combined Storage Space & Deliverability Applied to contracted Maximum Storage Space	\$0.114		
b) Injection Commodity		0.406%	\$0.026
c) Withdrawal Commodity		0.861%	\$0.026



	<u>Demand Charge Rate/GJ/mo</u>	<u>Fuel Ratio</u>	<u>Commodity Charge Rate/GJ</u>
iii) Supplemental Service			
a) Incremental Firm Injection Right: (5) Applied to the contracted Maximum Incremental Firm Injection Right	\$1.030		
b) Incremental Firm Withdrawal Right: (5) Applied to the contracted Maximum Incremental Firm Withdrawal Right	\$1.030		
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	0.861%	\$0.060
Withdrawal	0.861%	\$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.
2. **Parkway Delivery Commitment Incentive ("PDCI")**

For all Parkway Delivery Obligation ("PDO") volumes delivered to Union.	<u>Rate/GJ</u>
PDCI	\$(0.158)

**(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.

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Chatham, Ontario

Supersedes EB-2016-0296 Rate Schedule effective January 1, 2017.

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 - Parkway 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 Charges (applied to daily contract demand) Rate/GJ	<u>Fuel and Commodity Charges</u>			
		Union Supplied Fuel Fuel and Commodity Charge Rate/GJ	Shipper Supplied Fuel		Commodity Charge Rate/GJ (2)
			Fuel Ratio %	AND	
<u>Firm Transportation (1)</u>					
Dawn to Parkway (Cons) / Lisgar	\$3.402	Monthly fuel and commodity rates shall be in accordance with schedule "C".	Monthly fuel ratios shall be in accordance with schedule "C".		\$0.006
Dawn to Parkway (TCPL / EGT)	\$3.402			\$0.009	
Dawn to Kirkwall	\$2.865			\$0.006	
Kirkwall to Parkway (Cons) / Lisgar	\$0.537			\$0.002	
Kirkwall to Parkway (TCPL / EGT)	\$0.537			\$0.005	
<u>M12-X Firm Transportation</u>					
Between Dawn, Kirkwall and Parkway	\$4.239	Monthly fuel and commodity rates shall be in accordance with schedule "C".	Monthly fuel ratios shall be in accordance with schedule "C".		Note (2)
<u>Limited Firm/Interruptible Transportation (1)</u>					
Dawn to Parkway (Cons) / Lisgar – Maximum	\$8.165	Monthly fuel and commodity rates shall be in accordance with schedule "C".	Monthly fuel ratios shall be in accordance with schedule "C".		\$0.006
Dawn to Parkway (TCPL / EGT) – Maximum	\$8.165			\$0.009	
Dawn to Kirkwall – Maximum	\$8.165			\$0.006	
Parkway (TCPL / EGT) to Parkway (Cons) / Lisgar (3)	n/a	n/a	0.157%		\$0.002

Authorized Overrun (4)

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.

	Union Supplied Fuel Fuel and Commodity Charge Rate/GJ	<u>Fuel and Commodity Charges</u>		
		Shipper Supplied Fuel		Commodity Charge Rate/GJ (2)
		Fuel Ratio %	AND	
<u>Transportation Overrun</u>				
Dawn to Parkway (Cons) / Lisgar	Monthly fuel and commodity rates shall be in accordance with schedule "C".	Monthly fuel ratios shall be in accordance with schedule "C".		\$0.118
Dawn to Parkway (TCPL / EGT)			\$0.121	
Dawn to Kirkwall			\$0.100	
Kirkwall to Parkway (Cons) / Lisgar			\$0.020	
Kirkwall to Parkway (TCPL / EGT)			\$0.023	
Parkway (TCPL) Overrun (5)	n/a	0.704%		n/a
<u>M12-X Firm Transportation</u>				
Dawn to Kirkwall / Parkway (Cons) / Lisgar	Monthly fuel and commodity rates shall be in accordance with schedule "C".	Monthly fuel ratios shall be in accordance with schedule "C".		\$0.145
Dawn to Parkway (TCPL / EGT)			\$0.148	
Kirkwall to Parkway (Cons) / Lisgar			\$0.141	
Kirkwall to Parkway (TCPL / EGT)			\$0.144	
Parkway to Dawn / Kirkwall			\$0.142	
Kirkwall to Dawn			\$0.141	

**(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) Includes cap-and-trade rates for facility-related greenhouse gas obligation costs for transportation of \$0.006/GJ for Dawn to Kirkwall / Parkway (Cons) / Lisgar, \$0.009/GJ for Dawn to Parkway (TCPL / EGT), \$0.002/GJ for Kirkwall to Parkway (Cons) / Lisgar, \$0.005/GJ for Kirkwall to Parkway (TCPL / EGT), \$0.002/GJ for Parkway (TCPL / EGT) to Parkway (Cons) / Lisgar, \$0.003/GJ for Parkway to Dawn / Kirkwall, and \$0.002/GJ for Kirkwall to Dawn.
- (3) This rate is for westerly transportation within the Parkway yard, from Parkway (TCPL) or Parkway (EGT) to Parkway (Cons) or Lisgar.
- (4) 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).
- (5) 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) or Parkway (EGT) on an interruptible basis. This will be in addition to any rate or ratio paid for transportation easterly to Parkway (Cons) or Lisgar.
- (6) A demand charge of \$0.070/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 3<sup>rd</sup> to obtain the annual fuel charges as calculated using the applicable "YCRR" or "YCR" Formula. At Union's sole discretion Union may make more frequent adjustments than once per year. The YCRR and YCR adjustments must be paid/remitted to/from Shippers at Dawn within one billing cycle after invoicing.

**(D) Transportation Commodity (Cont'd)**

$$YCR = \sum_{1}^{4} [(0.001570 \times (QT1 + QT3)) + (DSFx(QT1 + QT3)) + F_{ST}] \text{ For June 1 to Sept. 30}$$

plus

$$\sum_{5}^{12} [0.001570 \times (QT1 + Q3)) + (DWFxQT1) + F_{WT}] \text{ For Oct. 1 to May 31}$$

$$YCRR = \sum_{1}^{4} [(0.001570 \times (QT1 + QT3)) + (DSFx(QT1 + QT3)) + F_{ST}] \times R \text{ For June 1 to Sept. 30}$$

plus

$$\sum_{5}^{12} [(0.001570 \times (QT1 + QT3)) + (DWFxQT1) + F_{WT}] \times R \text{ For Oct. 1 to May 31}$$

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<sub>WT</sub> The individual Shipper's monthly share of compressor fuel used in GJ which was required at Union's Lobo, Bright, Trafalgar and Parkway Compressor Stations ("Lobo", "Bright", "Trafalgar" and "Parkway") to transport the same Shipper's QT1 monthly quantities easterly.

Lobo, Bright, Trafalgar and Parkway compressor fuel required by each Shipper will be calculated each month.

The monthly Lobo and Bright compressor fuel will be allocated to each Shipper in the same proportion as the Shipper's monthly quantities transported is to the monthly transported quantity for all users including Union.

The monthly Parkway and Trafalgar compressor fuel used will be allocated to each Shipper in the same proportion as the monthly quantity transported to Parkway (TCPL) for each user is to the total monthly quantity transported for all users including Union.

**(D) Transportation Commodity (Cont'd)**

$F_{ST}$  The individual Shipper's monthly share of compressor fuel used in GJ which was required at Union's Lobo, Bright, Trafalgar and Parkway compressor stations to transport the same Shipper's quantity on the Trafalgar system.

Lobo, Bright, Trafalgar and Parkway compressor fuel required by each Shipper will be calculated each month.

R Union's weighted average cost of gas in \$/GJ.

**Notes**

(i) In the case of Easterly flow, direct deliveries by TCPL at Parkway to Union or on behalf of Union to Union's Transportation Shippers will be allocated to supply Union's markets on the Dawn-Parkway facilities starting at Parkway and proceeding westerly to successive laterals until exhausted.

**(E) Provision for Compressor Fuel**

For a Shipper that has elected to provide its own compressor fuel.

**Transportation Fuel**

On a daily basis, the Shipper will provide Union at the delivery point and delivery pressure as specified in the contract, a quantity (the "Transportation Fuel Quantity") representing the Shipper's share of compressor fuel and unaccounted for gas for transportation service on Union's system.

The Transportation Fuel Quantity will be determined on a daily basis, as follows:

Transportation Fuel Quantity = Transportation Quantity x Transportation Fuel Ratio.

In the event that the actual quantity of fuel supplied by the Shipper was different from the actual fuel quantity as calculated using the YCR formula, an adjustment will be made in May for the previous 12 months ending March 31<sup>st</sup>.

**Nominations**

The Shipper will be required to nominate its Transportation Fuel Quantity in addition to its normal nominations for transportation services.

**(F) Terms of Service**

The General Terms & Conditions applicable to this rate schedule shall be in accordance with the attached Schedule "A" for contracts in effect before October 1, 2010. The General Terms & Conditions applicable to this rate schedule shall be in accordance with the attached Schedule "A 2010" for contracts in effect on or after October 1, 2010.

**(G) Nominations**

Nominations under this rate schedule shall be in accordance with the attached Schedule "B" for contracts in effect before October 1, 2010. Nominations under this rate schedule shall be in accordance with the attached Schedule "B 2010" for contracts in effect on or after October 1, 2010.

(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.

**RATE M12  
GENERAL TERMS & CONDITIONS**

**I. DEFINITIONS**

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

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

18. "TCPL" means TransCanada Pipelines Limited;
19. "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.



## **SCHEDULE "A"**

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

### **III. MEASUREMENTS**

1. Storage, Transportation, and/or Sales Unit: The unit of the gas delivered to Union shall be a megajoule or a gigajoule. The unit of gas transported or stored by Union shall be a megajoule or a gigajoule. The unit of gas delivered by Union shall be a megajoule, a gigajoule, a cubic metre (m<sup>3</sup>) or one thousand cubic metres (10<sup>3</sup>m<sup>3</sup>) at Union's discretion.
2. Determination of Volume and Energy:
  - a. The volume and energy amounts determined under the Contract shall be determined in accordance with the Electricity and Gas Inspection Act (Canada), RSC 1985, c E-4- (the "**Act**") and the Electricity and Gas Inspection Regulations, SOR 86/131 (the "**Regulations**"), and any documents issued under the authority of the Act and Regulations and any amendments thereto.
  - b. The supercompressibility factor shall be determined in accordance with either the "Manual for Determination of Supercompressibility Factors for Natural Gas" (PAR Project NX-19) published in 1962 or with American Gas Association Transmission Measurement Committee Report No. 8, Nov. 1992, at Union's discretion, all as amended from time to time.
  - c. The volume and/or energy of the gas delivered to/by Union hereunder shall be determined by the measurement equipment designated in Article VII herein.
  - d. Upon request by Union, Shipper shall obtain measurement of the total quantity of gas received by Union hereunder from the Interconnecting Pipeline. Such measurement shall be done in accordance with established practices between Union and the Interconnecting Pipeline.

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

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

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

*Intentionally blank*

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

## SCHEDULE "A"

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

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

### VII. MEASURING EQUIPMENT

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

## **SCHEDULE "A"**

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

### **VIII. BILLING**

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

### **IX. PAYMENTS**

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

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

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

3. Billing Adjustments: If it shall be found that at any time or times Shipper has been overcharged or undercharged in any form whatsoever under the provisions of the Contract and Shipper shall have actually paid the bills containing such

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

**X. ARBITRATION**

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

**XI. FORCE MAJEURE**

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

## **SCHEDULE "A"**

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

## **XII. DEFAULT AND TERMINATION**

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

## **XIII. MODIFICATION**

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

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

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**XV. LAWS, REGULATIONS AND ORDERS**

The Contract and the respective rights and obligations of the parties hereto are subject to all present and future valid laws, orders, rules and regulations of any competent legislative body, or duly constituted authority now or hereafter having jurisdiction and the Contract shall be varied and amended to comply with or conform to any valid order or direction of any board, tribunal or administrative agency which affects any of the provisions of the Contract.

**RATE M12  
GENERAL TERMS & CONDITIONS**

**I. DEFINITIONS**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**"joule"** (J) shall mean the work done when the point of application of a force of one (1) newton is displaced a distance of one (1) metre in the direction of the force. The term **"megajoule"** (MJ) shall mean 1,000,000 joules. The term **"gigajoule"** (GJ) shall mean 1,000,000,000 joules;

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

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

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

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

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

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

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

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

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

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

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

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

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

## **II. GAS QUALITY**

1. **Natural Gas:** The minimum gross heating value of the gas delivered to/by Union hereunder, shall be thirty-six (36) megajoules per cubic metre. The maximum gross heating value of the gas delivered to/by Union hereunder shall be forty point two (40.2) megajoules per cubic metre. The gas to be delivered hereunder to Union may be a commingled supply from Shipper's gas sources of supply. The gas to be delivered by Union may be a commingled supply from Union's sources of gas supply; provided, however, that helium, natural gasoline, butane, propane and other hydrocarbons, except methane, may be removed prior to delivery to Shipper. Further, Union may subject, or permit the 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 (m<sup>3</sup>) or one thousand cubic metres (10<sup>3</sup>m<sup>3</sup>) at Union's discretion.
2. Determination of Volume and Energy:
- a. The volume and energy amounts determined under the Contract shall be determined in accordance with the Electricity and Gas Inspection Act (Canada), RSC 1985, c E-4- (the "**Act**") and the Electricity and Gas Inspection Regulations, SOR 86/131 (the "**Regulations**"), and any documents issued under the authority of the Act and Regulations and any amendments thereto.
  - b. The supercompressibility factor shall be determined in accordance with either the "Manual for Determination of Supercompressibility Factors for Natural Gas" (PAR Project NX-19) published in 1962 or with American Gas Association Transmission Measurement Committee Report No. 8, Nov. 1992, at Union's discretion, all as amended from time to time.
  - c. The volume and/or energy of the gas delivered to/by Union hereunder shall be determined by the measurement equipment designated in Article VII herein.
  - d. Upon request by Union, Shipper shall obtain measurement of the total quantity of gas received by Union hereunder from the Interconnecting Pipeline. Such measurement shall be done in accordance with established practices between Union and the Interconnecting Pipeline.

**IV. RECEIPT POINT AND DELIVERY POINT**

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

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

1. Possession of Gas: 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. Liability: 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.

## **SCHEDULE "A 2010"**

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

### **VIII. BILLING**

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

### **IX. PAYMENTS**

1. **Monthly Payments:** Shipper shall pay the invoiced amount directly into Union's bank account as directed on the invoice on or before the twentieth (20<sup>th</sup>) day of each month. If the payment date is not a Business Day, then payment must be received in Union's account on the first Business Day preceding the twentieth (20<sup>th</sup>) day of the month.
2. **Remedies for Non-payment:** Should Shipper fail to pay all of the amount of any bill as herein provided when such amount is due,

- a. Shipper shall pay to Union interest on the unpaid portion of the bill accruing at a rate per annum equal to the minimum commercial lending rate of Union's principal banker in effect from time to time from the due date until the date of payment; and,
- b. If such failure to pay continues for thirty (30) days after payment is due, Union, in addition to any other remedy it may have under the Contract, may suspend Services until such amount is paid. Notwithstanding such suspension, all demand charges shall continue to accrue hereunder as if such suspension were not in place.

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

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

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

**X. ARBITRATION**

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

**XI. FORCE MAJEURE**

1. Definition: 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. Notice: 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. Exclusions: 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. Notice of Remedy: 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. Obligation to Perform: 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. Proration of Firm Transportation Service: 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. Requests for Transportation Service: 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. Expansion Facilities: 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. Open Seasons: 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. Awarding Open Season Capacity: 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. Available Capacity Previously Offered in Open Season: 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. Right to Curtail: 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. Capacity Procedures: 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 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.

**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. Union Conditions: 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 Service HUB Contract or equivalent (the "**Facilitating Agreement**") with Union.
2. Shipper Conditions: 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. Satisfaction of Conditions: 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. Non-Satisfaction of Conditions: 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 details regarding the quantity it desires to be handled at the applicable Receipt Point(s) and/or Delivery Point(s), and such additional information as Union determines to be necessary (a "**Nomination**").
  - ii) 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. The nomination cycle timelines are posted on Union's website and the nomination deadlines are provided in *Unionline*.
  - 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 the Nomination will be accepted. In the event Union determines that it will not accept such Nomination, Union shall advise Shipper of the reduced quantity (the "**Quantity Available**") for 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**" 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 details regarding the quantity of Gas it desires to be handled at the applicable Receipt Point(s) and/or 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. The nomination cycle timelines are posted on Union's website and the nomination deadlines are provided in *Unionline*.
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

**SCHEDULE "B 2010"**

Services exceed Shipper's Authorized Quantity shall be deemed "**Unauthorized Overrun**".

12. The daily quantity of gas nominated by Shipper will be delivered by Shipper at rates of flow that are as nearly constant as possible, however, Union shall use reasonable efforts to take receipt of gas on any day at an hourly rate of flow up to one twentieth (1/20<sup>th</sup>) of the quantity received for that day. Union shall have the right to limit Transportation Services when on any day the cumulative hourly imbalance between receipts and deliveries exceeds one twentieth (1/20<sup>th</sup>) of the quantity handled for that day, for each applicable Transportation Service.
13. The parties hereto recognize that with respect to Transportation Services, on any day, receipts of gas by Union and deliveries of gas by Union may not always be exactly equal, but each party shall cooperate with the other in order to balance as nearly as possible the quantities transacted on a daily basis, and any imbalances arising shall be allocated to the Facilitating Agreement and shall be subject to the respective terms and charges contained therein, and shall be resolved in a timely manner.
14. Shipper may designate via *Unionline* access request form, 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. Any such designation, if acceptable to Union, shall be effective following the receipt and processing of the written notice and will remain in effect until revoked in writing by Shipper.

**SCHEDULE "C"**

**UNION GAS LIMITED**  
**M12 Monthly Transportation Fuel Ratios and Fuel and Commodity Rates**  
 Firm or Interruptible Transportation Commodity  
Effective January 1, 2017

Month	VT1 Easterly Dawn to Parkway (TCPL), Parkway (EGT) With Dawn Compression		VT1 Easterly Dawn to Kirkwall, Lisgar, Parkway (Consumers) With Dawn Compression		VT3 Westerly Parkway to Kirkwall, Dawn	
	Fuel Ratio	Fuel and Commodity Rate	Fuel Ratio	Fuel and Commodity Rate	Fuel Ratio	Fuel and Commodity Rate
	(%)	(\$/GJ) (1)	(%)	(\$/GJ) (1)	(%)	(\$/GJ) (1)
April	0.862	0.045	0.545	0.029	0.157	0.010
May	0.612	0.035	0.370	0.021	0.157	0.010
June	0.508	0.030	0.271	0.017	0.398	0.019
July	0.494	0.029	0.259	0.017	0.396	0.019
August	0.393	0.025	0.158	0.013	0.396	0.019
September	0.389	0.025	0.158	0.013	0.392	0.019
October	0.739	0.040	0.464	0.026	0.157	0.010
November	0.882	0.046	0.622	0.031	0.157	0.010
December	0.995	0.051	0.733	0.037	0.157	0.010
January	1.147	0.057	0.870	0.042	0.157	0.010
February	1.089	0.054	0.820	0.040	0.157	0.010
March	1.018	0.052	0.736	0.037	0.157	0.010

Month	M12-X Easterly Kirkwall to Parkway (TCPL), Parkway (EGT)		M12-X Easterly Kirkwall to Lisgar, Parkway (Consumers)		M12-X Westerly Parkway to Kirkwall, Dawn	
	Fuel Ratio	Fuel and Commodity Rate	Fuel Ratio	Fuel and Commodity Rate	Fuel Ratio	Fuel and Commodity Rate
	(%)	(\$/GJ) (1)	(%)	(\$/GJ) (1)	(%)	(\$/GJ) (1)
April	0.474	0.025	0.157	0.009	0.293	0.015
May	0.399	0.021	0.157	0.009	0.293	0.015
June	0.394	0.021	0.157	0.009	0.293	0.015
July	0.392	0.021	0.157	0.009	0.293	0.015
August	0.392	0.021	0.157	0.009	0.293	0.015
September	0.388	0.021	0.157	0.009	0.293	0.015
October	0.432	0.023	0.157	0.009	0.293	0.015
November	0.418	0.022	0.157	0.009	0.157	0.010
December	0.420	0.022	0.157	0.009	0.157	0.010
January	0.434	0.023	0.157	0.009	0.157	0.010
February	0.426	0.023	0.157	0.009	0.157	0.010
March	0.439	0.023	0.157	0.009	0.157	0.010

**Note:**

- (1) Fuel rate is calculated based on the January 2017 QRAM (EB-2016-0334) Dawn reference price of \$4.151/GJ and includes cap-and-trade facility-related greenhouse gas obligation costs of \$0.006/GJ for Dawn to Kirkwall / Parkway (Cons) / Lisgar, \$0.009/GJ for Dawn to Parkway (TCPL / EGT), \$0.002/GJ for Kirkwall to Lisgar / Parkway (Cons), \$0.005/GJ for Kirkwall to Parkway (TCPL), and \$0.003/GJ for Parkway to Dawn / Kirkwall.

**SCHEDULE "C"**

**UNION GAS LIMITED**

**M12 Monthly Transportation Authorized Overrun Fuel Ratios and Fuel and Commodity Rates**

Firm or Interruptible Transportation Commodity

Effective January 1, 2017

Month	VT1 Easterly Dawn to Parkway (TCPL), Parkway (EGT) With Dawn Compression		VT1 Easterly Dawn to Kirkwall, Lisgar, Parkway (Consumers) With Dawn Compression		VT3 Westerly Parkway to Kirkwall, Dawn	
	Fuel Ratio	Fuel and Commodity Rate	Fuel Ratio	Fuel and Commodity Rate	Fuel Ratio	Fuel and Commodity Rate
	(%)	(\$/GJ) (1)	(%)	(\$/GJ) (1)	(%)	(\$/GJ) (1)
April	1.479	0.182	1.162	0.149	0.774	0.147
May	1.228	0.172	0.987	0.141	0.774	0.147
June	1.125	0.168	0.888	0.138	1.015	0.157
July	1.111	0.167	0.876	0.137	1.013	0.157
August	1.010	0.163	0.775	0.132	1.013	0.157
September	1.005	0.163	0.775	0.132	1.009	0.157
October	1.356	0.177	1.081	0.145	0.774	0.147
November	1.499	0.183	1.239	0.152	0.774	0.147
December	1.612	0.188	1.350	0.156	0.774	0.147
January	1.764	0.194	1.486	0.162	0.774	0.147
February	1.706	0.192	1.437	0.160	0.774	0.147
March	1.635	0.189	1.353	0.156	0.774	0.147

Month	M12-X Easterly Kirkwall to Parkway (TCPL), Parkway (EGT)		M12-X Easterly Kirkwall to Lisgar, Parkway (Consumers)		M12-X Westerly Parkway to Kirkwall, Dawn	
	Fuel Ratio	Fuel and Commodity Rate	Fuel Ratio	Fuel and Commodity Rate	Fuel Ratio	Fuel and Commodity Rate
	(%)	(\$/GJ) (1)	(%)	(\$/GJ) (1)	(%)	(\$/GJ) (1)
April	1.091	0.190	0.774	0.173	0.910	0.180
May	1.016	0.187	0.774	0.173	0.910	0.180
June	1.011	0.187	0.774	0.173	0.910	0.180
July	1.009	0.187	0.774	0.173	0.910	0.180
August	1.009	0.187	0.774	0.173	0.910	0.180
September	1.005	0.186	0.774	0.173	0.910	0.180
October	1.049	0.188	0.774	0.173	0.910	0.180
November	1.035	0.187	0.774	0.173	0.774	0.174
December	1.037	0.187	0.774	0.173	0.774	0.174
January	1.051	0.188	0.774	0.173	0.774	0.174
February	1.043	0.187	0.774	0.173	0.774	0.174
March	1.056	0.188	0.774	0.173	0.774	0.174

**Note:**

- (1) Fuel rate is calculated based on the January 2017 QRAM (EB-2016-0334) Dawn reference price of \$4.151/GJ and includes cap-and-trade facility-related greenhouse gas obligation costs of \$0.006/GJ for Dawn to Kirkwall / Parkway (Cons) / Lisgar, \$0.009/GJ for Dawn to Parkway (TCPL / EGT), \$0.002/GJ for Kirkwall to Lisgar / Parkway (Cons), \$0.005/GJ for Kirkwall to Parkway (TCPL), and \$0.003/GJ for Parkway to Dawn / Kirkwall.

**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	<b><u>DAWN (FACILITIES):</u></b>	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	<b><u>DAWN (TCPL):</u></b>	At the junction of Union's and TCPL's facilities, at or adjacent to Dawn (Facilities).
R	<b><u>DAWN (TECUMSEH):</u></b>	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	<b><u>DAWN (TSLE):</u></b>	At the junction of Union's and Enbridge Gas Distribution Inc.'s (" <b>Enbridge</b> ") NPS 16 Tecumseh Sombra Line Extension facilities; at or adjacent to Dawn (Facilities).
R	<b><u>DAWN (VECTOR):</u></b>	At the junction of Union's and Vector Pipeline Limited Partnership (" <b>Vector</b> ") facilities, at or adjacent to Dawn (Facilities).
R,D	<b><u>PARKWAY (TCPL):</u></b>	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	<b><u>KIRKWALL:</u></b>	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	<b><u>PARKWAY (CONSUMERS):</u></b>	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	<b><u>PARKWAY (EGT):</u></b>	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	<b><u>LISGAR:</u></b>	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 Supplied Fuel Fuel and Commodity Charge	Shipper Supplied Fuel Fuel Ratio %	AND	Commodity Charge
	<u>Rate/Month</u>	<u>Rate/GJ</u>	<u>Rate/GJ</u>	<u>Ratio %</u>		<u>Rate/GJ</u>
1. Monthly fixed charge per Customer Station	\$952.72					
2. Transmission Commodity Charge		\$0.035				
3. Delivery Commodity Charge (1)			\$0.009	0.157%		\$0.002

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 the identified authorized overrun charge. Overrun will be authorized at Union's sole discretion.

	Union Supplied Fuel Fuel and Commodity Charge	Shipper Supplied Fuel Fuel Ratio %	AND	Commodity Charge
	<u>Rate/GJ</u>	<u>Ratio %</u>		<u>Rate/GJ</u>
Authorized Overrun Charge (1)	\$0.077	0.157%		\$0.071

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.

Notes:

(1) Includes cap-and-trade rates for facility-related greenhouse gas obligation costs of \$0.002/GJ.

**(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

January 1, 2017  
 O.E.B. Order # EB-2016-0334

Chatham, Ontario

Supersedes EB-2016-0296 Rate Schedule effective January 1, 2017.

**GENERAL TERMS & CONDITIONS  
M13 TRANSPORTATION AGREEMENT**

**I. DEFINITIONS**

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

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

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

## **II. GAS QUALITY**

1. **Natural Gas:** The minimum gross heating value of the gas delivered to/by Union hereunder, shall be thirty-six (36) megajoules per cubic metre. The maximum gross heating value of the gas delivered to/by Union hereunder shall be forty point two (40.2) megajoules per cubic metre. The gas to be delivered hereunder to Union may be a commingled supply from Shipper's 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 10<sup>3</sup>m<sup>3</sup>. The unit of gas delivered by Union shall be a megajoule, a gigajoule, a cubic metre (m<sup>3</sup>) or one thousand cubic metres (10<sup>3</sup>m<sup>3</sup>) at Union's discretion.
2. Determination of Volume and Energy:
- a. The volume and energy amounts determined under the Contract shall be determined in accordance with the Electricity and Gas Inspection Act (Canada), RSC 1985, c E-4- (the "**Act**") and the Electricity and Gas Inspection Regulations, SOR 86/131 (the "**Regulations**"), and any documents issued under the authority of the Act and Regulations and any amendments thereto.
  - b. The supercompressibility factor shall be determined in accordance with either the "Manual for Determination of Supercompressibility Factors for Natural Gas" (PAR Project NX-19) published in 1962 or with American Gas Association Transmission Measurement Committee Report No. 8, Nov. 1992, at Union's discretion, all

as amended from time to time.

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

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

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

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

N/A.

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

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

**VII. BILLING**

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

**VIII. PAYMENTS**

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

**IX. ARBITRATION**

If and when any dispute, difference or question shall arise between the parties hereto touching the Contract or anything herein contained, or the construction hereof, or the rights, duties or liabilities of the parties in relation to any matter hereunder, the matter in dispute shall be submitted and referred to arbitration within ten (10) days after written request of either party. Upon such request each party shall appoint an arbitrator, and the two so appointed shall appoint a third. A majority decision of the arbitrators shall be final and binding upon both parties. In all other respects the provisions of the Arbitration Act of the Province of Ontario, or any act passed in amendment thereof or substitution 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/10<sup>3</sup>m<sup>3</sup> and may be adjusted from time to time by Union;

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

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

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

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

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

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

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

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

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

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

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

**"Firm Daily Variability Demand"** shall mean the established quantity set forth in Schedule 2 of the Contract, which is the

permitted difference between the Dawn Quantity and the Market Quantity;

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

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

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

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

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

"**joule**" (J) shall mean the work done when the point of application of a force of one (1) newton is displaced a distance of one (1) metre in the direction of the force. The term "**megajoule**" (MJ) shall mean 1,000,000 joules. The term "**gigajoule**" (GJ) shall mean 1,000,000,000 joules;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"**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 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 10<sup>3</sup>m<sup>3</sup>. The unit of gas delivered by Union shall be a megajoule, a gigajoule, a cubic metre (m<sup>3</sup>) or one thousand cubic metres (10<sup>3</sup>m<sup>3</sup>) at Union's discretion.
- 2. Determination of Volume and Energy:
  - a. The volume and energy amounts determined under the Contract shall be determined in accordance with the Electricity and Gas Inspection Act (Canada), RSC 1985, c E-4- (the "**Act**") and the Electricity and Gas Inspection Regulations, SOR 86/131 (the "**Regulations**"), and any documents issued under the authority of the Act and Regulations and any amendments thereto.
  - b. The supercompressibility factor shall be determined in accordance with either the "**Manual for Determination of Supercompressibility Factors for Natural Gas**" (PAR Project NX-19) published in 1962 or with American Gas Association Transmission Measurement Committee Report No. 8, Nov. 1992, at Union's discretion, all as amended from time to time.
  - c. The volume and/or energy of the gas delivered to/by Union hereunder shall be determined by the measurement equipment designated in Article VII herein.

**IV. RECEIPT POINT AND DELIVERY POINT**

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

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

1. Possession of Gas: 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. Liability: 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. Meter Station: 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. Union Obligations: 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. Union Equipment: 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. Shipper Obligations: 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. Maintenance Costs: 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 (10<sup>th</sup>) day of each month for all Services furnished during the preceding Month. Such charges may be based on estimated quantities, if actual quantities are unavailable in time to prepare the billing. Union shall provide, in a succeeding Month's billing, an adjustment based on any difference between actual quantities and estimated quantities, without any interest charge. If presentation of a bill to Shipper is delayed after the tenth (10<sup>th</sup>) day of the month, then the time of payment shall be extended accordingly, unless Shipper is responsible for such delay.
2. Right of Examination: Both Union and Shipper shall have the right to examine at any reasonable time the books, records and charts of the other to the extent necessary to verify the accuracy of any statement, chart or computation made under or pursuant to the provisions of the Contract.
3. Amendment of Statements: For the purpose of completing a final determination of the actual quantities of gas handled in any of the Services to Shipper, the parties shall have the right to amend their statement for a period equal to the time during which the companies, that transport the gas contemplated herein for Union and Shipper, retain the right to amend their statements, which period shall not exceed three (3) years from the date of termination of the Contract.

**IX. PAYMENTS**

1. Monthly Payments: Shipper shall pay the invoiced amount directly into Union's bank account as directed on the invoice on or before the twentieth (20<sup>th</sup>) day of each month. If the payment date is not a Business Day, then payment must be received in Union's account on the first Business Day preceding the twentieth (20<sup>th</sup>) day of the month.
2. Remedies for Non-payment: Should Shipper fail to pay all of the amount of any bill as herein provided when such amount is due,
  - 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 the 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. Definition: 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. Notice: 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. Exclusions: 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. Notice of Remedy: 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. Obligation to Perform: 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 the 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 the 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. Verbal Notice: 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. Emergency: 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. Emergency Notice: 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. Right to Modify: 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. **Union Conditions:** 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 Service HUB 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 the 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. Shipper Conditions: 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. Satisfaction of Conditions: 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. Non-Satisfaction of Conditions: 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)	\$1,515.67
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Transmission Commodity Charge to Dawn (\$ per GJ)	\$0.035
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Transportation Fuel	<u>Customers located East of Dawn</u>	<u>Customers located West of Dawn</u>
<b>Fuel Charges to Dawn:</b>		
Commodity Rate - Union supplied fuel (\$ per GJ) (2)	\$0.009	\$0.009
Commodity Rate - Shipper supplied fuel (\$ per GJ) (2)	\$0.002	\$0.002
Fuel Ratio - Shipper supplied fuel (%)	0.157%	0.157%
<b>Fuel Charges to the Pool</b>		
Commodity Rate - Union supplied fuel (\$ per GJ) (2)	\$0.010	\$0.024
Commodity Rate - Shipper supplied fuel (\$ per GJ) (2)	\$0.002	\$0.005
Fuel Ratio - Shipper supplied fuel (%)	0.186%	0.447%

b) Firm Transportation Demand Charges: (3)

Monthly Demand Charge applied to contract demand (\$ per GJ)	\$0.770	\$1.045
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Authorized Overrun:

The authorized overrun rate payable on all quantities transported in excess of Union's obligation any day shall be:

Firm Transportation:	<u>Customers located East of Dawn</u>	<u>Customers located West of Dawn</u>
<b>Charges to Dawn</b>		
Commodity Rate - Union supplied fuel (\$ per GJ) (2)	\$0.068	\$0.077
Commodity Rate - Shipper supplied fuel (\$ per GJ) (2)	\$0.062	\$0.071
Fuel Ratio - Shipper supplied fuel (%)	0.157%	0.157%
<b>Charges to the Pool</b>		
Commodity Rate - Union supplied fuel (\$ per GJ) (2)	\$0.035	\$0.058
Commodity Rate - Shipper supplied fuel (\$ per GJ) (2)	\$0.027	\$0.039
Fuel Ratio - Shipper supplied fuel (%)	0.186%	0.447%

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) Includes cap-and-trade rates for facility-related greenhouse gas obligation costs of \$0.002/GJ for transportation to Dawn from a Pool, \$0.002/GJ for transportation to a Pool east of Dawn and \$0.005/GJ for transportation to a Pool west of Dawn.
- (3) 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

January 1, 2017  
O.E.B. Order # EB-2016-0334

Chatham, Ontario

Supersedes EB-2016-0296 Rate Schedule effective January 1, 2017.

**GENERAL TERMS & CONDITIONS  
M16 TRANSPORTATION AGREEMENT**

**I. DEFINITIONS**

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

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

## SCHEDULE "A"

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,



## SCHEDULE "A"

- d. shall not contain more than two point zero (2.0) molar percent by volume of carbon dioxide in the gas,
  - e. shall not contain more than zero point four (0.4) molar percent by volume of oxygen in the gas,
  - f. shall not contain more than zero point five (0.5) molar percent by volume of carbon monoxide in the gas,
  - g. shall not contain more than four point zero (4.0) molar percent by volume of hydrogen in the gas,
  - h. shall not contain more than sixty-five (65) milligrams of water vapour per cubic metre of gas,
  - i. shall not have a cricondentherm hydrocarbon dewpoint exceeding minus eight (-8) degrees Celsius,
  - j. shall have Wobbe Number from forty seven point fifty (47.50) megajoules per cubic metre of gas to fifty one point forty six (51.46) megajoules per cubic metre of gas, maximum of one point five (1.5) mole percent by volume of butane plus (C4+) in the gas, and maximum of four point zero (4.0) mole percent by volume of total inerts in the gas in order to be interchangeable with other Interconnecting Pipeline gas,
  - k. shall not exceed forty-three degrees Celsius (43°C), and,
  - l. shall not be odourized by Shipper.
3. Non-conforming Gas:
- a. In the event that the quality of the gas does not conform or if Union, acting reasonably, suspects the quality of the gas may not conform to the specifications herein, then Shipper shall, if so directed by Union acting reasonably, forthwith carry out, at Shipper's cost, whatever field testing of the gas quality as may be required to ensure that the quality requirements set out herein are met, and to provide Union with a certified copy of such tests. If Shipper does not carry out such tests forthwith, Union may conduct such test and Shipper shall reimburse Union for all costs incurred by Union for such testing.
  - b. If Shipper's gas fails at any time to conform to the requirements of this Article II, Union, in addition to its other remedies, may refuse to accept delivery of gas at the Receipt Points hereunder until such deficiency has been remedied by Shipper. Each Party agrees to notify the other verbally, followed by written notification, of any such deficiency of quality.
  - c. With respect to Article II 2. h. herein, Union may accept the gas subject to Shipper's obligations under the Dehydration Contract, if applicable.
4. Quality of Gas Received: The quality of the gas to be received by Union at the Receipt Point(s) hereunder is to be of a merchantable quality and in accordance with the quality standards as set out by Union in this Article II.
5. Quality of Gas at Dawn: The quality of the gas to be delivered to Union at Dawn (Facilities) or the gas to be delivered by Union to Shipper at Dawn (Facilities) hereunder is to be of a merchantable quality and in accordance with the quality standards and measurement standards as set out by Union in this Article II, except that total sulphur limit shall be not more than four hundred and sixty (460) milligrams per cubic metre of gas. In addition to any other right or remedy of a party, each party shall be entitled to refuse to accept delivery of any gas which does not conform to any of the specifications set out in this Article II.
6. Odourization of Gas:
- a. Union may odourize or deliver odourized gas under the Contract,
  - b. Shipper shall if requested by Union monitor the mercaptan sulphur content of the gas delivered to Union under the Contract and shall provide at no cost to Union a continuous signal quantifying the mercaptan sulphur content in milligrams per cubic metre.

### III. MEASUREMENTS

## **SCHEDULE "A"**

1. Storage, Transportation, and/or Sales Unit: The unit of the gas delivered to Union shall be a megajoule or a gigajoule. The unit of gas transported or stored by Union shall be a megajoule or a gigajoule. The unit of gas delivered by Union shall be a megajoule, a gigajoule, a cubic metre (m<sup>3</sup>) or one thousand cubic metres (10<sup>3</sup>m<sup>3</sup>) at Union's discretion.
2. Determination of Volume and Energy:
  - a. The volume and energy amounts determined under the Contract shall be determined in accordance with the Electricity and Gas Inspection Act (Canada), RSC 1985, c E-4- (the "**Act**") and the Electricity and Gas Inspection Regulations, SOR 86/131 (the "**Regulations**"), and any documents issued under the authority of the Act and Regulations and any amendments thereto.
  - b. The supercompressibility factor shall be determined in accordance with either the "Manual for Determination of Supercompressibility Factors for Natural Gas" (PAR Project NX-19) published in 1962 or with American Gas Association Transmission Measurement Committee Report No. 8, Nov. 1992, at Union's discretion, all as amended from time to time.
  - c. The volume and/or energy of the gas delivered to/by Union hereunder shall be determined by the measurement equipment designated in Article VII herein.
  - d. Upon request by Union, Shipper shall obtain measurement of the total quantity of gas received by Union hereunder from the Interconnecting Pipeline. Such measurement shall be done in accordance with established practices between Union and the Interconnecting Pipeline.

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

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

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

N/A

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

N/A

### **VII. MEASURING EQUIPMENT**

1. Metering by Union: Union will install and operate meters and related equipment as required and in accordance with the Act and Regulations referenced in Article III herein.
2. Metering by Others: In the event that all or any gas delivered to/by Union hereunder is measured by a meter that is owned and operated by an Interconnecting Pipeline, then Union and Shipper agree to accept that metering for the purpose of determining the volume and energy of gas delivered to/by Union on behalf of the Shipper. The standard of

## **SCHEDULE "A"**

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**

## **SCHEDULE "A"**

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

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

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

## **X. ARBITRATION**

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

## **XI. FORCE MAJEURE**

N/A

## **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/m<sup>3</sup>) produced by the complete combustion at constant pressure of one (1) cubic metre of gas with air, with the gas free of water vapour and the temperature of the gas, air and products of combustion at standard temperature and all water formed by the combustion reaction condensed to the liquid state;

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

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

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

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

"**joule**" (J) shall mean the work done when the point of application of a force of one (1) newton is displaced a distance of one (1) metre in the direction of the force. The term "**megajoule**" (MJ) shall mean 1,000,000 joules. The term "**gigajoule**" (GJ) shall mean 1,000,000,000 joules;

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

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

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

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

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

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

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

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

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

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

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

"TCPL" means TransCanada PipeLines Limited;

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

- a. a meter and any associated recording gauges as are necessary;
- b. pressure and/or flow control devices, over pressure protection and telemetry equipment as are necessary;
- c. a suitable gas odourizing injection facility if Union deems such a facility to be necessary
- d. piping, fittings, material, filtration facilities, cathodic protection and insulating flanges;
- e. gas chromatograph, moisture analyzer, piping, fittings, material, filtration facilities, cathodic protection and insulating flanges;

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

**II. GAS QUALITY**

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



point forty six (51.46) megajoules per cubic metre of gas, maximum of one point five (1.5) mole percent by volume of butane plus (C4+) in the gas, and maximum of four point zero (4.0) mole percent by volume of total inerts in the gas in order to be interchangeable with other Interconnecting Pipeline gas,

- k. shall not exceed forty-three degrees Celsius (43°C), and,
- l. shall not be odourized by Shipper.

3. Non-conforming Gas:

- a. In the event that the quality of the gas does not conform or if Union, acting reasonably, suspects the quality of the gas may not conform to the specifications herein, then Shipper shall, if so directed by Union acting reasonably, forthwith carry out, at Shipper's cost, whatever field testing of the gas quality as may be required to ensure that the quality requirements set out herein are met, and to provide Union with a certified copy of such tests. If Shipper does not carry out such tests forthwith, Union may conduct such test and Shipper shall reimburse Union for all costs incurred by Union for such testing.
- b. If Shipper's gas fails at any time to conform to the requirements of this Article II, Union, in addition to its other remedies, may refuse to accept delivery of gas at the Receipt Points hereunder until such deficiency has been remedied by Shipper. Each Party agrees to notify the other verbally, followed by written notification, of any such deficiency of quality.
- c. With respect to Article II 2. h. herein, Union may accept the gas subject to Shipper's obligations under the Dehydration Contract, if applicable.

4. Quality of Gas Received: The quality of the gas to be received by Union at the Receipt Point(s) hereunder is to be of a merchantable quality and in accordance with the quality standards as set out by Union in this Article II.

5. Quality of Gas at Dawn: The quality of the gas to be delivered to Union at Dawn (Facilities) or the gas to be delivered by Union to Shipper at Dawn (Facilities) hereunder is to be of a merchantable quality and in accordance with the quality standards and measurement standards as set out by Union in this Article II, except that total sulphur limit shall be not more than four hundred and sixty (460) milligrams per cubic metre of gas. In addition to any other right or remedy of a party, each party shall be entitled to refuse to accept delivery of any gas which does not conform to any of the specifications set out in this Article II.

6. Odourization of Gas:

- a. Union may odourize or deliver odourized gas under the Contract,
- b. Shipper shall if requested by Union monitor the mercaptan sulphur content of the gas delivered to Union under the Contract and shall provide at no cost to Union a continuous signal quantifying the mercaptan sulphur content in milligrams per cubic metre.

**III. MEASUREMENTS**

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

2. Determination of Volume and Energy:

- a. The volume and energy amounts determined under the Contract shall be determined in accordance with the Electricity and Gas Inspection Act (Canada), RSC 1985, c E-4- (the "**Act**") and the Electricity and Gas Inspection Regulations, SOR 86/131 (the "**Regulations**"), and any documents issued under the authority of the Act and Regulations and any amendments thereto.

- b. The supercompressibility factor shall be determined in accordance with either the "Manual for Determination of Supercompressibility Factors for Natural Gas" (PAR Project NX-19) published in 1962 or with American Gas Association Transmission Measurement Committee Report No. 8, Nov. 1992, at Union's discretion, all as amended from time to time.
- c. The volume and/or energy of the gas delivered to/by Union hereunder shall be determined by the measurement equipment designated in Article 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. Possession of Gas: 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. Liability: 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 Equipment: 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 Obligations: 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. Maintenance Costs: 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. Repair or Replacement: Each party shall decide, in its sole discretion, whether its facilities need to be repaired or replaced. In the event that repair or replacement is needed, the party undertaking such work will, to the extent possible, give the other party sixty (60) days' notice and will ensure that the work be done in a manner so as to minimize the amount of time the pipeline has restricted flows.

**VII. MEASURING EQUIPMENT**

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

7. Error in Metering or Meter Failure: In the event of an error in metering or a meter failure, (such error or failure being determined through check measurement by Union or any other available method), then Shipper shall enforce its rights as Shipper with the Interconnecting Pipeline(s) to remedy such error or failure including enforcing any inspection and/or verification rights and procedures.

**VIII. BILLING**

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

**IX. PAYMENTS**

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

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

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

3. Billing Adjustments: If it shall be found that at any time or times Shipper has been overcharged or undercharged in any form whatsoever under the provisions of the Contract and Shipper shall have actually paid the bills containing such

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

4. Taxes: In addition to the charges and rates as per the applicable rate schedules and price schedules, Shipper shall pay all Taxes which are imposed currently or subsequent to the execution of the Contract by any legal authority having jurisdiction and any amount in lieu of such Taxes paid or payable by Union.
5. Set Off: If Shipper shall, at any time, be in arrears under any of its payment obligations to Union under the Contract, then Union shall be entitled to reduce the amount payable by Union to Shipper under the Contract or any other contract by an amount equal to the amount of such arrears or other indebtedness to Union. In addition to the foregoing remedy, Union may, upon forty-eight (48) hours verbal notice, to be followed by written notice, take possession of any or all of Shipper's gas under the Contract, which shall be deemed to have been assigned to Union, to reduce such arrears or other indebtedness to Union.
6. Aid to Construction: Shipper agrees to reimburse Union for the Aid to Construction.

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

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

## **X. ARBITRATION**

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

## **XI. FORCE MAJEURE**

1. Definition: 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. Notice: 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. Exclusions: 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. Notice of Remedy: 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. Obligation to Perform: 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. Unforeseen Reduction: 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. **License:** 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. Union Conditions: 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 Service HUB 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. Shipper Conditions: 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,

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- c. Shipper shall have obtained all internal approvals that are necessary or appropriate for the Shipper to execute the Contract.
3. Satisfaction of Conditions: Union and Shipper shall each use due diligence and reasonable efforts to satisfy and fulfill 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. Non-Satisfaction of Conditions: 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 (1):**

	Monthly Demand <u>Charges</u> (applied to daily contract demand) <u>Rate/GJ</u>	Union Supplied Fuel		<u>Fuel and Commodity Charges</u>			
		<u>Fuel and Commodity Charge</u>		<u>Shipper Supplied Fuel</u>		<u>Commodity Charge Rate/GJ (2)</u>	
		<u>Apr.1-Oct.31 Rate/GJ (2)</u>	<u>Nov.1-Mar.31 Rate/GJ (2)</u>	<u>Fuel Ratio</u>			<u>AND</u>
				<u>Apr.1- %</u>	<u>Nov.1-Mar.31 %</u>		
<b>a) Firm Transportation</b>							
Between:							
St.Clair & Dawn	\$1.045	\$0.013	\$0.015	0.207%	0.266%		\$0.004
Ojibway & Dawn	\$1.045	\$0.023	\$0.017	0.447%	0.303%		\$0.004
Bluewater & Dawn	\$1.045	\$0.013	\$0.015	0.207%	0.266%		\$0.004
From:							
Parkway to Kirkwall	\$0.837	\$0.015	\$0.010	0.293%	0.157%		\$0.003
Parkway to Dawn	\$0.837	\$0.015	\$0.010	0.293%	0.157%		\$0.003
Kirkwall to Dawn	\$1.475	\$0.009	\$0.009	0.157%	0.157%		\$0.002
Dawn to Kirkwall	\$2.865	\$0.019	\$0.037	0.318%	0.756%		\$0.006
Dawn to Parkway (Cons) / Lisgar	\$3.402	\$0.030	\$0.049	0.571%	1.026%		\$0.006
Dawn to Parkway (TCPL)	\$3.402	\$0.033	\$0.052	0.571%	1.026%		\$0.009
Kirkwall to Parkway (Cons) / Lisgar	\$0.537	\$0.019	\$0.020	0.410%	0.427%		\$0.002
Kirkwall to Parkway (TCPL)	\$0.537	\$0.022	\$0.023	0.410%	0.427%		\$0.005
<b>b) Firm Transportation between two points within Dawn</b>							
Dawn to Dawn-Vector	\$0.029	n/a	n/a	0.339%	0.157%		\$0.003
Dawn to Dawn-TCPL	\$0.138	n/a	n/a	0.157%	0.351%		\$0.004
<b>c) Interruptible Transportation between two points within Dawn*</b>							
*includes Dawn (TCPL), Dawn Facilities, Dawn (Tecumseh), Dawn (Vector) and Dawn (TSLE)				0.157%	0.157%		\$0.002
<b>d) Interruptible and Short Term (1 year or less) Firm Transportation:</b>							
Maximum		\$75.00					



(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.

	Union Supplied Fuel		Shipper Supplied Fuel		Commodity Charge Rate/GJ (2)
	Commodity Charge		Fuel Ratio		
	Apr.1-Oct.31 Rate/GJ (2)	Nov.1-Mar.31 Rate/GJ (2)	Apr.1- %	Nov.1-Mar.31 %	
a) Firm Transportation					
Between:					
St.Clair & Dawn	\$0.047	\$0.049	0.207%	0.266%	\$0.038
Ojibway & Dawn	\$0.057	\$0.051	0.447%	0.303%	\$0.038
Bluewater & Dawn	\$0.047	\$0.049	0.207%	0.266%	\$0.038
From:					
Parkway to Kirkwall	\$0.153	\$0.147	0.910%	0.774%	\$0.115
Parkway to Dawn	\$0.153	\$0.147	0.910%	0.774%	\$0.115
Kirkwall to Dawn	\$0.057	\$0.057	0.157%	0.157%	\$0.051
Dawn to Kirkwall	\$0.139	\$0.157	0.935%	1.373%	\$0.100
Dawn to Parkway (Cons) / Lisgar	\$0.167	\$0.186	1.188%	1.643%	\$0.118
Dawn to Parkway (TCPL)	\$0.170	\$0.189	1.188%	1.643%	\$0.121
Kirkwall to Parkway (Cons) / Lisgar	\$0.062	\$0.063	1.027%	1.044%	\$0.020
Kirkwall to Parkway (TCPL)	\$0.065	\$0.066	1.027%	1.044%	\$0.023
b) Firm Transportation within Dawn					
Dawn to Dawn-Vector	n/a	n/a	0.339%	0.157%	\$0.004
Dawn to Dawn-TCPL	n/a	n/a	0.157%	0.351%	\$0.009

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 \$0.070/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.
- (2) Includes cap-and-trade rates for facility-related greenhouse gas obligation costs for transportation of \$0.004/GJ between St. Clair / Ojibway / Bluewater and Dawn, \$0.003/GJ from Parkway to Kirkwall / Dawn, \$0.002/GJ for from Kirkwall to Dawn, \$0.006/GJ from Dawn to Kirkwall, \$0.006/GJ from Dawn to Parkway (Cons) / Lisgar, \$0.009/GJ from Dawn to Parkway (TCPL), \$0.002/GJ from Kirkwall to Parkway (Cons) / Lisgar, \$0.005/GJ from Kirkwall to Parkway (TCPL), \$0.003/GJ between Dawn to Dawn-Vector, \$0.004/GJ between Dawn to Dawn-TCPL, and, \$0.002/GJ between two points within Dawn.

(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.

Effective

January 1, 2017  
O.E.B. Order # EB-2016-0334

Chatham, Ontario

Supersedes EB-2016-0296 Rate Schedule effective January 1, 2017.

**RATE C1  
GENERAL TERMS & CONDITIONS**

**I. DEFINITIONS**

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

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

18. "TCPL" means TransCanada Pipelines Limited;
19. "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.

## **SCHEDULE "A"**

3. **Non-conforming Gas:** In addition to any other right or remedy of a party, each party shall be entitled to refuse to accept delivery of any gas which does not conform to any of the specifications set out in this Article II.
4. **Quality of Gas Received:** The quality of the gas to be received by Union hereunder is to be of a merchantable quality and in accordance with the quality standards as set out by Union in this Article II, but, Union will also accept gas of a quality as set out in any other Interconnecting Pipeline's general terms and conditions, provided that all Interconnecting Pipelines accept such quality of gas. In addition to any other right or remedy of a party, each party shall be entitled to refuse to accept delivery of any gas which does not conform to any of the specifications set out in Union's C1 Rate Schedule.

### **III. MEASUREMENTS**

1. **Storage, Transportation, and/or Sales Unit:** The unit of the gas delivered to Union shall be a megajoule or a gigajoule. The unit of gas transported or stored by Union shall be a megajoule or a gigajoule. The unit of gas delivered by Union shall be a megajoule, a gigajoule, a cubic metre (m<sup>3</sup>) or one thousand cubic metres (10<sup>3</sup>m<sup>3</sup>) at Union's discretion.
2. **Determination of Volume and Energy:**
  - a. The volume and energy amounts determined under the Contract shall be determined in accordance with the Electricity and Gas Inspection Act (Canada), RSC 1985, c E-4- (the "**Act**") and the Electricity and Gas Inspection Regulations, SOR 86/131 (the "**Regulations**"), and any documents issued under the authority of the Act and Regulations and any amendments thereto.
  - b. The supercompressibility factor shall be determined in accordance with either the "Manual for Determination of Supercompressibility Factors for Natural Gas" (PAR Project NX-19) published in 1962 or with American Gas Association Transmission Measurement Committee Report No. 8, Nov. 1992, at Union's discretion, all as amended from time to time.
  - c. The volume and/or energy of the gas delivered to/by Union hereunder shall be determined by the measurement equipment designated in Article VII herein.
  - d. Upon request by Union, Shipper shall obtain measurement of the total quantity of gas received by Union hereunder from the Interconnecting Pipeline. Such measurement shall be done in accordance with established practices between Union and the Interconnecting Pipeline.

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

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

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

*Intentionally blank*

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

## **SCHEDULE "A"**

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

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

### **VII. MEASURING EQUIPMENT**

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



## **SCHEDULE "A"**

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

### **VIII. BILLING**

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

### **IX. PAYMENTS**

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

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

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

3. Billing Adjustments: If it shall be found that at any time or times Shipper has been overcharged or undercharged in any form whatsoever under the provisions of the Contract and Shipper shall have actually paid the bills containing such

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

**X. ARBITRATION**

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

**XI. FORCE MAJEURE**

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

## **SCHEDULE "A"**

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/m<sup>3</sup>) produced by the complete combustion at constant pressure of one (1) cubic metre of gas with air, with the gas free of water vapour and the temperature of the gas, air and products of combustion at standard temperature and all water formed by the combustion reaction condensed to the liquid state;

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

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

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

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

"**joule**" (J) shall mean the work done when the point of application of a force of one (1) newton is displaced a distance of one (1) metre in the direction of the force. The term "**megajoule**" (MJ) shall mean 1,000,000 joules. The term "**gigajoule**" (GJ) shall mean 1,000,000,000 joules;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## **II. GAS QUALITY**

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

2. Freedom from objectionable matter: The gas to be delivered to/by Union hereunder,
  - 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 (m<sup>3</sup>) or one thousand cubic metres (10<sup>3</sup>m<sup>3</sup>) at Union's discretion.
2. Determination of Volume and Energy:
  - a. The volume and energy amounts determined under the Contract shall be determined in accordance with the Electricity and Gas Inspection Act (Canada), RSC 1985, c E-4- (the "**Act**") and the Electricity and Gas Inspection Regulations, SOR 86/131 (the "**Regulations**"), and any documents issued under the authority of the Act and Regulations and any amendments thereto.
  - b. The supercompressibility factor shall be determined in accordance with either the "Manual for Determination of Supercompressibility Factors for Natural Gas" (PAR Project NX-19) published in 1962 or with American Gas

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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. Possession of Gas: 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. Liability: 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.



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

## **VIII. BILLING**

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

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

**IX. PAYMENTS**

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

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

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

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

Shipper shall make reasonable efforts to eliminate/minimize the withholding tax related to the fees/payments paid to Union, including but not limited to requesting from Union the relevant documentation necessary to determine the appropriate withholding, if any, for tax purposes. In the event taxes are withheld from the fees/payment paid by Shipper, Shipper shall remit such withheld taxes to the applicable taxing authority and Shipper will provide Union, after the calendar year end, Union's Federal Form 1042-S and a comparable state/international form, if applicable, within the applicable statutory time frame.

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. Definition: 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. Notice: 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. Exclusions: 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. Notice of Remedy: 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. Obligation to Perform: 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.

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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. Proration of Firm Transportation Service: 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. Requests for Transportation Service: 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. Expansion Facilities: 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. Open Seasons: 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. Awarding Open Season Capacity: 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. Available Capacity Previously Offered in Open Season: 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.

## SCHEDULE "A 2010"

- 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**

1. 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. Right to Curtail: 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:

## SCHEDULE "A 2010"

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. Capacity Procedures: 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 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.

**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. Union Conditions: 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 Service HUB Contract or equivalent (the "**Facilitating Agreement**") with Union.
2. Shipper Conditions: 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,



**SCHEDULE "A 2010"**

- 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. Satisfaction of Conditions: 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. Non-Satisfaction of Conditions: 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 details regarding the quantity it desires to be handled at the applicable Receipt Point(s) and/or Delivery Point(s), and such additional information as Union determines to be necessary (a "**Nomination**").
  - ii) 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. The nomination cycle timelines are posted on Union's website and the nomination deadlines are provided in *Unionline*.
  - 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 the Nomination will be accepted. In the event Union determines that it will not accept such Nomination, Union shall advise Shipper of the reduced quantity (the "**Quantity Available**") for 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**" 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 details regarding the quantity of Gas it desires to be handled at the applicable Receipt Point(s) and/or 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. The nomination cycle timelines are posted on Union's website and the nomination deadlines are provided in *Unionline*.
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

**SCHEDULE "B 2010"**

Services exceed Shipper's Authorized Quantity shall be deemed "**Unauthorized Overrun**".

12. The daily quantity of gas nominated by Shipper will be delivered by Shipper at rates of flow that are as nearly constant as possible, however, Union shall use reasonable efforts to take receipt of gas on any day at an hourly rate of flow up to one twentieth (1/20<sup>th</sup>) of the quantity received for that day. Union shall have the right to limit Transportation Services when on any day the cumulative hourly imbalance between receipts and deliveries exceeds one twentieth (1/20<sup>th</sup>) of the quantity handled for that day, for each applicable Transportation Service.
13. The parties hereto recognize that with respect to Transportation Services, on any day, receipts of gas by Union and deliveries of gas by Union may not always be exactly equal, but each party shall cooperate with the other in order to balance as nearly as possible the quantities transacted on a daily basis, and any imbalances arising shall be allocated to the Facilitating Agreement and shall be subject to the respective terms and charges contained therein, and shall be resolved in a timely manner.
14. Shipper may designate via *Unionline* access request form, 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. Any such designation, if acceptable to Union, shall be effective following the receipt and processing 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	<b><u>DAWN (FACILITIES):</u></b>	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	<b><u>DAWN (TCPL):</u></b>	At the junction of Union's and TCPL's facilities, at or adjacent to Dawn (Facilities).
R, D	<b><u>DAWN (TECUMSEH):</u></b>	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	<b><u>DAWN (TSLE):</u></b>	At the junction of Union's and Enbridge Gas Distribution Inc.'s (" <b>Enbridge</b> ") NPS 16 Tecumseh Sombra Line Extension facilities; at or adjacent to Dawn (Facilities)
R, D	<b><u>DAWN (VECTOR):</u></b>	At the junction of Union's and Vector Pipeline Limited Partnership (" <b>Vector</b> ") facilities, at or adjacent to Dawn (Facilities).
R, D	<b><u>PARKWAY (TCPL):</u></b>	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	<b><u>KIRKWALL:</u></b>	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	<b><u>PARKWAY (CONSUMERS):</u></b>	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	<b><u>LISGAR:</u></b>	At the junction of the facilities of Union and Enbridge situated at 6620 Winston Churchill Boulevard, City of Mississauga.
R, D	<b><u>OJIBWAY:</u></b>	At the junction of Union's and Panhandle Eastern Pipe Line Company, LP's (" <b>Panhandle</b> ") facilities, located at the International Border between Canada and the United States in the St. Clair River.
R, D	<b><u>ST.CLAIR (MICHCON):</u></b>	At the junction of Michigan Consolidated Gas Company's (" <b>MichCon</b> ") 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, M4, M5A, M7, T1 and T2  
Effective January 1, 2017

Line No.	Particulars (cents / m <sup>3</sup> )	Monthly Charge Increase / (Decrease) (a)	Delivery Commodity Charge Increase / (Decrease) (b)	Delivery - Price Adjustment Increase / (Decrease) (c)	Gas Commodity Price Adjustment Rate (1) (d)
	Rate 25 - All Zones				
1	Including Customer-Related GHG Obligation		-		(0.2720)
2	Excluding Customer-Related GHG Obligation		-		(0.2720)
	Rate M4 - Interruptible				
3	Including Customer-Related GHG Obligation		(0.0414)		
4	Excluding Customer-Related GHG Obligation		(0.0414)		
	Rate M5A - Interruptible				
5	Including Customer-Related GHG Obligation		(0.0414)		
6	Excluding Customer-Related GHG Obligation		(0.0414)		
	Rate M7				
	Interruptible				
7	Including Customer-Related GHG Obligation		3.2731		
8	Excluding Customer-Related GHG Obligation		(0.0450)		
	Seasonal				
9	Including Customer-Related GHG Obligation		3.2731		
10	Excluding Customer-Related GHG Obligation		(0.0450)		
	Rate T1 - Interruptible				
	Transportation - Union supplies fuel				
11	Including Customer-Related GHG Obligation		(0.0087)		
12	Excluding Customer-Related GHG Obligation		(0.0087)		
	Transportation - Customer supplies fuel				
13	Including Customer-Related GHG Obligation		-		
14	Excluding Customer-Related GHG Obligation		-		
	Rate T2 - Interruptible				
	Transportation - Union supplies fuel				
15	Including Customer-Related GHG Obligation		(0.0081)		
16	Excluding Customer-Related GHG Obligation		(0.0081)		
	Transportation - Customer supplies fuel				
17	Including Customer-Related GHG Obligation		-		
18	Excluding Customer-Related GHG Obligation		-		

Notes:

(1) Applies to sales service customers only.

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UNION GAS LIMITED  
 Union North  
 Calculation of Supplemental Service Charges  
 Commissioning and Decommissioning Rates  
Effective January 1, 2017

Line No.	Particulars	Including Customer-Related GHG Obligation (3)		Excluding Customer-Related GHG Obligation	
		Union North West	Union North East	Union North West	Union North East
		(a)	(b)	(c)	(d)
<b>Rate 20 - At 50% Load Factor</b>					
<u>Delivery (cents / m<sup>3</sup>)</u>					
1	Monthly Demand (1)	28.6326	28.6326	28.6326	28.6326
2	Line 1 x 12 months	343.5912	343.5912	343.5912	343.5912
3	Line 2 / 365 days	0.9413	0.9413	0.9413	0.9413
4	Line 3 @ 50% Load Factor	1.8827	1.8827	1.8827	1.8827
5	Delivery Commodity Charge (1)	3.8781	3.8781	0.5600	0.5600
6	Total Delivery Commissioning and Decommissioning	5.7608	5.7608	2.4427	2.4427
<u>Gas Supply (cents / m<sup>3</sup>)</u>					
7	Monthly Demand (1)	55.9345	49.8276	55.9345	49.8276
8	Gas Supply Demand - Price Adjustment (1)	-	-	-	-
9	(Line 7 + Line 8) x 12 months	671.2140	597.9312	671.2140	597.9312
10	Line 9 / 365 days	1.8389	1.6382	1.8389	1.6382
11	Line 10 @ 50% Load Factor	3.6779	3.2763	3.6779	3.2763
12	Commodity Transportation 1 (1)	3.5671	2.6129	3.5671	2.6129
13	Commodity Transportation 1 - Price Adjustment	-	-	-	-
14	(Line 12 + Line 13) x (4/5)	2.8537	2.0903	2.8537	2.0903
15	Commodity Transportation 2 (1)	-	-	-	-
16	Line 15 * (1/5)	-	-	-	-
17	Total Commodity Transportation Charge for Commissioning and Decommissioning Rate	6.5316	5.3667	6.5316	5.3667
<b>Rate 100 - At 70% Load Factor</b>					
<u>Delivery (cents / m<sup>3</sup>)</u>					
18	Monthly Demand (2)	15.1083	15.1083	15.1083	15.1083
19	Line 18 x 12 months	181.2996	181.2996	181.2996	181.2996
20	Line 19 / 365 days	0.4967	0.4967	0.4967	0.4967
21	Line 20 @ 70% Load Factor	0.7096	0.7096	0.7096	0.7096
22	Commodity Charge (2)	3.5388	3.5388	0.2207	0.2207
23	Total Delivery Commissioning and Decommissioning	4.2484	4.2484	0.9303	0.9303
<u>Gas Supply (cents / m<sup>3</sup>)</u>					
24	Monthly Demand (2)	112.4457	158.8308	112.4457	158.8308
25	Line 24 x 12 months	1,349.3483	1,905.9690	1,349.3483	1,905.9690
26	Line 25 / 365 days	3.6968	5.2218	3.6968	5.2218
27	Line 26 @ 70% Load Factor	5.2812	7.4598	5.2812	7.4598
28	Commodity Transportation 1 (2)	6.3079	9.0835	6.3079	9.0835
29	Line 28 * (3/7)	2.7034	3.8929	2.7034	3.8929
30	Commodity Transportation 2 (2)	-	-	-	-
31	Line 30 * (4/7)	-	-	-	-
32	Total Commodity Transportation Charge for Commissioning and Decommissioning Rate	7.9846	11.3527	7.9846	11.3527

**Notes:**

- (1) Appendix A, p.3.
- (2) Appendix A, p.4.
- (3) Rates including customer-related GHG obligation will be applied to customers for whom Union is required to fulfill cap-and-trade obligations.

UNION GAS LIMITED  
 Union South  
 Calculation of Supplemental Service Charges  
 Effective January 1, 2017

Line No.	Particulars	cents / m <sup>3</sup> (a)	\$ / GJ (b)
	<u>Minimum Annual Gas Supply Commodity Charge - Rate M4, Rate M5A</u>		
1	Compressor Fuel	-	
2	Transportation Tolls	-	
3	Administration Charge	0.1902	
4	Minimum annual gas supply commodity charge	<u>0.1902</u>	<u>0.049</u>
	<u>Gas Supply Commodity Charges</u>		
5	Commodity Cost of Gas	16.1100	
6	FT Transportation Commodity	-	
7	FT Fuel	-	
8	Total Gas Supply Commodity Charge	<u>16.1100</u>	<u>4.151</u>
	<u>Firm Gas Supply Service Monthly Demand Charge</u>		
9	FT Demand Charge	<u>230.0635</u>	<u>59.279</u>
	<u>Firm Backstop Gas:</u>		
	Demand:		
10	Monthly space charge	0.0427	
11	Units required (1)	43	
12	Number of months	<u>12</u>	
	Inventory carrying costs:		
13	Sales WACOG	16.0178	
14	Overrun storage withdrawal	<u>0.3609</u>	
15		16.3787	
16	Units required (m <sup>3</sup> )	43	
17	Pre-tax return (%)	8.170%	
18	Annual demand charge	<u>57.5401 (b)</u>	
19	Number of months	12	
20	Monthly demand charge	<u>6.6307</u>	<u>1.709</u>
	Commodity:		
21	Sales WACOG	16.0178	
22	Overrun storage withdrawal	0.3609	
23	Overrun transportation	<u>1.3669</u>	
24	Commodity charge	<u>17.7456</u>	<u>4.572</u>

Notes:

(1) Each unit of added delivery requires 43 m<sup>3</sup> of additional inventory.

UNION GAS LIMITED  
 Union South  
 Calculation of Supplemental Service Charges  
Effective January 1, 2017

Line No.	Particulars	cents / m <sup>3</sup> (a)	\$ / GJ (b)
<u>Reasonable Efforts Backstop Gas:</u>			
1	Rate M1 Block 1 delivery rate plus Rate M1 storage rate	5.4500	
2	Sales WACOG	16.0178	
3		<u>21.4678</u>	<u>5.532</u>
<u>Supplemental Inventory:</u>			
4	Sales WACOG	16.0178	
5	Injection commodity	0.1697	
6	Space charge (p.2, line 10 x 12)	0.5123	
7		<u>16.6998</u>	<u>4.303</u>
	Carrying costs (1/2 year)		
8	(line 7 x p.2, line 17) / 2	<u>0.6822</u>	
9	Total (line 7 + line 8)	<u>17.3820</u>	<u>4.479</u>
<u>Supplemental Gas Sales:</u>			
10	Supplemental inventory	17.3820	
11	Overrun storage withdrawal	0.3609	
12	Overrun transportation	1.3669	
13	Total	<u>19.1098</u>	
<u>Failure to Deliver:</u>			
14	Rate M1 Block 1 delivery rate plus Rate M1 storage rate	5.4500	1.404
15	Failure to Deliver Adjustment	5.1708	1.332
16	Failure to Deliver Charge	<u>10.6208</u>	<u>2.737</u>
<u>Parkway Delivery Commitment Incentive ("PDCI")</u>			
17	Rate M12 Dawn to Parkway demand rate (1)		3.4020
18	Line 17 x 12 months		40.8240
19	Line 18 / 365 days		0.1118
20	Rate M12 average Dawn to Parkway (TCPL/ EGT) fuel and commodity rate (2)		<u>0.0461</u>
21	Total (line 19 + line 20)		<u>(0.158)</u>

Notes:

- (1) Appendix A, p.14, line 2, column (c).
- (2) EB-2016-0247 (October 2016 QRAM), Rate M12 Rate Schedule C, p.1, average of Dawn to Parkway (TCPL/ EGT) monthly fuel and commodity rates.

UNION GAS LIMITED  
 Union South  
 Calculation of Supplemental Service Charges  
 Calculation of Minimum & Maximum Charges  
Effective January 1, 2017

Line No.	Particulars	Including Customer-Related GHG Obligation (1) cents / m <sup>3</sup> (b)	Excluding Customer-Related GHG Obligation cents / m <sup>3</sup> (a)
<u>Minimum Charges</u>			
	Rate M4 (F)	Minimum annual delivery commodity charge:	
1			
2		1.4153	1.4153
3		0.1902	0.1902
		<u>1.6055</u>	<u>1.6055</u>
	Rate M4 (I) / M5	Minimum annual delivery commodity charge:	
4			
5		3.0237	3.0237
6		0.1902	0.1902
		<u>3.2139</u>	<u>3.2139</u>
<u>Maximum Charges</u>			
	Rate 25 Interruptible	Average Rate 10 Firm Delivery Charge	
7			5.713
8			<u>90%</u>
9			
10		5.1417	5.1417
11		3.3181	
		<u>8.4598</u>	
	Rate M7 Interruptible	Maximum interruptible delivery commodity charge:	
12			
13		3.7706	0.4525
14		5.1802	5.1802
		<u>8.9508</u>	<u>5.6327</u>
15	Rate T1 Interruptible	<u>8.9508</u>	<u>5.6327</u>
16	Rate T2 Interruptible	<u>8.9508</u>	<u>5.6327</u>
<u>Rate M7 - Commissioning and Decommissioning Rate</u>			
	Delivery (cents / m <sup>3</sup> )		
17	Monthly Demand (2)	30.8246	30.8246
18	Annual Demand (line 17 x 12 months)	369.8952	369.8952
19	Daily Demand (line 18 / 365 days)	1.0134	1.0134
20	@ Class Average Firm Load Factor of 27.95%	3.6262	3.6262
21	Delivery Commodity Charge (2)	3.7706	0.4525
22	Delivery - Price Adjustment	-	-
23	Total Delivery Commissioning and Decommissioning (line 20 + line 21 + line 22)	<u>7.3968</u>	<u>4.0787</u>

Notes:

- (1) Rates including customer-related GHG obligation will be applied to customers for whom Union is required to fulfill cap-and-trade obligations.  
 (2) Appendix A, p.9.

UNION GAS LIMITED  
 Union South  
 Calculation of Supplemental Service Charges  
 Effective January 1, 2017

Line No.	Particulars	Including Customer-Related GHG Obligation (9)		Excluding Customer-Related GHG Obligation	
		Union Supplies Fuel (a)	Customer Supplies Fuel (b)	Union Supplies Fuel (c)	Customer Supplies Fuel (d)
<u>Rate T1 / Rate T2 / Rate T3 - At 100% Load Factor</u>					
Authorized Storage Overrun (\$ / GJ)					
1	Monthly Demand (1)	1.505	1.505	1.505	1.505
2	Annual Demand (line 1 x 12 months)	18.060	18.060	18.060	18.060
3	Daily Demand (line 2 / 365 days)	0.049	0.049	0.049	0.049
4	@ 100% Load Factor	0.049	0.049	0.049	0.049
5	Commodity Charge (2)	0.044	0.008	0.044	0.008
6	Total Storage Overrun (line 4 + line 5)	<u>0.093</u>	<u>0.057</u>	<u>0.093</u>	<u>0.057</u>
 <u>Rate T1 - At 100% Load Factor</u>					
Authorized Transportation Overrun (cents / m <sup>3</sup> )					
7	Monthly Demand (3)	35.4376	35.4376	35.4376	35.4376
8	Annual Demand (line 7 x 12 months)	425.2512	425.2512	425.2512	425.2512
9	Daily Demand (line 8 / 365 days)	1.1651	1.1651	1.1651	1.1651
10	@ 100% Load Factor	1.1651	1.1651	1.1651	1.1651
11	Commodity Charge (4)	3.5199	3.4708	0.2018	0.1527
12	Total Transportation Overrun (line 10 + line 11)	<u>4.6850</u>	<u>4.6359</u>	<u>1.3669</u>	<u>1.3178</u>
 <u>Rate T2 - At 100% Load Factor</u>					
Authorized Transportation Overrun (cents / m <sup>3</sup> )					
13	Monthly Demand (5)	26.4455	26.4455	26.4455	26.4455
14	Annual Demand (line 13 x 12 months)	317.3460	317.3460	317.3460	317.3460
15	Daily Demand (line 14 / 365 days)	0.8694	0.8694	0.8694	0.8694
16	@ 100% Load Factor	0.8694	0.8694	0.8694	0.8694
17	Commodity Charge (6)	3.4158	3.3702	0.0977	0.0521
18	Total Transportation Overrun (line 16 + line 17)	<u>4.2852</u>	<u>4.2396</u>	<u>0.9671</u>	<u>0.9215</u>
 <u>Rate T3 - At 100% Load Factor</u>					
Authorized Transportation Overrun (cents / m <sup>3</sup> )					
19	Monthly Demand (7)	16.7213	16.7213	16.7213	16.7213
20	Annual Demand (line 19 x 12 months)	200.6556	200.6556	200.6556	200.6556
21	Daily Demand (line 20 / 365 days)	0.5497	0.5497	0.5497	0.5497
22	@ 100% Load Factor	0.5497	0.5497	0.5497	0.5497
23	Commodity Charge (8)	3.5132	3.4520	0.1951	0.1339
24	Total Transportation Overrun (line 22+ line 23)	<u>4.0629</u>	<u>4.0017</u>	<u>0.7448</u>	<u>0.6836</u>

Notes:

- (1) Appendix A, p.10.
- (2) Column (a) calculated as WACOG / Heat Value \* Overrun Fuel Ratio + Injection Commodity = \$161.100 / 10<sup>9</sup>m<sup>3</sup> / 38.81 GJ/10<sup>9</sup>m<sup>3</sup> \* 0.861% + \$0.008/GJ.
- (3) Appendix A, p.10.
- (4) Column (a) calculated as WACOG / 10 \* Transportation Fuel Ratio + Firm Commodity Transport + Customer-Related GHG Obligation = \$161.100 / 10<sup>9</sup>m<sup>3</sup> / 10 \* 0.305% + 0.1527 cents/m<sup>3</sup>. + 3.3181 cents/m<sup>3</sup>.
- (5) Appendix A, p.11.
- (6) Column (a) calculated as WACOG / 10 \* Transportation Fuel Ratio + Firm Commodity Transport + Customer-Related GHG Obligation = \$161.100 / 10<sup>9</sup>m<sup>3</sup> / 10 \* 0.283% + 0.0521 cents/m<sup>3</sup>. + 3.3181 cents/m<sup>3</sup>.
- (7) Appendix A, p.12.
- (8) Column (a) calculated as WACOG / 10 \* Transportation Fuel Ratio + Firm Commodity Transport + Customer-Related GHG Obligation = \$161.100 / 10<sup>9</sup>m<sup>3</sup> / 10 \* 0.380% + 0.1339 cents/m<sup>3</sup>. + 3.3181 cents/m<sup>3</sup>.
- (9) Rates including customer-related GHG obligation will be applied to customers for whom Union is required to fulfill cap-and-trade obligations.

UNION GAS LIMITED  
 Union South  
 Calculation of Union Supplied Fuel Rates for  
 In-Franchise Semi-Unbundled Rate T1, Rate T2 and Rate T3  
 Effective January 1, 2017

Line No.	Particulars	Including Customer-Related GHG Obligation (1)		Excluding Customer-Related GHG Obligation	
		Union	Customer	Union	Customer
		Supplies Fuel (a)	Supplies Fuel (b)	Supplies Fuel (c)	Supplies Fuel (d)
<u>Rate T1 Transportation Service (cents/m<sup>3</sup>)</u>					
1	Dawn Price as per EB-2016-0334	16.1100		16.1100	
2	2017 Fuel Ratio as per EB-2016-0334	0.305%		0.305%	
3	Fuel Rate (line 1 x line 2)	0.0491		0.0491	
4	Firm Transportation Commodity Charge	3.4708	3.4708	0.1527	0.1527
5	All Volumes	<u>3.5199</u>	<u>3.4708</u>	<u>0.2018</u>	<u>0.1527</u>
6	Interruptible Transportation Commodity Charge - Maximum	<u>8.9508</u>	<u>8.9017</u>	<u>5.6327</u>	<u>5.5836</u>
<u>Rate T2 Transportation Service (cents/m<sup>3</sup>)</u>					
7	Dawn Price as per EB-2016-0334	16.1100		16.1100	
8	2017 Fuel Ratio as per EB-2016-0334	0.283%		0.283%	
9	Fuel Rate (line 7 x line 8)	0.0456		0.0456	
10	Firm Transportation Commodity Charge	3.3702	3.3702	0.0521	0.0521
11	All Volumes	<u>3.4158</u>	<u>3.3702</u>	<u>0.0977</u>	<u>0.0521</u>
12	Interruptible Transportation Commodity Charge - Maximum	<u>8.9508</u>	<u>8.9052</u>	<u>5.6327</u>	<u>5.5871</u>
<u>Rate T3 Transportation Service (cents/m<sup>3</sup>)</u>					
13	Dawn Price as per EB-2016-0334	16.1100		16.1100	
14	2017 Fuel Ratio as per EB-2016-0334	0.380%		0.380%	
15	Fuel Rate (line 13 x line 14)	0.0612		0.0612	
16	Firm Transportation Commodity Charge	3.4520	3.4520	0.1339	0.1339
17	All Volumes	<u>3.5132</u>	<u>3.4520</u>	<u>0.1951</u>	<u>0.1339</u>
<u>Rate T1, Rate T2 &amp; Rate T3 Storage Service (\$/GJ)</u>					
18	Dawn Price as per EB-2016-0334	4.151		4.151	
19	2017 Fuel Ratio as per EB-2016-0334	0.406%		0.406%	
20	Fuel Rate (line 18 x line 19)	0.017		0.017	
21	Storage Commodity Charge	0.008	0.008	0.008	0.008
22	All Volumes	<u>0.025</u>	<u>0.008</u>	<u>0.025</u>	<u>0.008</u>
<u>Rate T1, Rate T2 &amp; Rate T3 Annual Firm Injection/Withdrawal Right</u>					
				\$/ GJ (c)	
23	Customer provides deliverability Inventory Rate			1.186 (2)	
Inventory Carrying Costs					
24	Space			75,177,124 (3)	
25	Inventory Percentage			20%	
26	Inventory (line 24 x line 25)			<u>15,035,425</u>	
27	Dawn Price as per EB-2016-0334			4.151	
28	ICC %			8.2%	
29	Inventory Carrying Costs (line 26 * line 27 * line 28)			<u>5,099</u>	
30	Deliverability Demand Allocation Units			1,332,764 (4)	
31	Line 29 / line 30 x 1000 / 12			0.319	
32	Union provides deliverability Inventory as per EB-2016-0334 (line 23 + line 31)			<u>1.505</u>	

Notes:

- (1) Rates including customer-related GHG obligation will be applied to customers for whom Union is required to fulfill cap-and-trade obligations.
- (2) EB-2016-0245, Rate Order, Working Papers, Schedule 4, p.16, line 2, column (u).
- (3) EB-2011-0210, Rate Order, Working Papers, Schedule 19, p.2, line 8, column (b).
- (4) EB-2011-0210, Rate Order, Working Papers, Schedule 19, p.1, line 5, column (e).

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

Line No.	Particulars	Units	Year 2016				Year 2017
			Jan Q1 (a)	Apr Q2 (1) (b)	Jul Q3 (2) (c)	Oct Q4 (3) (d)	Jan Q1 (4) (e)
<b>Deferral Amounts for Recovery</b>							
Change in 12-month deferral account projection:							
1	12-month projection from current QRAM application	(\$000's)	4,271	11,603	22,583	29,934	-
2	Union North Adjustment (5)	(\$000's)		13,277	22,720	27,262	-
3	Total projection from current QRAM application (Line 1 - Line 2)	(\$000's)	4,271	(1,673)	(137)	2,672	-
4	<u>Less: 12 month projection from previous QRAM application (7)</u>	(\$000's)	<u>(0)</u>	<u>4,271</u>	<u>(1,673)</u>	<u>(137)</u>	<u>2,672</u>
5	Change (Line 3 - Line 4)	(\$000's)	4,271	(5,944)	1,537	2,809	(2,672)
Previous Quarter: True-up of deferral balances							
6	Actual deferral balances	(\$000's)	(2,990)	(5,622)	(5,981)	(8,762)	(1,246)
7	Current projected deferral amounts	(\$000's)	(2,589)	(4,194)	(8,258)	155	981
8	<u>Less: Previous projection included in recovery</u>	(\$000's)	<u>(1,536)</u>	<u>(2,589)</u>	<u>(4,194)</u>	<u>(8,258)</u>	<u>155</u>
9	Variance (Line 6 + Line 7 - Line 8)	(\$000's)	(4,043)	(7,227)	(10,045)	(349)	(420)
10	Total Deferral Amounts for Recovery (Line 5 + Line 9)	(\$000's)	227.50	(13,171)	(8,509)	2,460	(3,092)
<b>Previous Quarter: True-up of Prospective Recovery Amounts</b>							
Variance between projected and actual prospective recovery for month(s) with actual data since previous QRAM application:							
11	Forecast prospective recovery amount	(\$000's)	(1,129)	(5,242)	(8,096)	(3,117)	(1,846)
12	<u>Less: Actual prospective recovery amount</u>	(\$000's)	<u>(1,027)</u>	<u>(4,540)</u>	<u>(7,996)</u>	<u>(3,122)</u>	<u>(1,464)</u>
13	Variance (Line 11 - Line 12)	(\$000's)	(102)	(702)	(99)	5	(382)
14	Gas Cost Deferral One-Time Adjustment (6)		-	(414)	-	-	-
15	Total Amount for Prospective Recovery (Line 10 + Line 13 + line 14)	(\$000's)	126	(14,287)	(8,608)	2,464	(3,474)
16	Forecast - 12 month Union North volume	(10 <sup>3</sup> m <sup>3</sup> )	1,091,180	1,093,603	1,073,443	1,075,815	1,078,555
17	Unit Rate	(cents/m <sup>3</sup> )	0.0115	(1.3064)	(0.8019)	0.2291	(0.3221)
<b>Summary of Unit Rates</b>							
18	Unit Rate Q1 Expiring rider replaced by new rider	(cents/m <sup>3</sup> )	0.0115	0.0115	0.0115	0.0115	(0.3221)
19	Unit Rate Q2	(cents/m <sup>3</sup> )	(1.1102)	(1.3064)	(1.3064)	(1.3064)	(1.3064)
20	Unit Rate Q3	(cents/m <sup>3</sup> )	(0.4464)	(0.4464)	(0.8019)	(0.8019)	(0.8019)
21	Unit Rate Q4	(cents/m <sup>3</sup> )	(0.1895)	(0.1895)	(0.1895)	0.2291	0.2291
22	<b>Total Unit Rate - Prospective Recovery</b>	(cents/m <sup>3</sup> )	<b>(1.7346)</b>	<b>(1.9308)</b>	<b>(2.2863)</b>	<b>(1.8677)</b>	<b>(2.2013)</b>

Notes:

- (1) EB-2016-0040, Tab 2, Schedule 2, Column (a).
- (2) EB-2016-0181, Tab 2, Schedule 2, Column (a).
- (3) EB-2016-0247, Tab 2, Schedule 2, Column (a).
- (4) Tab 2, Schedule 4, p. 1, Column (a).
- (5) Prior periods Union North forecast variances for the period beginning January 1, 2017.
- (6) EB-2016-0040, Working Paper, Schedule 5.
- (7) Excludes North forecast variances for the period beginning January 1, 2017.

UNION GAS LIMITED  
Union North West Purchase Gas Variance Account (Deferral Account 179-147)  
Derivation of Amounts and Unit Rates for Prospective Recovery

Line No.	Particulars	Units	Year 2017	
			Jan	Q1 (1)
			(a)	
<b><u>Deferral Amounts for Recovery</u></b>				
Change in 12-month deferral account projection:				
1	12-month projection from current QRAM application	(\$000's)		(0)
2	Less: 12-month projection from previous QRAM application	(\$000's)		
3	Change (Line 1 - Line 2)	(\$000's)		(0)
Previous Quarter: True-up of deferral balances				
4	Actual deferral balances	(\$000's)	-	
5	Current projected deferral amounts	(\$000's)	-	
6	Less: Previous projection included in recovery	(\$000's)	-	
7	Variance (Line 4 + Line 5 - Line 6)	(\$000's)	-	
8	Total Deferral Amounts for Recovery (Line 3 + Line 7)	(\$000's)		(0)
<b><u>Previous Quarter: True-up of Prospective Recovery Amounts</u></b>				
Variance between projected and actual prospective recovery for month(s) with actual data since previous QRAM application:				
9	Forecast prospective recovery amount	(\$000's)	-	
10	Less: Actual prospective recovery amount	(\$000's)	-	
11	Variance (Line 9 - Line 10)	(\$000's)	-	
12	Total Amount for Prospective Recovery (Line 8 + Line 11)	(\$000's)		(0)
13	Forecast - 12 month Union North West sales service volume	(10 <sup>3</sup> m <sup>3</sup> )	306,630	
14	Unit Rate	(cents/m <sup>3</sup> )		-
<b><u>Summary of Unit Rates</u></b>				
15	Unit Rate Q1	(cents/m <sup>3</sup> )		-
16	Unit Rate Q2	(cents/m <sup>3</sup> )		-
17	Unit Rate Q3	(cents/m <sup>3</sup> )		-
18	Unit Rate Q4	(cents/m <sup>3</sup> )		-
19	<b>Total Unit Rate - Prospective Recovery</b>	(cents/m <sup>3</sup> )		-

Notes:

(1) Tab 2, Schedule 4, p. 1, Column (b).



UNION GAS LIMITED  
Union North East Purchase Gas Variance Account (Deferral Account 179-148)  
Derivation of Amounts and Unit Rates for Prospective Recovery

Line No.	Particulars	Units	Year 2017
			Jan Q1 (1) (a)
	<b><u>Deferral Amounts for Recovery</u></b>		
	Change in 12-month deferral account projection:		
1	12-month projection from current QRAM application	(\$000's)	(3,751)
2	Less: 12-month projection from previous QRAM application	(\$000's)	
3	Change (Line 1 - Line 2)	(\$000's)	(3,751)
	Previous Quarter: True-up of deferral balances		
4	Actual deferral balances	(\$000's)	-
5	Current projected deferral amounts	(\$000's)	-
6	Less: Previous projection included in recovery	(\$000's)	-
7	Variance (Line 4 + Line 5 - Line 6)	(\$000's)	-
8	Total Deferral Amounts for Recovery (Line 3 + Line 7)	(\$000's)	(3,751)
	<b><u>Previous Quarter: True-up of Prospective Recovery Amounts</u></b>		
	Variance between projected and actual prospective recovery for month(s) with actual data since previous QRAM application:		
9	Forecast prospective recovery amount	(\$000's)	-
10	Less: Actual prospective recovery amount	(\$000's)	-
11	Variance (Line 9 - Line 10)	(\$000's)	-
12	Total Amount for Prospective Recovery (Line 8 + Line 11)	(\$000's)	(3,751)
13	Forecast - 12 month Union North East sales service volume	(10 <sup>3</sup> m <sup>3</sup> )	771,926
14	Unit Rate	(cents/m <sup>3</sup> )	<u>(0.4859)</u>
	<b><u>Summary of Unit Rates</u></b>		
15	Unit Rate Q1	(cents/m <sup>3</sup> )	(0.4859)
16	Unit Rate Q2	(cents/m <sup>3</sup> )	-
17	Unit Rate Q3	(cents/m <sup>3</sup> )	-
18	Unit Rate Q4	(cents/m <sup>3</sup> )	-
19	<b>Total Unit Rate - Prospective Recovery</b>	(cents/m <sup>3</sup> )	<b>(0.4859)</b>

Notes:

(1) Tab 2, Schedule 4, p. 1, Column (c).

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 2016				Year 2017
			Jan Q1 (a)	Apr Q2 (1) (b)	Jul Q3 (2) (c)	Oct Q4 (3) (d)	Jan Q1 (4) (e)
<b>Deferral Amounts for Recovery</b>							
Change in 12-month deferral account projection:							
1	12-month projection from current QRAM application	(\$000's)	711	(9,656)	(19,848)	(27,185)	-
2	Union North Adjustment (5)	(\$000's)	-	(8,407)	(16,753)	(25,133)	-
3	Total projection from current QRAM application (Line 1 - Line 2)	(\$000's)	711	(1,249)	(3,096)	(2,052)	-
4	<u>Less: 12 month projection from previous QRAM application (7)</u>	(\$000's)	7,238	711	(1,249)	(3,096)	(2,052)
5	Change (Line 3 - Line 4)	(\$000's)	(6,527)	(1,960)	(1,847)	1,044	2,052
Previous Quarter: True-up of deferral balances							
6	Actual deferral balances	(\$000's)	264	1,176	2,140	1,921	1,425
7	Current projected deferral amounts	(\$000's)	1,417	1,583	1,911	1,698	(2,535)
8	<u>Less: Previous projection included in recovery</u>	(\$000's)	423	1,417	1,583	1,911	1,698
9	Variance (Line 6 + Line 7 - Line 8)	(\$000's)	1,258	1,342	2,468	1,708	(2,808)
10	Total Deferral Amounts for Recovery (Line 5 + Line 9)	(\$000's)	(5,269)	(618)	621	2,751	(756)
<b>Previous Quarter: True-up of Prospective Recovery Amounts</b>							
Variance between projected and actual prospective recovery for month(s) with actual data since previous QRAM application:							
11	Forecast prospective recovery amount	(\$000's)	1,171	3,254	492	(964)	(502)
12	<u>Less: Actual prospective recovery amount</u>	(\$000's)	1,043	2,687	530	(1,102)	(403)
13	Variance (Line 11 - Line 12)	(\$000's)	128	567	(37)	138	(99)
14	Gas Cost Deferral One-Time Adjustment (6)		-	10	-	-	-
15	Total Amount for Prospective Recovery (Line 10 + Line 13 + line 14)	(\$000's)	(5,140)	(41)	584	2,890	(856)
16	Forecast - 12 month Union North sales service and bundled DP volume	(10 <sup>3</sup> m <sup>3</sup> )	1,463,584	1,465,330	1,435,528	1,438,097	1,440,001
17	Unit Rate	(cents/m <sup>3</sup> )	<u>(0.3512)</u>	<u>(0.0028)</u>	<u>0.0407</u>	<u>0.2009</u>	<u>(0.0594)</u>
<b>Summary of Unit Rates</b>							
18	Unit Rate Q1 Expiring rider replaced by new rider	(cents/m <sup>3</sup> )	(0.3512)	(0.3512)	(0.3512)	(0.3512)	(0.0594)
19	Unit Rate Q2	(cents/m <sup>3</sup> )	0.4981	(0.0028)	(0.0028)	(0.0028)	(0.0028)
20	Unit Rate Q3	(cents/m <sup>3</sup> )	0.0442	0.0442	0.0407	0.0407	0.0407
21	Unit Rate Q4	(cents/m <sup>3</sup> )	<u>(0.0997)</u>	<u>(0.0997)</u>	<u>(0.0997)</u>	<u>0.2009</u>	<u>0.2009</u>
22	<b>Total Unit Rate - Prospective Recovery</b>	(cents/m <sup>3</sup> )	<b>0.0915</b>	<b>(0.4095)</b>	<b>(0.4130)</b>	<b>(0.1124)</b>	<b>0.1794</b>

Notes:

- (1) EB-2016-0040, Tab 2, Schedule 2, Column (b).
- (2) EB-2016-0181, Tab 2, Schedule 2, Column (b).
- (3) EB-2016-0247, Tab 2, Schedule 2, Column (b).
- (4) Tab 2, Schedule 4, p. 1, Column (d).
- (5) Union North forecast variances for the period beginning January 1, 2017.
- (6) EB-2016-0040, Working Paper, Schedule 5.
- (7) Excludes North forecast variances for the period beginning January 1, 2017.

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 2016				Year 2017
			Jan Q1 (a)	Apr Q2 (1) (b)	Jul Q3 (2) (c)	Oct Q4 (3) (d)	Jan Q1 (4) (e)
<b>Deferral Amounts for Recovery</b>							
Change in 12-month deferral account projection:							
1	12-month projection from current QRAM application	(\$000's)	(8)	18	(35)	214	-
2	Union North Adjustment (5)	(\$000's)	-	158	193	216	-
3	Total projection from current QRAM application (Line 1 - Line 2)	(\$000's)	(8)	(140)	(228)	(2)	-
4	<u>Less: 12 month projection from previous QRAM application (7)</u>	(\$000's)	69	(8)	(140)	(228)	(2)
5	Change (Line 3 - Line 4)	(\$000's)	(77)	(132)	(88)	226	2
Previous Quarter: True-up of deferral balances							
6	Actual deferral balances	(\$000's)	(82)	193	(130)	(390)	207
7	Current projected deferral amounts	(\$000's)	(88)	(59)	(399)	77	(505)
8	<u>Less: Previous projection included in recovery</u>	(\$000's)	(31)	(88)	(59)	(399)	77
9	Variance (Line 6 + Line 7 - Line 8)	(\$000's)	(138)	222	(471)	86	(375)
10	Total Deferral Amounts for Recovery (Line 5 + Line 9)	(\$000's)	(216)	90	(559)	312	(373)
<b>Previous Quarter: True-up of Prospective Recovery Amounts</b>							
Variance between projected and actual prospective recovery for month(s) with actual data since previous QRAM application:							
11	Forecast prospective recovery amount	(\$000's)	121	(7)	(231)	(32)	(48)
12	<u>Less: Actual prospective recovery amount</u>	(\$000's)	108	(10)	(224)	(31)	(39)
13	Variance (Line 11 - Line 12)	(\$000's)	13	3	(7)	(2)	(9)
14	Gas Cost Deferral One-Time Adjustment (6)		0	22	0	0	-
15	Total Amount for Prospective Recovery (Line 10 + Line 13 + line 14)	(\$000's)	(203)	116	(566)	310	(382)
16	Forecast - 12 month Union North sales service volume	(10 <sup>3</sup> m <sup>3</sup> )	1,091,180	1,093,603	1,073,443	1,075,815	1,078,555
17	Unit Rate	(cents/m <sup>3</sup> )	<u>(0.0186)</u>	<u>0.0106</u>	<u>(0.0527)</u>	<u>0.0288</u>	<u>(0.0355)</u>
<b>Summary of Unit Rates</b>							
18	Unit Rate Q1 Expiring rider replaced by new rider	(cents/m <sup>3</sup> )	(0.0186)	(0.0186)	(0.0186)	(0.0186)	(0.0355)
19	Unit Rate Q2	(cents/m <sup>3</sup> )	(0.0170)	0.0106	0.0106	0.0106	0.0106
20	Unit Rate Q3	(cents/m <sup>3</sup> )	(0.0136)	(0.0136)	(0.0527)	(0.0527)	(0.0527)
21	Unit Rate Q4	(cents/m <sup>3</sup> )	0.0010	0.0010	0.0010	0.0288	0.0288
22	<b>Total Unit Rate - Prospective Recovery</b>	(cents/m <sup>3</sup> )	<b>(0.0482)</b>	<b>(0.0206)</b>	<b>(0.0597)</b>	<b>(0.0319)</b>	<b>(0.0488)</b>

Notes:

- (1) EB-2016-0040, Tab 2, Schedule 2, Column (c).
- (2) EB-2016-0181, Tab 2, Schedule 2, Column (c).
- (3) EB-2016-0247, Tab 2, Schedule 2, Column (c).
- (4) Tab 2, Schedule 4, p. 1, Column (e).
- (5) Union North forecast variances for the period beginning January 1, 2017.
- (6) EB-2016-0040, Working Paper, Schedule 5.
- (7) Excludes North forecast variances for the period beginning January 1, 2017.

UNION GAS LIMITED  
Transportation Tolls & Fuel - Union North West Operations Area (Deferral Account 179-145)  
Derivation of Amounts and Unit Rates for Prospective Recovery

Line No.	Particulars	Units	Year 2017	
			Jan	Q1 (1)
			(a)	
<b><u>Deferral Amounts for Recovery</u></b>				
Change in 12-month deferral account projection:				
1	12-month projection from current QRAM application	(\$000's)		(82)
2	Less: 12-month projection from previous QRAM application	(\$000's)		-
3	Change (Line 1 - Line 2)	(\$000's)		(82)
Previous Quarter: True-up of deferral balances				
4	Actual deferral balances	(\$000's)		-
5	Current projected deferral amounts	(\$000's)		-
6	Less: Previous projection included in recovery	(\$000's)		-
7	Variance (Line 4 + Line 5 - Line 6)	(\$000's)		-
8	Total Deferral Amounts for Recovery (Line 3 + Line 7)	(\$000's)		(82)
<b><u>Previous Quarter: True-up of Prospective Recovery Amounts</u></b>				
Variance between projected and actual prospective recovery for month(s) with actual data since previous QRAM application:				
9	Forecast prospective recovery amount	(\$000's)		-
10	Less: Actual prospective recovery amount	(\$000's)		-
11	Variance (Line 9 - Line 10)	(\$000's)		-
12	Total Amount for Prospective Recovery (Line 8 + Line 11)	(\$000's)		(82)
13	Forecast - 12 month Union North West sales service and bundled DP volume	(10 <sup>3</sup> m <sup>3</sup> )		397,315
14	Unit Rate	(cents/m <sup>3</sup> )		<u>(0.0207)</u>
<b><u>Summary of Unit Rates</u></b>				
15	Unit Rate Q1	(cents/m <sup>3</sup> )		(0.0207)
16	Unit Rate Q2	(cents/m <sup>3</sup> )		-
17	Unit Rate Q3	(cents/m <sup>3</sup> )		-
18	Unit Rate Q4	(cents/m <sup>3</sup> )		-
19	<b>Total Unit Rate - Prospective Recovery</b>	(cents/m <sup>3</sup> )		<b><u>(0.0207)</u></b>

Notes:

(1) Tab 2, Schedule 4, p. 1, Column (f).

UNION GAS LIMITED  
Transportation Tolls & Fuel - Union North East Operations Area (Deferral Account 179-146)  
Derivation of Amounts and Unit Rates for Prospective Recovery

Line No.	Particulars	Units	Year 2017	
			Jan	Q1 (1)
			(a)	
	<b><u>Deferral Amounts for Recovery</u></b>			
	Change in 12-month deferral account projection:			
1	12-month projection from current QRAM application	(\$000's)		(157)
2	Less: 12-month projection from previous QRAM application	(\$000's)		
3	Change (Line 1 - Line 2)	(\$000's)		(157)
	Previous Quarter: True-up of deferral balances			
4	Actual deferral balances	(\$000's)	-	
5	Current projected deferral amounts	(\$000's)	-	
6	Less: Previous projection included in recovery	(\$000's)		
7	Variance (Line 4 + Line 5 - Line 6)	(\$000's)		-
8	Total Deferral Amounts for Recovery (Line 3 + Line 7)	(\$000's)		(157)
	<b><u>Previous Quarter: True-up of Prospective Recovery Amounts</u></b>			
	Variance between projected and actual prospective recovery for month(s) with actual data since previous QRAM application:			
9	Forecast prospective recovery amount	(\$000's)	-	
10	Less: Actual prospective recovery amount	(\$000's)		
11	Variance (Line 9 - Line 10)	(\$000's)		-
12	Total Amount for Prospective Recovery (Line 8 + Line 11)	(\$000's)		(157)
13	Forecast - 12 month Union North West sales service volume	(10 <sup>3</sup> m <sup>3</sup> )	1,042,686	
14	Unit Rate	(cents/m <sup>3</sup> )		(0.0150)
	<b><u>Summary of Unit Rates</u></b>			
15	Unit Rate Q1	(cents/m <sup>3</sup> )		(0.0150)
16	Unit Rate Q2	(cents/m <sup>3</sup> )		-
17	Unit Rate Q3	(cents/m <sup>3</sup> )		-
18	Unit Rate Q4	(cents/m <sup>3</sup> )		-
19	<b>Total Unit Rate - Prospective Recovery</b>	(cents/m <sup>3</sup> )		<b>(0.0150)</b>

Notes:

(1) Tab 2, Schedule 4, p. 1, Column (g).

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

Line No.	Particulars	Units	Year 2016				Year 2017
			Jan Q1 (a)	Apr Q2 (1) (b)	Jul Q3 (2) (c)	Oct Q4 (3) (d)	Jan Q1 (4) (e)
<b>Deferral Amounts for Recovery</b>							
Change in 12-month deferral account projection:							
1	12-month projection from current QRAM application	(\$000's)	-	-	-	-	12,553
2	Union North Adjustment (5)	(\$000's)	-	-	-	-	-
3	Total projection from current QRAM application (Line 1 - Line 2)	(\$000's)	-	-	-	-	12,553
4	<u>Less: 12 month projection from previous QRAM application (7)</u>	(\$000's)	-	-	-	-	-
5	Change (Line 3 - Line 4)	(\$000's)	-	-	-	-	12,553
Previous Quarter: True-up of deferral balances							
6	Actual deferral balances	(\$000's)	1,225	(14,537)	(5,137)	(8,780)	2,752
7	Current projected deferral amounts	(\$000's)	(14,132)	(6,076)	(11,844)	4,105	5,394
8	<u>Less: Previous projection included in recovery</u>	(\$000's)	6,737	(14,132)	(6,076)	(11,844)	4,105
9	Variance (Line 6 + Line 7 - Line 8)	(\$000's)	(19,644)	(6,481)	(10,905)	7,169	4,040
10	Total Deferral Amounts for Recovery (Line 5 + Line 9)	(\$000's)	(19,644)	(6,481)	(10,905)	7,169	16,594
<b>Previous Quarter: True-up of Prospective Recovery Amounts</b>							
Variance between projected and actual prospective recovery for month(s) with actual data since previous QRAM application:							
11	Forecast prospective recovery amount	(\$000's)	(4,910)	(14,816)	(32,759)	(6,082)	(2,929)
12	<u>Less: Actual prospective recovery amount</u>	(\$000's)	(4,991)	(12,011)	(29,574)	(6,491)	(2,529)
13	Variance (Line 11 - Line 12)	(\$000's)	81	(2,806)	(3,185)	409	(400)
14	Gas Cost Deferral One-Time Adjustment (6)		-	(2,161)	-	-	-
15	Total Amount for Prospective Recovery (Line 10 + Line 13 + line 14)	(\$000's)	(19,563)	(11,447)	(14,090)	7,578	16,194
16	Forecast - 12 month Union South sales service volume	(10 <sup>3</sup> m <sup>3</sup> )	3,407,134	3,400,480	3,411,893	3,414,804	3,415,230
17	Unit Rate	(cents/m <sup>3</sup> )	<u>(0.5742)</u>	<u>(0.3366)</u>	<u>(0.4130)</u>	<u>0.2219</u>	<u>0.4742</u>
<b>Summary of Unit Rates</b>							
18	Unit Rate Q1 Expiring rider replaced by new rider	(cents/m <sup>3</sup> )	(0.5742)	(0.5742)	(0.5742)	(0.5742)	0.4742
19	Unit Rate Q2	(cents/m <sup>3</sup> )	(1.2456)	(0.3366)	(0.3366)	(0.3366)	(0.3366)
20	Unit Rate Q3	(cents/m <sup>3</sup> )	(0.5566)	(0.5566)	(0.4130)	(0.4130)	(0.4130)
21	Unit Rate Q4	(cents/m <sup>3</sup> )	0.2761	0.2761	0.2761	0.2219	0.2219
22	<b>Total Unit Rate - Prospective Recovery</b>	(cents/m <sup>3</sup> )	<b>(2.1004)</b>	<b>(1.1913)</b>	<b>(1.0477)</b>	<b>(1.1019)</b>	<b>(0.0535)</b>

**Notes:**

- (1) EB-2016-0040, Tab 2, Schedule 2, Column (d).
- (2) EB-2016-0181, Tab 2, Schedule 2, Column (d).
- (3) EB-2016-0247, Tab 2, Schedule 2, Column (d).
- (4) Tab 2, Schedule 4, p. 2, Column (h)
- (5) Union North forecast variances for the period beginning January 1, 2017.
- (6) EB-2016-0040, Working Paper, Schedule 5.
- (7) Excludes North forecast variances for the period beginning January 1, 2017.

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

Line No.	Particulars	Units	Year 2016				Year 2017
			Jan Q1 (a)	Apr Q2 (1) (b)	Jul Q3 (2) (c)	Oct Q4 (3) (d)	Jan Q1 (4) (e)
<b><u>Deferral Amounts for Recovery</u></b>							
Change in 12-month deferral account projection:							
1	12-month projection from current QRAM application	(\$000's)	20,055	6,626	(5,465)	(19,158)	36,379
2	Union North Adjustment (5)	(\$000's)		-	-	-	-
3	Total projection from current QRAM application (Line 1 - Line 2)	(\$000's)	20,055	6,626	(5,465)	(19,158)	36,379
4	<u>Less: 12 month projection from previous QRAM application (7)</u>	(\$000's)	370	20,055	6,626	(5,465)	(19,158)
5	Change (Line 3 - Line 4)	(\$000's)	19,685	(13,429)	(12,091)	(13,693)	55,537
Previous Quarter: True-up of deferral balances							
6	Actual deferral balances	(\$000's)	644	25,044	8,154	(4,317)	(20,615)
7	Current projected deferral amounts	(\$000's)	6	9	32	37	26
8	<u>Less: Previous projection included in recovery</u>	(\$000's)	15	6	9	32	37
9	Variance (Line 6 + Line 7 - Line 8)	(\$000's)	635	25,047	8,177	(4,312)	(20,626)
10	Total Deferral Amounts for Recovery (Line 5 + Line 9)	(\$000's)	20,319	11,618	(3,914)	(18,004)	34,910
<b><u>Previous Quarter: True-up of Prospective Recovery Amounts</u></b>							
Variance between projected and actual prospective recovery for month(s) with actual data since previous QRAM application:							
11	Forecast prospective recovery amount	(\$000's)	1,151	4,223	11,706	3,044	2,199
12	<u>Less: Actual prospective recovery amount</u>	(\$000's)	922	4,419	11,018	2,958	1,728
13	Variance (Line 11 - Line 12)	(\$000's)	229	(196)	689	86	471
14	Gas Cost Deferral One-Time Adjustment (6)		0	(527)	-	-	-
15	Total Amount for Prospective Recovery (Line 10 + Line 13 + line 14)	(\$000's)	20,548	10,894	(3,225)	(17,918)	35,381
16	Forecast - 12 month sales service volume	(10 <sup>3</sup> m <sup>3</sup> )	4,498,314	4,494,082	4,485,336	4,490,619	4,493,785
17	Unit Rate	(cents/m <sup>3</sup> )	0.4568	0.2424	(0.0719)	(0.3990)	0.7873
<b><u>Summary of Unit Rates</u></b>							
18	Unit Rate Q1 Expiring rider replaced by new rider	(cents/m <sup>3</sup> )	0.4568	0.4568	0.4568	0.4568	0.7873
19	Unit Rate Q2	(cents/m <sup>3</sup> )	0.1596	0.2424	0.2424	0.2424	0.2424
20	Unit Rate Q3	(cents/m <sup>3</sup> )	0.0959	0.0959	(0.0719)	(0.0719)	(0.0719)
21	Unit Rate Q4	(cents/m <sup>3</sup> )	(0.0216)	(0.0216)	(0.0216)	(0.3990)	(0.3990)
22	<b>Total Unit Rate - Prospective Recovery</b>	(cents/m <sup>3</sup> )	<b>0.6907</b>	<b>0.7735</b>	<b>0.6057</b>	<b>0.2283</b>	<b>0.5588</b>

**Notes:**

- (1) EB-2016-0040, Tab 2, Schedule 2, Column (e).
- (2) EB-2016-0181, Tab 2, Schedule 2, Column (e).
- (3) EB-2016-0247, Tab 2, Schedule 2, Column (e).
- (4) Tab 2, Schedule 4, p. 2, Column (i).
- (5) Union North forecast variances for the period beginning January 1, 2017.
- (6) EB-2016-0040, Working Paper, Schedule 5.
- (7) Excludes North forecast variances for the period beginning January 1, 2017.

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

Line No.	Particulars	Units	Year 2016				Year 2017
			Jan Q1 (a)	Apr Q2 (1) (b)	Jul Q3 (2) (c)	Oct Q4 (3) (d)	Jan Q1 (4) (e)
<u>Deferral Amounts for Recovery</u>							
Change in 12-month deferral account projection:							
1	12-month projection from current QRAM application	(\$000s)	-	-	-	-	-
2	Less: 12-month projection from previous QRAM application	(\$000s)	-	-	-	-	-
3	Change (Line 1 - Line 2)	(\$000s)	-	-	-	-	-
Previous Quarter: True-up of deferral balances							
4	Actual deferral balances	(\$000s)	(1)	(1)	(1)	(0)	(0)
5	Current projected deferral amounts	(\$000s)	(1)	(1)	(0)	(0)	(0)
6	Less: Previous projection included in recovery	(\$000s)	-	(1)	(1)	(0)	(0)
7	Variance (Line 4 + Line 5 - Line 6)	(\$000s)	(2)	(1)	(0)	(0)	0
8	Total Deferral Amounts for Recovery (Line 3 + Line 7)	(\$000s)	(2)	(1)	(0)	(0)	0
<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:							
9	Forecast prospective recovery amount	(\$000s)	(43)	(222)	(369)	(103)	(3)
10	Less: Actual prospective recovery amount	(\$000s)	(48)	(186)	(350)	(109)	(2)
11	Variance (Line 9 - Line 10)	(\$000s)	4	(37)	(19)	6	(1)
12	Total Amount for Prospective Recovery (Line 8 + Line 11+ Line 12)	(\$000s)	2	(37)	(19)	6	(1)
13	Forecast - 12-month volume	(10 <sup>3</sup> m <sup>3</sup> )	1,004,195	1,006,814	972,383	973,380	976,292
14	Unit Rate	(cents/m <sup>3</sup> )	<u>0.0002</u>	<u>(0.0037)</u>	<u>(0.0019)</u>	<u>0.0006</u>	<u>(0.0001)</u>
<u>Summary of Unit Rates</u>							
15	Unit Rate Q1 Expiring rider replaced by new rider	(cents/m <sup>3</sup> )	0.0002	0.0002	0.0002	0.0002	(0.0001)
16	Unit Rate Q2	(cents/m <sup>3</sup> )	(0.0095)	(0.0037)	(0.0037)	(0.0037)	(0.0037)
17	Unit Rate Q3	(cents/m <sup>3</sup> )	(0.0726)	(0.0726)	(0.0019)	(0.0019)	(0.0019)
18	Unit Rate Q4	(cents/m <sup>3</sup> )	<u>0.0012</u>	<u>0.0012</u>	<u>0.0012</u>	<u>0.0006</u>	<u>0.0006</u>
19	Total Unit Rate - Prospective Recovery	(cents/m <sup>3</sup> )	<u>(0.0807)</u>	<u>(0.0749)</u>	<u>(0.0042)</u>	<u>(0.0048)</u>	<u>(0.0051)</u>

Notes:

- (1) EB-2016-0040, Tab 2, Schedule 2, Column (e).
- (2) EB-2016-0181, Tab 2, Schedule 2, Column (e).
- (3) EB-2016-0247, Tab 2, Schedule 2, Column (e).
- (4) Tab 2, Schedule 4, p. 2, Column (j).



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

Line No.	Particulars	Units	Year 2016				Year 2017
			Jan	Apr	Jul	Oct	Jan
			Q1	Q2 (1)	Q3 (2)	Q4 (3)	Q1 (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	(\$000s)	-	-	-	-	-
2	Less: 12-month projection from previous QRAM application	(\$000s)	-	-	-	-	-
3	Change (Line 1 - Line 2)	(\$000s)	-	-	-	-	-
	Previous Quarter: True-up of deferral balances						
4	Actual deferral balances	(\$000s)	(0)	(0)	(0)	(0)	(0)
5	Current projected deferral amounts	(\$000s)	(0)	(0)	(0)	(0)	(0)
6	Less: Previous projection included in recovery	(\$000s)	-	(0)	(0)	(0)	(0)
7	Variance (Line 4 + Line 5 - Line 6)	(\$000s)	(1)	(0)	(0)	(0)	0
8	Total Deferral Amounts for Recovery (Line 3 + Line 7)	(\$000s)	(1)	(0)	(0)	(0)	0
	<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:						
9	Forecast prospective recovery amount	(\$000s)	(19)	(72)	(87)	(30)	2
10	Less: Actual prospective recovery amount	(\$000s)	(25)	(64)	(90)	(33)	3
11	Variance (Line 9 - Line 10)	(\$000s)	6	(9)	3	4	(0)
12	Total Amount for Prospective Recovery (Line 8 + Line 11+ Line 12)	(\$000s)	5	(9)	3	4	(0)
13	Forecast - 12-month volume	(10 <sup>3</sup> m <sup>3</sup> )	363,717	362,844	356,769	357,190	355,228
14	Unit Rate	(cents/m <sup>3</sup> )	0.0014	(0.0024)	0.0008	0.0010	(0.0001)
	<u>Summary of Unit Rates</u>						
15	Unit Rate Q1 Expiring rider replaced by new rider	(cents/m <sup>3</sup> )	0.0014	0.0014	0.0014	0.0014	(0.0001)
16	Unit Rate Q2	(cents/m <sup>3</sup> )	(0.0161)	(0.0024)	(0.0024)	(0.0024)	(0.0024)
17	Unit Rate Q3	(cents/m <sup>3</sup> )	(0.0571)	(0.0571)	0.0008	0.0008	0.0008
18	Unit Rate Q4	(cents/m <sup>3</sup> )	0.0071	0.0071	0.0071	0.0010	0.0010
19	Total Unit Rate - Prospective Recovery	(cents/m <sup>3</sup> )	(0.0647)	(0.0510)	0.0069	0.0008	(0.0007)

Notes:

- (1) EB-2016-0040, Tab 2, Schedule 2, Column (e).
- (2) EB-2016-0181, Tab 2, Schedule 2, Column (e).
- (3) EB-2016-0247, Tab 2, Schedule 2, Column (e).
- (4) Tab 2, Schedule 4, p. 2, Column (k).

UNION GAS LIMITED  
R20 - Load Balancing (Deferral Account 179-107)  
Derivation of Amounts and Unit Rates for Prospective Recovery

Line No.	Particulars	Units	Year 2016				Year 2017
			Jan Q1 (a)	Apr Q2 (1) (b)	Jul Q3 (2) (c)	Oct Q4 (3) (d)	Jan Q1 (4) (e)
<u>Deferral Amounts for Recovery</u>							
Change in 12-month deferral account projection:							
1	12-month projection from current QRAM application	(\$000s)	-	-	-	-	-
2	Less: 12-month projection from previous QRAM application	(\$000s)	-	-	-	-	-
3	Change (Line 1 - Line 2)	(\$000s)	-	-	-	-	-
Previous Quarter: True-up of deferral balances							
4	Actual deferral balances	(\$000s)	(0)	(0)	(0)	(0)	(0)
5	Current projected deferral amounts	(\$000s)	(0)	(0)	(0)	(0)	(0)
6	Less: Previous projection included in recovery	(\$000s)	-	(0)	(0)	(0)	(0)
7	Variance (Line 4 + Line 5 - Line 6)	(\$000s)	(0)	(0)	(0)	(0)	0
8	Total Deferral Amounts for Recovery (Line 3 + Line 7)	(\$000s)	(0)	(0)	(0)	(0)	0
<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:							
9	Forecast prospective recovery amount	(\$000s)	16	58	44	19	3
10	Less: Actual prospective recovery amount	(\$000s)	36	32	23	12	3
11	Variance (Line 9 - Line 10)	(\$000s)	(20)	25	22	7	1
12	Total Amount for Prospective Recovery (Line 8 + Line 11+ Line 12)	(\$000s)	(20)	25	22	7	1
13	Forecast - 12-month volume	(10 <sup>3</sup> m <sup>3</sup> )	95,672	95,672	106,375	107,526	108,481
14	Unit Rate	(cents/m <sup>3</sup> )	<u>(0.0213)</u>	<u>0.0263</u>	<u>0.0202</u>	<u>0.0066</u>	<u>0.0008</u>
<u>Summary of Unit Rates</u>							
15	Unit Rate Q1 Expiring rider replaced by new rider	(cents/m <sup>3</sup> )	(0.0213)	(0.0213)	(0.0213)	(0.0213)	0.0008
16	Unit Rate Q2	(cents/m <sup>3</sup> )	0.0813	0.0263	0.0263	0.0263	0.0263
17	Unit Rate Q3	(cents/m <sup>3</sup> )	0.0816	0.0816	0.0202	0.0202	0.0202
18	Unit Rate Q4	(cents/m <sup>3</sup> )	<u>(0.0079)</u>	<u>(0.0079)</u>	<u>(0.0079)</u>	<u>0.0066</u>	<u>0.0066</u>
19	Total Unit Rate - Prospective Recovery	(cents/m <sup>3</sup> )	0.1337	0.0787	0.0173	0.0318	0.0539

Notes:

- (1) EB-2016-0040, Tab 2, Schedule 2, Column (e).
- (2) EB-2016-0181, Tab 2, Schedule 2, Column (e).
- (3) EB-2016-0247, Tab 2, Schedule 2, Column (e).
- (4) Tab 2, Schedule 4, p. 2, Column (l).

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

Line No.	Particulars	Units	Year 2016				Year 2017
			Jan Q1	Apr Q2 (1)	Jul Q3 (2)	Oct Q4 (3)	Jan Q1 (4)
			(a)	(b)	(c)	(d)	(e)
<b>Deferral Amounts for Recovery</b>							
Change in 12-month deferral account projection:							
1	12-month projection from current QRAM application	(\$000's)	-	-	-	-	-
2	Union North Adjustment (5)	(\$000's)	-	-	-	-	-
3	Total projection from current QRAM application (Line 1 - Line 2)	(\$000's)	-	-	-	-	-
4	Less: 12 month projection from previous QRAM application (7)	(\$000's)	-	-	-	-	-
5	Change (Line 3 - Line 4)	(\$000's)	-	-	-	-	-
Previous Quarter: True-up of deferral balances							
6	Actual deferral balances	(\$000's)	(9)	(8)	(5)	(1)	(1)
7	Current projected deferral amounts	(\$000's)	(8)	(6)	(2)	(1)	(1)
8	Less: Previous projection included in recovery	(\$000's)	(11)	(8)	(6)	(2)	(1)
9	Variance (Line 6 + Line 7 - Line 8)	(\$000's)	(7)	(5)	(1)	0	(1)
10	Total Deferral Amounts for Recovery (Line 5 + Line 9)	(\$000's)	(7)	(5)	(1)	0	(1)
<b>Previous Quarter: True-up of Prospective Recovery Amounts</b>							
Variance between projected and actual prospective recovery for month(s) with actual data since previous QRAM application:							
11	Forecast prospective recovery amount	(\$000's)	(318)	(1,116)	(1,598)	(408)	(22)
12	Less: Actual prospective recovery amount	(\$000's)	(224)	(966)	(1,574)	(475)	(14)
13	Variance (Line 11 - Line 12)	(\$000's)	(94)	(150)	(24)	67	(8)
14	Gas Cost Deferral One-Time Adjustment (6)		-	0	-	-	-
15	Total Amount for Prospective Recovery (Line 10 + Line 13 + line 14)	(\$000's)	(100)	(154)	(25)	67	(8)
16	Forecast - 12 month Union North sales service volume	(10 <sup>3</sup> m <sup>3</sup> )	1,091,180	1,093,603	1,073,443	1,073,443	1,078,555
17	Unit Rate	(cents/m <sup>3</sup> )	(0.0092)	(0.0141)	(0.0024)	0.0063	(0.0008)
<b>Summary of Unit Rates</b>							
18	Unit Rate Q1 Expiring rider replaced by new rider	(cents/m <sup>3</sup> )	(0.0092)	(0.0092)	(0.0092)	(0.0092)	(0.0008)
19	Unit Rate Q2	(cents/m <sup>3</sup> )	(0.0852)	(0.0141)	(0.0141)	(0.0141)	(0.0141)
20	Unit Rate Q3	(cents/m <sup>3</sup> )	(0.2457)	(0.2457)	(0.0024)	(0.0024)	(0.0024)
21	Unit Rate Q4	(cents/m <sup>3</sup> )	(0.0015)	(0.0015)	(0.0015)	0.0063	0.0063
22	<b>Total Unit Rate - Prospective Recovery</b>	(cents/m <sup>3</sup> )	<b>(0.3416)</b>	<b>(0.2705)</b>	<b>(0.0272)</b>	<b>(0.0194)</b>	<b>(0.0110)</b>

Notes:

- (1) EB-2016-0040, Tab 2, Schedule 2, Column (g).
- (2) EB-2016-0181, Tab 2, Schedule 2, Column (g).
- (3) EB-2016-0247, Tab 2, Schedule 2, Column (g).
- (4) Tab 2, Schedule 4, p. 2, Column (m).
- (5) Union North forecast variances for the period beginning January 1, 2017.
- (6) EB-2016-0040, Working Paper, Schedule 5.
- (7) Excludes North forecast variances for the period beginning January 1, 2017.

UNION GAS LIMITED  
Load Balancing Costs

Line No.	Particulars (\$000s)	Load Balancing Current Allocator (PJ's) (a)	Load Balancing Costs (1) (b)	Load Balancing Revenue in Approved Rates (c)	Interest (d)	Subtotal (e) = (b+c+d)	Previous Projection in QRAM Rates (f)	Subtotal (g) = (e-f)	True-up of Prospective Recovery Amounts (h)	Net Balance (i) = (g+h)
<u>Union North - R01</u>										
1	July, 2016 *		-		(0)	(0)				
2	August *		-		(0)	(0)				
3	September *		-		(0)	(0)				
4	October, 2016		-		(0)	(0)				
5	November		-		(0)	(0)				
6	December		-		(0)	(0)				
	January 2017 - December 2016									
7	R01 - Total		-	-	(0)	(0)	(0)	0	(1)	(1)
<u>Union North - R10</u>										
8	July, 2016 *		-		(0)	(0)				
9	August *		-		(0)	(0)				
10	September *		-		(0)	(0)				
11	October, 2016		-		(0)	(0)				
12	November		-		(0)	(0)				
13	December		-		(0)	(0)				
	January 2017 - December 2016									
14	R10 - Total		-	-	(0)	(0)	(0)	0	(0)	(0)
<u>Union North - R20</u>										
15	July, 2016 *		-		(0)	(0)				
16	August *		-		(0)	(0)				
17	September *		-		(0)	(0)				
18	October, 2016		-		(0)	(0)				
19	November		-		(0)	(0)				
20	December		-		(0)	(0)				
	January 2017 - December 2016									
21	R20 - Total		-	-	(0)	(0)	(0)	0	1	1
<u>Union South</u>										
22	July, 2016 *		-		-	-				
23	August *		-		-	-				
24	September *		-		-	-				
25	October, 2016		-		-	-				
26	November		-		-	-				
27	December		-		-	-				
	January 2017 - December 2016									
28	South Total		-	-	-	-		-	-	-
29	Total		-	-	(0)	(0)	(0)	0	(0)	(0)

Notes:

(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.

\* Actuals