



REGULATORY
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Our matter #: 1062.002

January 29, 2015

VIA ELECTRONIC FILING

National Energy Board
517 10th Ave SW
Calgary, AB T2R 0A8

Attention: Sheri Young, Secretary of the Board

Dear Ms. Young,

**Re: National Energy Board Hearing Order RH-002-2014
File OF-TOLLS-GROUP1-A159-2014-01 01
Alliance Pipeline Ltd. as General Partner of Alliance Pipeline Limited Partnership
Application Pursuant to Part IV of the *National Energy Board Act* for Approval of
New Services and related Tolls and Tariffs for Services on the Alliance Pipeline
Alliance Canada Marketing Ltd. ("ACM") Evidence Submission**

Please find enclosed the evidence submission of ACM in the above noted matter.

Yours truly,

Original signed by

Rosa Twyman
Regulatory Law Chambers

c: Interested Parties to NEB Hearing Order RH-002-2014.

00062457.1

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

AND IN THE MATTER OF an Application pursuant to Part IV of the *National Energy Board Act* by Alliance Pipeline Ltd. as General Partner of Alliance Pipeline Limited Partnership for Approval of New Services and Related Tolls and Tariffs for Services on the Alliance Pipeline

NATIONAL ENERGY BOARD

HEARING ORDER RH-002-2014

FILE OF-TOLLS-GROUP1-A159-2014-01 01

**Alliance Pipelines Limited as General Partner of Alliance Pipeline Limited Partnership
New Services and Related Tolls and Tariffs**

EVIDENCE OF

ALLIANCE CANADA MARKETING LTD.

January 29, 2015

**National Energy Board
Hearing Order RH-002-2014**

Evidence of Alliance Canada Marketing Ltd.

TABLE OF CONTENTS

| | | |
|------|---|---|
| I. | Alliance Application for New Services Offering | 3 |
| II. | Alliance Canada Marketing Ltd..... | 4 |
| III. | Relocation Of Receipts under Existing Tariff..... | 5 |
| IV. | Relocation Of Receipts Under NSO..... | 6 |
| V. | PITS Not Associated with Diversions under the NSO | 7 |
| VI. | Conclusion | 7 |

LIST OF ATTACHMENTS

Attachment 1 – Transportation Tariff of Alliance Pipeline Limited Partnership Effective January 1, 2015

I. ALLIANCE APPLICATION FOR NEW SERVICES OFFERING

1. Alliance Pipeline Ltd., as General Partner of Alliance Pipeline Limited Partnership (“**Alliance**”) applied to the National Energy Board (the “**NEB**” or the “**Board**”) requesting the implementation of a new business model under which model Alliance applied to provide future users of the Alliance pipeline system (the “**Alliance Pipeline System**”) with a variety of service offerings and tolling options. Alliance refers to these service offerings and tolling options as the New Services Offering (“**NSO**”).¹
2. Alliance requested the following relief from the NEB as part of approval of its NSO (the “**NSO Application**”):²
 - (a) An order pursuant to Part IV and Section 60(1)(b) of the *National Energy Board Act*³ (the “**NEB Act**”) approving the tolls and tariffs for the NSO;
 - (b) Approval of the mechanisms for, and calculation of, the recoverable cost variances (“**RCV**”) demand surcharge and commodity surcharge and the pipeline abandonment demand surcharge and commodity surcharge, including the approval and operation of the requested deferral accounts for the RCV and for collection of Alliance's NEB approved annual collection of pipeline abandonment funds;
 - (c) Approval of a streamlined regulatory process for new services and new or revised tolling proposals;
 - (d) An order or orders for the conversion of the existing agreements for transportation service to continue under the NSO;
 - (e) Continued relief from the requirement to file with the Board quarterly surveillance reports and performance measures; and
 - (f) Such further and other relief as Alliance may request or as the Board may deem appropriate pursuant to Section 20 of the *NEB Act*.

¹ Ex. B1-2 Alliance Pipeline Ltd., as General Partner of Alliance Pipeline Limited Partnership [“**Alliance**”], Application for Approval of New Services and Related Tolls and Tariffs for Service on the Alliance Pipeline (May 22, 2014) [“**NSO Application**”], at para 3, pdf 7 of 41.

² Alliance, NSO Application, at para 108, pdf 40 of 41.

³ RSC 1985, c N-7.

3. Alliance has advised that it intends to terminate its existing tariff and service offerings⁴ (“**Existing Tariff**”) effective December 1, 2015 and replace the Existing Tariff with the General Terms and Conditions⁵ in the NSO (the “**NSO Terms and Conditions**”).⁶ The Existing Tariff is attached hereto as Attachment 1.

II. ALLIANCE CANADA MARKETING LTD.

4. Alliance Canada Marketing Ltd., as general partner of Alliance Canada Marketing L.P. (“**ACM**”), has existing Transportation Service Agreements (“**TSA**”) with Alliance for 2,158.6 10³m³/d (or 76.2 MMcf/d) of daily firm service on the Alliance Pipeline System (“**Current Capacity**”). This service is currently provided in accordance with and pursuant to Alliance Pipeline System’s Existing Tariff.
5. ACM has held this Current Capacity on the Alliance Pipeline System since its commercial operation began in December, 2000. ACM renewed its TSA for the Current Capacity beyond the proposed December 1, 2015 commencement date for the NSO.
6. It is ACM’s understanding that three shippers on the Alliance Pipeline System renewed their TSAs (the “**Legacy TSAs**”) beyond December 1, 2015. Those shippers are:
 - (a) ACM;
 - (b) Tidal Energy Marketing Inc. (“**Tidal**”); and
 - (c) BP Canada Energy Group ULC (“**BP Canada**”).

We herein refer to ACM, Tidal, and BP Canada collectively as the legacy TSA shippers (the “**Legacy TSA Shippers**”).

7. Alliance offered ACM conversion options for the Current Capacity of its Legacy TSA that is being provided under and in accordance with the Existing Tariff, whereby ACM can receive service under the NSO for a term that is equivalent to that previously renewed by

⁴ Transportation Tariff of Alliance Pipeline Limited Partnership Effective January 1, 2015 - Toll Schedule Firm Transportation Service [“**Existing Tariff**”] <url: <http://www.alliancepipeline.com/Business/Regulatory/Documents/Canadian%20Tariff%20Effective%20January%201%2c%202015.pdf>>.

⁵ Ex. B1-17 Alliance, NSO Application, Attachment 4(A) – General Terms and Conditions and Services Agreements [“**Attachment 4(A) – Terms and Conditions**”].

⁶ Alliance, NSO Application, at para 37, pdf 16 of 41.

ACM under the TSA.⁷ Alliance intends to convert⁸ services under Legacy TSAs, which are being provided under and in accordance with the Existing Tariff, to firm full path service (“**FFPS**”) contracts.⁹

8. ACM’s evidence herein sets out its understanding of certain differences between the terms of service under the Existing Tariff enjoyed by Legacy TSA Shippers, compared to the terms of service the Legacy TSA Shippers would enjoy under the NSO should their Legacy TSAs convert or be converted to FFPS contracts.

III. RELOCATION OF RECEIPTS UNDER EXISTING TARIFF

9. Under Alliance’s Existing Tariff, Legacy TSA Shippers are allowed to change their receipt points.¹⁰ Specifically, Article 6 of the Existing Tariff governs the Primary Receipt Point Designation (“**PRPD**”) process that allows Legacy TSA Shippers to modify receipt point capacity, and obligates Alliance¹¹ to make all reasonable efforts to give effect to such transfers.
10. Under Alliance’s Existing Tariff, Authorized Overrun Service¹² (“**AOS**”) is provided to Legacy TSA Shippers regardless of the receipt point nomination¹³ and nominations from Secondary Receipt Points¹⁴ have essentially an equivalent priority to interruptible nominations. Accordingly, under the Existing Tariff, AOS is provided to Legacy TSA Shippers regardless of whether they obtain service at their initially contracted Receipt Point, change their Receipt Point via the PRPD process, or simply nominate gas at a Secondary Receipt Point.

⁷ Alliance, NSO Application, at para 37, pdf 16 of 41.

⁸ See Ex. B4-2, Alliance Response to NEB IR 1.26(b), pdf 148 of 165.

⁹ Alliance, NSO Application, at para 58, pdf 23 of 41. Alliance, NSO Application, Attachment 4(A) – Terms and Conditions defines “FFPS” as “Transportation of Gas, on a firm basis, from a Receipt Point in Zone 1 or Zone 2 to Transporter’s Delivery Point at the Canada - U.S. border under Toll Schedule Firm Full Path Service.”

¹⁰ Existing Tariff, Article 6.2 (a), pdf 11 of 62. <url: <http://www.alliancepipeline.com/Business/Regulatory/Documents/Canadian%20Tariff%20Effective%20January%201%2c%202015.pdf>>.

¹¹ In its capacity as Transporter under the Existing Tariff.

¹² The Existing Tariff defines “Authorized Overrun Service” as “the right of Firm Shippers to be allocated a pro rata share of capacity on the pipeline that is not, from time to time, contracted for as Transporter’s Contracted Capacity with any allocation to Firm Shippers to be made pursuant to Article 2.7 and Article 2.8 of the Toll Schedule Firm Transportation Service and subsequent to such allocation means the Shipper’s share of such capacity.”

¹³ Existing Tariff, Articles 2.3, 2.7, 2.9, pdf 5-6 of 62.

¹⁴ The Existing Tariff defines “Secondary Receipt Point” as “any other Receipt Point [...] for Transportation.”

IV. RELOCATION OF RECEIPTS UNDER NSO

11. Under the NSO Terms and Conditions, shippers with FFPS service may request a Relocation¹⁵ of all or a portion of their Contracted Capacity from a contracted Receipt Point to an alternate Receipt Point.¹⁶
12. Under the NSO Terms and Conditions, shippers with FFPS service will be entitled to Priority Interruptible Transmission Service¹⁷ (“PITS”).
13. ACM’s understanding of the interaction of the NSO Terms and Conditions, which includes Alliance’s Proposed Firm TSA, is that if a customer relocates their Receipt Point on a permanent basis (“**Permanent Relocation**”),¹⁸ such customer retains its ability to utilize PITS at the relocated Receipt Point.
14. ACM’s understanding of the NSO Terms and Conditions is that if a customer relocates their Receipt Point on a temporary basis (“**Temporary Relocation**”), such customer loses its ability to utilize PITS. In this situation, although the NSO permits a Relocation, PITS is tied to the original contract Receipt Point, specified in Schedule “A” to the Firm TSA in the NSO Terms and Conditions.¹⁹ If the customer changes its Receipt Point for some (or all) of its volume through a Temporary Relocation, its Contracted Capacity (as defined in the NSO)²⁰ at the original Receipt Point is reduced during the Temporary Relocation.

¹⁵ Alliance NSO Application, Attachment 4(A) – Terms and Conditions defines “Relocation” as “the relocation [...] of all or a portion of their Contracted Capacity from a contracted Receipt Point to an alternate Receipt Point [...]”

¹⁶ Alliance NSO Application, Attachment 4(A) – Terms and Conditions, Article 11.1, p. 21, pdf 23 of 67.

¹⁷ The Alliance, NSO Application, Attachment 4(A) – Terms and Conditions defines “PITS” as “the right of Firm Full Path Service Shippers and Firm Receipt Service Shippers to receive Transportation service at the contracted Receipt Point on an interruptible priority basis and for a fixed charge.”

¹⁸ The Alliance, NSO Application, Attachment 4(A) – Terms and Conditions defines “Receipt Point” as “a location on the Canadian Pipeline as set out in Schedule “A” hereto at which a Shipper may, in accordance with a Transportation Service Agreement, tender Gas and includes the Alliance Trading Pool for FDS, FDS - IBR and ITDS.”;

²⁰ Alliance NSO Application, Attachment 4(A) – Terms and Conditions defines “Contracted Capacity” as “the daily volume of Gas, expressed in 10 3 m 3 , contracted by a Firm Service Shipper at a specific Receipt Point and for which the Shipper has agreed to pay the Demand Charge in accordance with the terms of a Firm Transportation Service Agreement.”

V. PITS NOT ASSOCIATED WITH DIVERSIONS UNDER THE NSO

15. Under the NSO Terms and Conditions, it is ACM's understanding that Legacy TSA Shippers, should they convert to the NSO, will lose some or all of their entitlement to PITS upon Diversion.²¹
16. Diversions are scheduled in lesser priority to Interruptible Service.²² Alliance's NSO provides that, although it is willing to permit a Diversion, PITS remains tied to the original contract Receipt Point, specified in Schedule "A" to the Firm TSA in the NSO Terms and Conditions. If a customer changes its Receipt Point for some (or all) of its volume through a Diversion, its Contracted Capacity (as defined in the NSO)²³ at the original Receipt Point is reduced.

VI. CONCLUSION

17. ACM therefore requests that, as part of any approval of the NSO, the NEB:
 - (a) Ensure that Legacy TSA Shippers are entitled to continue to receive service under any approved NSO at equal volumes and equivalent terms of service under any approval it may grant as part of RH-002-2014;
 - (b) Ensure that Legacy TSA Shippers be entitled to PITS, regardless of their choice of Receipt Point, including Permanent and Temporary Relocations as well as Diversions of Receipt Point;
 - (c) Ensure that Legacy TSA Shippers' Diversion nominations be treated equivalent in priority to interruptible transmission service; and

²¹ Alliance NSO Application, Attachment 4(A) – Terms and Conditions defines "Diversion" as "a diversion of all or a portion of [a Shipper's] Contracted Capacity to an alternate Receipt Point [...]".

²² See Alliance NSO Application, Attachment 4(A) – Terms and Conditions, Article 14.2, at pp 23-24, pdf 25-26 of 67; Alliance NSO Application, Attachment 4(A) – Terms and Conditions defines "Interruptible Service" as "Transportation provided on an interruptible basis pursuant to Toll Schedule Interruptible Full Path Service, Toll Schedule Interruptible Receipt Service and Toll Schedule Interruptible Delivery Service and under the terms of Shipper's Interruptible Transportation Service Agreement."

²³ Alliance NSO Application, Attachment 4(A) – Terms and Conditions defines "Contracted Capacity" as "the daily volume of Gas, expressed in 10³ m³, contracted by a Firm Service Shipper at a specific Receipt Point and for which the Shipper has agreed to pay the Demand Charge in accordance with the terms of a Firm Transportation Service Agreement."

- (d) Grant such further and other relief as ACM may request and the Board may deem appropriate.

All of which is respectfully submitted by Alliance Canada Marketing Ltd. this 29th day of January, 2015.



**Transportation Tariff
of
Alliance Pipeline Limited Partnership**

Effective January 1, 2015

Communications concerning this tariff should be addressed to:

Alliance Pipeline Ltd.
Director, Regulatory Affairs
800, 605-5th Ave. SW
Calgary, Alberta T2P 3H5
Phone: (403) 517-6354
Fax: (403) 233-0735

Table of Contents

Toll Schedule – Firm Transportation Service

Toll Schedule – Interruptible Transportation Service

Toll Schedule – Receipt Only Service

General Terms and Conditions

[Appendix I – Firm Transportation Service Agreement](#)

[Appendix II – Interruptible Transportation Service Agreement](#)

[Appendix III – Receipt Only Service Agreement](#)

System Maps – [B.C. and Western Alberta](#)

[Eastern Alberta and Saskatchewan](#)

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TOLL SCHEDULE
FIRM TRANSPORTATION SERVICE

TABLE OF CONTENTS

| | | |
|------------|---|---|
| ARTICLE 1: | AVAILABILITY OF SERVICE | |
| | 1.1 | 1 |
| ARTICLE 2: | NATURE OF SERVICE | |
| | 2.1 | 1 |
| | 2.2 | 1 |
| | 2.3 | 1 |
| | 2.4 | 1 |
| | 2.5 | 1 |
| | 2.6 | 1 |
| | 2.7 | 2 |
| | 2.8 | 2 |
| | 2.9 | 2 |
| ARTICLE 3: | MONTHLY BILL | |
| | 3.1 | 3 |
| | 3.2 | 3 |
| ARTICLE 4: | DEMAND CHARGE CREDITS AND DEMAND CHARGE SURCHARGE CREDITS | |
| | 4.1 | 4 |
| | 4.2 | 4 |
| | 4.3 | 4 |
| | 4.4 | 5 |
| | 4.5 | 5 |
| | 4.6 | 5 |
| | 4.7 | 6 |
| | 4.8 | 6 |
| | 4.9 | 6 |
| | 4.10 | 6 |
| ARTICLE 5: | CAPACITY ALLOCATION OR RELEASE | |
| | 5.1 | 7 |
| ARTICLE 6: | PRIMARY RECEIPT POINT DESIGNATION | |
| | 6.1 | 7 |
| | 6.2 | 7 |
| ARTICLE 7: | MISCELLANEOUS | |
| | 7.1 | 8 |
| SCHEDULE A | | 9 |

ARTICLE 1: AVAILABILITY OF SERVICE

- 1.1 Any Shipper shall be eligible to receive service hereunder provided that Shipper:
- (a) is a party to a subsisting Transportation Service Agreement;
 - (b) has arranged for firm transportation on U.S. Pipeline for a volume and term equal to that of all Shipper's TSAs, and has made arrangements, suitable to Transporter, for Transportation on upstream carriers if applicable; and
 - (c) has met the requirements of Article 20 (Financial Assurances) of the General Terms and Conditions.

ARTICLE 2: NATURE OF SERVICE

- 2.1 Service under this Toll Schedule is available on any Day as provided herein, in Shipper's TSA and in the General Terms and Conditions. Nominations for service shall be made pursuant to Article 11 (Nominations) of the General Terms and Conditions. Service hereunder shall not be subject to curtailment or interruption except as provided herein or in the General Terms and Conditions.
- 2.2 Transporter is entitled to refuse service hereunder if, and for so long as, Shipper is in default hereunder, under any TSA or under the General Terms and Conditions.
- 2.3 Transporter will receive for Shipper's account for Transportation hereunder daily quantities of gas up to Shipper's Contracted Capacity, plus AOS allocated to Shipper, plus the Fuel Requirement and U.S. Fuel Requirement at Receipt Point(s) in accordance with nominations accepted under Article 11 (Nominations) of the General Terms and Conditions.
- 2.4
- (a) Transporter will transport and deliver for Shipper's account at the Delivery Point a volume of Gas equal to the volume of Gas received by Transporter at Receipt Points from or on behalf of Shipper in accordance with Article 2.3 less the portion of such volume that contains the Fuel Requirement.
 - (b) Transporter will transport and deliver for Shipper's account at the Delivery Point Gas containing a number of Joules equivalent to the number of Joules contained in the Gas received by Transporter at Receipt Points from or on behalf of Shipper in accordance with Article 2.3 less the Fuel Requirement.
- 2.5 Transporter shall not be obligated to add any facilities or expand the capacity of its pipeline system in any manner in order to provide service hereunder to any Shipper.
- 2.6 Transporter shall determine and advise Firm Shippers on a periodic basis as to the anticipated amount of capacity available for AOS. Actual capacity available for AOS will vary daily depending upon Shipper nominations for Firm Service and the capability of Transporter's system to provide Transportation.

- 2.7 Firm Shippers may nominate for AOS in accordance with Article 11 (Nominations) of the General Terms and Conditions. AOS will be allocated daily as follows:
- (a) Each Shipper will be allocated AOS, equal to the lesser of:
 - (i) a pro rata portion of AOS according to the ratio of Shipper's Contracted Capacities and Transporter's Contracted Capacities; and
 - (ii) the AOS nominated by the Shipper.
 - (b) Each Shipper not already being allocated under Article 2.7 (a) sufficient AOS to satisfy Shipper's AOS nomination will be additionally allocated a portion of any unallocated AOS equal to the lesser of:
 - (i) a pro rata share of unallocated AOS determined according to the ratio of Shipper's Contracted Capacities and the Contracted Capacities of all Shippers not already being allocated sufficient AOS to satisfy their AOS nominations; and
 - (ii) the deficiency between Shipper's AOS nomination and the AOS previously allocated to Shipper under Article 2.7 (a) above.
 - (c) In the event additional unallocated AOS remains following the allocation procedure described in Article 2.7 (b), the remaining unallocated AOS will be allocated among Shippers, if any, not already being allocated sufficient AOS to satisfy their AOS nominations, through a replication of the allocation procedure described in Article 2.7 (b). If all AOS nominations have been satisfied through the allocation process, remaining unallocated AOS will be made available as Interruptible Service.
- 2.8 Transporter will use its reasonable efforts to make available to Shippers AOS in accordance with nominations made after the time for nominations set out in Article 11 (Nominations) of the General Terms and Conditions provided that AOS allocated to Shippers making timely nominations under Article 11 (Nominations) of the General Terms and Conditions shall not be apportioned to accommodate such late nominations.
- 2.9 In addition to tendering Gas at its Primary Receipt Point(s) for Transportation up to Shipper's Primary Receipt Point Capacity, Shipper may tender Gas at such Receipt Point above Shipper's Primary Receipt Point Capacity, or at any other Receipt Point ("**Secondary Receipt Point**") for Transportation. Transporter may, but will not be obligated to, receive Gas at a Secondary Receipt Point for Transportation.

ARTICLE 3: MONTHLY BILL

- 3.1 For each Month, Transporter shall charge and Shipper shall pay an amount equal to the sum of:
- (a) the product obtained by multiplying (1) the Contracted Capacity by (2) the Demand Charge;
 - (b) the product obtained by multiplying (1) the sum of Primary Receipt Point Capacities designated by Shipper for TAC Receipt Points in accordance with Article 6 (as recorded in paragraph C of Schedule A to each of Shipper's TSA's or in any Primary Receipt Point Capacity allocation notification form) by (2) the Demand Charge Surcharge;
 - (c) the product obtained by multiplying (1) the ROS Secondary Receipt Point Toll by (2) the volume of Gas that is (i) received at TAC Receipt Points in the Month by the Transporter from or on behalf of the Shipper which is calculated as the sum of each of the daily volumes of Gas that are greater than the difference between the total daily aggregate Primary Receipt Point Capacity for TAC Receipt Points of such Shipper and the Primary Receipt Point Capacity nominated daily by such Shipper in accordance with Article 2.9 herein and Article 11 of the General Terms and Conditions, and (ii) nominated by Shipper and scheduled by Transporter as volume to which the ROS Secondary Receipt Point Toll applies.
 - (d) the product obtained by multiplying (1) the Contracted Capacity by (2) the Pipeline Abandonment Demand Surcharge;
 - (e) the product obtained by multiplying (1) the Commodity Charge by (2) the volume of Gas received in the Month by Transporter from or on behalf of Shipper in accordance with Article 2.3 less the portion of such volume that contains the Fuel Requirement and the portion of such volume that contains the U.S. Fuel Requirement;
 - (f) any interest on late payments payable by Shipper in accordance with Article 7.3 of the General Terms and Conditions; and
 - (g) any charges payable by Shipper in accordance with Article 13 in respect of any Imbalances; less
 - (h) (1) Shipper's allocated share of available Interruptible Revenue Credit, determined in accordance with Article 21 (Crediting of Revenue from Interruptible Transportation) of the General Terms and Conditions; (2) any Demand Charge Credit to which Shipper is entitled in accordance with Article 4; and (3) any Demand Charge Surcharge Credit to which Shipper is entitled in accordance with Article 4.
- 3.2 Nothing in this Article 3 shall be construed as in any way relieving Shipper from its obligations to pay any adjustments, charges, interest or penalties calculated in accordance with the General Terms and Conditions.

ARTICLE 4: DEMAND CHARGE CREDITS AND DEMAND CHARGE SURCHARGE CREDITS

- 4.1 (a) If on any day (“**the Under Receipt Day**”) Transporter is unable, for any reason, including Force Majeure suffered by Transporter, that relates solely to the physical capability of Transporter’s system to provide Firm Service, to receive Gas from or on behalf of Shipper at Shipper’s Primary Receipt Points then, subject to Articles 4.1 (b), (c) and (d) and Article 4.3, Shipper shall be entitled to receive a credit (“**Demand Charge Credit**”) for the Under Receipt Day as set out in Article 4.2.
- (b) Shipper shall only be entitled to receive a Demand Charge Credit as set out in Article 4.2 to the extent Transporter’s inability to provide Firm Service at Shipper’s Primary Receipt Points prevents Shipper from having aggregate volumes transported at least equal to the Shippers Contracted Capacity, on the Under Receipt Day.
- (c) Shipper shall only be entitled to receive a Demand Charge Credit as set out in Article 4.2 in respect of a volume of Gas (“**the Nominal Volume**”) that, if it had been nominated, would have been (1) scheduled for the Under Receipt Day in accordance with Article 12 (Scheduling) of the General Terms and Conditions and (2) tendered at Shipper’s Primary Receipt Points for Transportation hereunder by or on behalf of Shipper, up to Shipper’s Contracted Capacity, in the absence of the reason making Transporter unable to receive Gas from or on behalf of Shipper as set out in Article 4.1 (a).
- (d) Refusal by Transporter to receive gas failing to comply with the Gas Quality, Receipt Pressure, or account Imbalance Tolerance requirements of this Tariff, shall not give rise to any Demand Charge Credit or Demand Charge Surcharge Credit. Similarly, Shippers ineligible to receive service under a TSA, for whatever reason, are not eligible for a Demand Charge Credit or Demand Charge Surcharge Credit.
- 4.2 Notwithstanding that Transporter is unable to receive Gas from or on behalf of Shipper as set out in Article 4.1 (a), there shall be no reduction in respect thereof to Shipper’s Monthly Bill for the Month in which the Under Receipt Day occurs (“**the Under Receipt Month**”). Subject to Article 4.10(a), Shipper’s Monthly Bill for the subsequent Month shall be reduced by a Demand Charge Credit in an amount equal to the product obtained by multiplying (1) the Daily Demand Charge for the Under Receipt Month by (2) the difference (“**the Under Received Volume**”) between (a) the volume of Gas received by Transporter from or on behalf of Shipper on the Under Receipt Day, minus Fuel Requirement and U.S. Fuel Requirement, and (b) the lesser of: (i) Shipper’s Contracted Capacity; or (ii) the Nominal Volume.
- 4.3 If Transporter and Shipper agree, Transporter may either allow Shipper to:
- (a) tender for Transportation make-up Gas in amounts not exceeding the Under Received Volume within a mutually acceptable time in which event Shipper shall not be entitled to receive a Demand Charge Credit in respect of any make-up Gas received for Transportation under this Article 4.3 (a); or

- (b) tender for Transportation on the Under Receipt Day Gas in amounts not exceeding in the aggregate the Under Received Volume at one or more Secondary Receipt Points in which event Shipper shall not be entitled to receive a Demand Charge Credit in respect of any Gas received for Transportation under this Article 4.3 (b).
- 4.4 (a) If on any day (“**the TAC Under Receipt Day**”) Transporter is unable, for any reason, including Force Majeure suffered by Transporter, that relates solely to the physical capability of Transporter’s system to provide Firm Service, to receive Gas from or on behalf of Shipper at a TAC Receipt Point then, subject to Articles 4.4 (b), (c) and Article 4.1(d) and Article 4.6, Shipper shall be entitled to receive, in addition to any other Demand Charge Credit that Shipper may be entitled to receive, a credit (“**Demand Charge Surcharge Credit**”) for the TAC Under Receipt Day as set out in Article 4.5.
- (b) Shipper shall only be entitled to receive a Demand Charge Surcharge Credit as set out in Article 4.5 in respect of volumes of Gas up to Shipper’s Primary Receipt Point Capacity for the TAC Receipt Point that Transporter is unable to receive at the TAC Receipt Point on the TAC Under Receipt Day.
- (c) Shipper shall only be entitled to receive a Demand Charge Surcharge Credit as set out in Article 4.5 in respect of a volume of Gas (“**the TAC Nominal Volume**”) that, if it had been nominated, would have been (1) scheduled in accordance with Article 12 (Scheduling) of the General Terms and Conditions and (2) tendered at the TAC Receipt Point for Transportation hereunder by or on behalf of Shipper, up to Shipper’s Primary Receipt Point Capacity at the TAC Receipt Point, in the absence of the reason making Transporter unable to receive Gas from or on behalf of Shipper as set out in Article 4.4 (a).
- 4.5 Notwithstanding that Transporter is unable to receive Gas from or on behalf of Shipper as set out in Article 4.4 (a), there shall be no reduction in respect thereof to Shipper’s Monthly Bill for the Month in which the TAC Under Receipt Day occurs (“**the TAC Under Receipt Month**”). Subject to Article 4.10(b), Shipper’s Monthly Bill for the subsequent Month shall be reduced by a Demand Charge Surcharge Credit in an amount equal to the product obtained by multiplying (1) the Daily Demand Charge Surcharge for the TAC Under Receipt Month by (2) the difference (“**the TAC Under Received Volume**”) between (a) the volume of Gas received by Transporter from or on behalf of Shipper at the TAC Receipt Point on the TAC Under Receipt Day, minus associated the Fuel Requirement and associated U.S. Fuel Requirement, and (b) the lesser of: (i) Shipper’s Primary Receipt Point Capacity at the TAC Receipt Point; or (ii) the TAC Nominal Volume.
- 4.6 If Transporter and Shipper agree, Transporter may either allow Shipper to:
- (a) tender for Transportation at the TAC Receipt Point make-up Gas in amounts not exceeding the TAC Under Received Volume within a mutually acceptable time in which event Shipper shall not be entitled to receive a Demand Charge Surcharge Credit in respect of any make-up Gas received for Transportation under this Article 4.6 (a); or

- (b) tender for Transportation on the TAC Under Receipt Day Gas in amounts not exceeding in the aggregate the TAC Under Received Volume at one or more Receipt Points other than the TAC Receipt Point in which event Shipper shall not be entitled to receive a Demand Charge Surcharge Credit in respect of any Gas received for Transportation under this Article 4.6 (b).
- 4.7 If, on any day (“**the Under Delivery Day**”) Transporter is unable, for any reason, including Force Majeure suffered by Transporter, that relates solely to the physical capability of Transporter’s system to provide Firm Service, to transport and deliver for Shipper’s account at the Delivery Point the volume of Gas that Transporter is required to deliver in accordance with Article 2.4 (a) there shall be no reduction in respect thereof to Shipper’s Monthly Bill for the Month in which the Under Delivery Day occurs (“**the Under Delivery Month**”). Subject to Article 4.10 (a), Shipper’s Monthly Bill for the subsequent Month shall be reduced by a Demand Charge Credit in an amount equal to the product obtained by multiplying (1) the Daily Demand Charge for the Under Delivery Month by (2) the difference (“**the Under Delivered Volume**”) between:
- (a) the lesser of the volume of Gas that Transporter is required to transport and deliver in accordance with Article 2.4 (a) and the Shipper’s Contracted Capacity; and
- (b) the volume of Gas delivered by Transporter on the Under Delivery Day.
- 4.8 If Transporter and Shipper agree, Transporter may allow Shipper to tender make-up Gas in the amounts not exceeding the Under Delivered Volume for Transportation within an agreed-upon period of time, in which event Shipper shall not be entitled to receive a Demand Charge Credit or, notwithstanding Article 4.9, a Demand Charge Surcharge Credit in respect of any make-up gas transported and delivered by Transporter under this Article 4.8. The tendering of make-up Gas will in no way impact the availability of Firm Service.
- 4.9 If:
- (a) Shipper is entitled to receive a Demand Charge Credit in accordance with Article 4.7; and
- (b) Shipper’s Monthly Bill for the Under Delivery Month includes an amount payable under Article 3.1(b);
- then, subject to Article 4.10(b), in addition to being reduced by the amount of the Demand Charge Credit determined under Article 4.7, Shipper’s Monthly Bill for the Month following the Under Delivery Month shall be reduced by a Demand Charge Credit in an amount equal to the product obtained by multiplying (1) a portion of the Daily Demand Charge Surcharge for the Under Delivery Month that is equivalent to the ratio of the Primary Receipt Point Capacity designated by Shipper at TAC Receipt Points to the total Primary Receipt Point Capacity designated by Shipper at all Receipt Points by (2) the Under Delivered Volume.
- 4.10 (a) In no event shall the reductions to Shipper’s Monthly Bill resulting under Articles 4.2 or 4.7 exceed in aggregate the amount otherwise payable by Shipper for the relevant Month in accordance with Article 3.1(a).

- (b) In no event shall the reductions to Shipper's Monthly Bill resulting under Articles 4.5 and 4.9 exceed in aggregate the amount otherwise payable by Shipper for the relevant Month in accordance with Article 3.1(b).

ARTICLE 5: CAPACITY ALLOCATION OR RELEASE

- 5.1 Shipper may allocate to third parties its transportation entitlement for its Contracted Capacity or portion thereof and its share of AOS, however, notwithstanding such allocation, Shipper will remain responsible for all of its obligations under the TSA and the Tariff.

ARTICLE 6: PRIMARY RECEIPT POINT DESIGNATION

- 6.1 (a) Shipper may, subject to Articles 6.1 (b) and (c), designate in its TSA one (or more) Receipt Point(s) as a Primary Receipt Point(s) and the capacity ("**the Primary Receipt Point Capacity**") that shipper wishes to designate for each such Primary Receipt Point.
- (b) Subject to Article 6.1(f), Shipper may designate Primary Receipt Point Capacities totaling, in the aggregate, no more than 125% of Shipper's Contracted Capacity.
- (c) Shipper may designate a Primary Receipt Point under Article 6.1 only if Transporter determines that sufficient capacity exists at the Receipt Point to accommodate Shipper's designation and the similar designations made by other Firm Shippers.
- (d) If Transporter determines in accordance with Article 6.1 (c) that a Primary Receipt Point designation cannot be accommodated then Transporter shall allocate the available capacity among all Shippers seeking to designate the Receipt Point as a Primary Receipt Point at that time, based on the relative valid requested capacity.
- (e) Primary Receipt Point Capacity at new Receipt Points will be made available in a not unduly discriminatory manner, giving due consideration to the terms under which such new facilities are constructed and financed.
- (f) Shipper may allocate (and thereby change its aggregate designation) all or a portion of its entitlement to Primary Receipt Point Capacity to another Shipper (the "**Allocated Shipper**"). Where such allocation includes a TAC Receipt Point, the Allocated Shipper shall be responsible for, and Alliance will bill the Allocated Shipper for the Demand Charge Surcharge associated therewith. Notwithstanding such allocation, the original Shipper will remain responsible for all of its obligations under the TSA, the Tariff and ultimately any Demand Charge Surcharge for any TAC Receipt Point that is not paid by the Allocated Shipper. The allocation will automatically terminate if the Allocated Shipper ceases to have Contracted Capacity.
- 6.2 (a) Shipper may, by notice in writing to Transporter, request to add or delete a Primary Receipt Point or increase or reduce the Primary Receipt Point Capacity at a Primary Receipt Point and Transporter shall, subject to Article 6.2(c), use its reasonable efforts to accommodate the request provided that it shall be in the sole discretion of Transporter whether to grant the request.

- (b) If two Shippers, by notice in writing to Transporter, simultaneously request the exchange of Primary Receipt Point Capacities between the two shippers, Transporter will make all reasonable efforts to give effect to such transfers.
- (c) Transporter shall maintain a queue or queues of requests from Shippers wishing to either add Primary Receipt Points or increase the Shipper's designated Primary Receipt Point Capacity at a Receipt Point. Such queue or queues shall establish the priority in which Transporter will endeavor to accommodate requests in accordance with Article 6.2 (a) in instances when Primary Receipt Point Capacity becomes available as a result of a Shipper reducing the Primary Receipt Point Capacity designated at that Receipt Point or an upstream Receipt Point.
- (d) If Transporter agrees pursuant to Article 6.2 (a) to delete a TAC Receipt Point as a Primary Receipt Point, or reduce the Primary Receipt Point Capacity at a TAC Receipt Point, Shipper shall, notwithstanding that the Receipt Point has been deleted or the Primary Receipt Point Capacity has been reduced, remain obligated to pay the Demand Charge Surcharge in respect of the TAC Receipt Point for the Primary Receipt Point Capacity as though no such deletion or reduction had occurred. In such instances, the Shipper will be entitled to increase the Primary Receipt Point Capacity designated at that TAC Receipt Point up to the Primary Receipt Point Capacity for which Shipper is obligated to pay the Demand Charge Surcharge in respect of that TAC Receipt Point, unless Transporter has agreed to transfer such Primary Receipt Point Capacity to another TAC Receipt Point.

ARTICLE 7: MISCELLANEOUS

- 7.1
- (a) The General Terms and Conditions, as amended from time to time, are applicable to and hereby incorporated in this Toll Schedule. In the event of conflict between the provisions of this Toll Schedule and the General Terms and Conditions, the provisions of this Toll Schedule shall prevail.
 - (b) The terms used herein shall have the same meanings as are ascribed to corresponding terms in the General Terms and Conditions unless otherwise defined herein.

SCHEDULE A**Firm Transportation Service Tolls**

| | |
|---------------------------------------|---|
| Demand | \$1,076.8011/10 ³ m ³ /mo |
| Commodity | Nil |
| Demand Charge Surcharge | \$42.95/10 ³ m ³ /mo |
| ROS Secondary Receipt Point Toll | \$2.12/10 ³ m ³ |
| Pipeline Abandonment Demand Surcharge | \$24.2085/10 ³ m ³ /mo |

TOLL SCHEDULE

INTERRUPTIBLE TRANSPORTATION SERVICE

TABLE OF CONTENTS

| | |
|------------------------------------|---|
| ARTICLE 1: AVAILABILITY OF SERVICE | |
| 1.1 | 1 |
| ARTICLE 2: NATURE OF SERVICE | |
| 2.1 | 1 |
| 2.2 | 1 |
| 2.3 | 1 |
| 2.4 | 1 |
| 2.5 | 1 |
| 2.6 | 1 |
| ARTICLE 3: MONTHLY BILL | |
| 3.1 | 2 |
| 3.2 | 2 |
| 3.3 | 2 |
| ARTICLE 4: NO ASSIGNMENT | |
| 4.1 | 2 |
| ARTICLE 5: NOMINATIONS | |
| 5.1 | 2 |
| 5.2 | 2 |
| 5.3 | 2 |
| ARTICLE 6: MISCELLANEOUS | |
| 6.1 | 2 |
| SCHEDULE A | 3 |

ARTICLE 1: AVAILABILITY OF SERVICE

- 1.1 Any Shipper shall be eligible to receive service hereunder provided that Shipper:
- (a) is a party to a subsisting Interruptible Transportation Service Agreement;
 - (b) has met the requirements of Article 20 (Financial Assurances) of the General Terms and Conditions; and
 - (c) has satisfied Transporter as to the service available from U.S. Pipeline.

ARTICLE 2: NATURE OF SERVICE

- 2.1 Service under this Toll Schedule is available on any Day, and will be interruptible, as provided herein, in Shipper's ITSA or in the General Terms and Conditions.
- 2.2 Transporter is entitled to refuse service hereunder if, and for so long as, Shipper is in default hereunder or under any Service Agreement or under the General Terms and Conditions.
- 2.3 Service hereunder shall be subject to curtailment or interruption at any time that Transporter determines in its sole discretion that deliveries hereunder would in any way interfere with or restrict Transporter's ability to make deliveries of Gas under Firm Service, including AOS.
- 2.4 Transporter will receive for Shipper's account for Transportation hereunder daily quantities of gas up to Shipper's Maximum Daily Transportation Quantity plus the Fuel Requirement and U.S. Fuel Requirement, at Receipt Point(s) in accordance with nominations accepted under Article 11 (Nominations) of the General Terms and Conditions.
- 2.5
- (a) Transporter will transport and deliver for Shipper's account at the Delivery Point a volume of Gas equal to the volume of Gas received by Transporter at Receipt Points from or on behalf of Shipper in accordance with Article 2.4 less the portion of such volume that contains the Fuel Requirement.
 - (b) Transporter will transport and deliver for Shipper's account at the Delivery Point Gas containing a number of Joules equivalent to the number of Joules contained in the Gas received by Transporter at Receipt Points from or on behalf of Shipper in accordance with Article 2.4 less the Fuel Requirement.
- 2.6 Transporter shall not be obligated to add any facilities or expand the capacity of its pipeline system in any manner to provide service hereunder to any Shipper.

ARTICLE 3: MONTHLY BILL

- 3.1 For each Month, Transporter shall charge and Shipper shall pay an amount equal to the product obtained by multiplying (1) the Interruptible Service Toll by (2) the volume of Gas received in the Month from or on behalf of Shipper in accordance with Article 2.4 less the portion of such volume that contains the Fuel Requirement and the U.S. Fuel Requirement.
- 3.2 If on any day Shipper fails to tender or cause to be tendered Shipper's Authorized Volume for Transportation hereunder or tenders gas which Transporter refuses to receive pursuant to Article 2 (Quality) of the General Terms and Conditions, Shipper shall pay to Transporter, in addition to any other amount payable to Transporter under Article 3.1 or otherwise, an amount equal to twenty-five percent (25%) of the difference between: (a) the product obtained by multiplying the Interruptible Service Toll by Shipper's Authorized Volume; and (b) the product obtained by multiplying the Interruptible Service Toll by the total volume of Gas tendered by Shipper or on Shipper's behalf for Transportation hereunder.
- 3.3 Nothing in this Article 3 shall be construed as in any way relieving Shipper from its obligations to pay any adjustments or penalties calculated in accordance with the General Terms and Conditions.

ARTICLE 4: NO ASSIGNMENT

- 4.1 Shipper may not assign its rights and obligations, or any part thereof, under an ITSA.

ARTICLE 5: NOMINATIONS

- 5.1 Shippers shall nominate for Interruptible Service, including the Fuel Requirement and U.S. Fuel Requirement, in accordance with Article 11 (Nominations) of the General Terms and Conditions.
- 5.2 If nominations exceed available Interruptible Service, the nominations shall be apportioned pro rata based on the ratio of the volume nominated by each Shipper seeking Interruptible Transportation to the total volume nominated by all Shippers seeking Interruptible Service.
- 5.3 If nominations exceed available Interruptible Service at a specific Receipt Point, the nominations at that Receipt Point shall be apportioned pro rata, based on the ratio of the volume nominated at the Receipt Point by each Shipper seeking Interruptible Transportation at the Receipt Point to the total volume nominated by all Shippers seeking Interruptible Service at the Receipt Point.

ARTICLE 6: MISCELLANEOUS

- 6.1 (a) The General Terms and Conditions, as amended from time to time, are applicable to and hereby incorporated in this Toll Schedule. In the event of conflict between the provisions of this Toll Schedule and the General Terms and Conditions, the provisions of this Toll Schedule shall prevail.
- (b) The terms used herein shall have the same meanings as are ascribed to corresponding terms in the General Terms and Conditions unless otherwise defined herein.

SCHEDULE A

Interruptible Service Toll

| | |
|----------------------------|--|
| Interruptible Service Toll | \$35.4635/10 ³ m ³ |
|----------------------------|--|

TOLL SCHEDULE
RECEIPT ONLY SERVICE

Table of Contents

| | |
|--|---|
| ARTICLE 1: AVAILABILITY OF SERVICE | |
| 1.1 | 1 |
| ARTICLE 2: NATURE OF SERVICE | |
| 2.2 | 1 |
| 2.2 | 1 |
| 2.3 | 1 |
| 2.4 | 1 |
| 2.5 | 1 |
| ARTICLE 3: MONTHLY BILL | |
| 3.1 | 1 |
| 3.2 | 2 |
| ARTICLE 4: ROS CHARGE CREDITS | |
| 4.1 | 2 |
| 4.2 | 2 |
| 4.3 | 3 |
| 4.4 | 3 |
| ARTICLE 5: PRIMARY RECEIPT POINT DESIGNATION | |
| 5.1 | 3 |
| 5.2 | 4 |
| ARTICLE 6: MISCELLANEOUS | |
| 6.1 | 4 |
| SCHEDULE A | 5 |

ARTICLE 1 AVAILABILITY OF SERVICE

- 1.1 Any Person shall be eligible to receive service hereunder provided that Person:
- (a) is a party to a subsisting Transportation Service Agreement; and
 - (b) meets the requirements of Article 20 (Financial Assurances) of the General Terms and Conditions.

ARTICLE 2 NATURE OF SERVICE

- 2.1 Nominations for ROS for any Day within the Term shall be made pursuant to Article 11 (Nominations) of the General Terms and Conditions. Service hereunder shall not be subject to curtailment or interruption except as provided herein or in the General Terms and Conditions.
- 2.2 Transporter is entitled to refuse service hereunder if, and for so long as, Shipper is in default hereunder, under any ROS Agreement or under the General Terms and Conditions.
- 2.3 Transporter will receive for Shipper's account daily quantities of Gas up to Shipper's Primary Receipt Point Capacity, at TAC Receipt Point(s) designated in Schedule A to the ROS Agreement, in accordance with nominations accepted under Article 11 (Nominations) of the General Terms and Conditions. In addition to tendering Gas at its TAC Receipt Point(s) for Transportation up to Shipper's Primary Receipt Point Capacity, Shipper may tender Gas at such TAC Receipt Point above Shipper's Primary Receipt Point Capacity, or at any other TAC Receipt Point ("**Secondary Receipt Point**") for Receipt Only Service. Transporter may, but will not be obligated to, receive Gas at a Secondary Receipt Point.
- 2.4 Shipper will ensure that the amount of Gas received each day by Transporter is nominated for transport and delivery each day under a Transportation Service Agreement or an Interruptible Transportation Service Agreement.
- 2.5 After the Effective Date of the ROS Agreement, Transporter shall not be obligated to add any facilities or expand the capacity of the Canadian Pipeline in any manner in order to provide service hereunder to any Shipper.

ARTICLE 3 MONTHLY BILL

- 3.1 For each Month, Transporter shall charge and Shipper shall pay an amount equal to the sum of:
- (a) the product obtained by multiplying (1) the ROS Capacity by (2) the ROS Charge referred to in Schedule A hereto;
 - (b) any interest on late payments payable by Shipper in accordance with Article 7.3 of the General Terms and Conditions;

- (c) any charges payable by Shipper in accordance with Article 13 of the General Terms and Conditions in respect of any Imbalances, less any ROS Charge Credit to which Shipper is entitled in accordance with Article 4 hereto.
- 3.2 Nothing in this Article 3 shall be construed as in any way relieving Shipper from its obligations to pay any adjustments, charges, interest or penalties calculated in accordance with the General Terms and Conditions.

ARTICLE 4 ROS CHARGE CREDITS

- 4.1 (a) If on any day (the "**Under Receipt Day**") Transporter is unable, for any reason, including Force Majeure suffered by Transporter, that relates solely to the physical capability of Transporter's system to receive Gas from or on behalf of Shipper at Shipper's Primary Receipt Points then, subject to Articles 4.1 (b), (c) and (d) and Article 4.3, Shipper shall be entitled to receive a credit ("**ROS Charge Credit**") for the Under Receipt Day as set out in Article 4.2.
- (b) Shipper shall only be entitled to receive a ROS Charge Credit as set out in Article 4.2 to the extent Transporter's inability to provide Receipt Only Service at Shipper's Primary Receipt Points prevents Shipper from having aggregate volumes received at least equal to the Shipper's ROS Capacity, on the Under Receipt Day.
- (c) Shipper shall only be entitled to receive a ROS Charge Credit as set out in Article 4.2 in respect of a volume of Gas (the "**Nominal Volume**") that, if it had been nominated, would have been (1) scheduled for the Under Receipt Day in accordance with Article 12 (Scheduling) of the General Terms and Conditions; (2) tendered at Shipper's Primary Receipt Points for receipt hereunder by or on behalf of Shipper, up to Shipper's ROS Capacity, in the absence of the reason making Transporter unable to receive Gas from or on behalf of Shipper as set out in Article 4.1 (a); and (3) represents an average of the volume nominated and flowed in the five (5) day period preceding the Under Receipt Day.
- (d) Refusal by Transporter to receive gas failing to comply with the Gas Quality or Receipt Pressure requirements of this Tariff, shall not give rise to any ROS Charge Credit. Similarly, Shippers ineligible to receive service under a ROS Agreement, for whatever reason, are not eligible for a ROS Charge Credit.
- 4.2 Notwithstanding that Transporter is unable to receive Gas from or on behalf of Shipper as set out in Article 4.1 (a), there shall be no reduction in respect thereof to Shipper's Monthly Bill for the Month in which the Under Receipt Day occurs (the "**Under Receipt Month**"). Subject to Article 4.4, Shipper's Monthly Bill for the subsequent Month shall be reduced by a ROS Charge Credit in an amount equal to the product obtained by multiplying (1) the Daily ROS Charge for the Under Receipt Month by (2) the difference (the "**Under Received Volume**") between (a) the volume of Gas received by Transporter from or on behalf of Shipper on the Under Receipt Day and (b) the lesser of: (i) Shipper's ROS Capacity; or (ii) the Nominal Volume.

- 4.3 If Transporter and Shipper agree, Transporter may, in a not unduly discriminatory manner against any Firm Shipper or other ROS Shipper, allow Shipper to tender for receipt some make-up Gas in amounts not exceeding the Under Received Volume within a mutually acceptable time and at a mutually acceptable Receipt Point, in which event Shipper shall not be entitled to receive a ROS Charge Credit in respect of any make-up Gas received by Transporter under this Article 4.3. Such make-up Gas may be tendered by Shipper and accommodated by Transporter either in advance of an Under Receipt Day or after one, or a combination of the two, as Transporter determines is optimal for the effective management and operation of all Shipper entitlements and the Canadian Pipeline.
- 4.4 In no event shall the reductions to Shipper's Monthly Bill resulting under this Article exceed in aggregate the amount otherwise payable by Shipper for the relevant Month in accordance with Article 3.1 (a).

ARTICLE 5 PRIMARY RECEIPT POINT DESIGNATION

- 5.1 (a) Shipper may, subject to Article 5.1 (b), designate in its ROS Agreement one (or more) TAC Receipt Point(s) as a Primary Receipt Point(s) and the capacity (the "**Primary Receipt Point Capacity**") that Shipper wishes to designate for each such Primary Receipt Point.
- (b) Shipper may designate a Primary Receipt Point under this Article 5.1 only if Transporter determines that sufficient capacity exists at the TAC Receipt Point to accommodate Shipper's designation and the similar prior designations made by other Shippers.
- (c) If Transporter determines in accordance with Article 5.1 (b) that a Primary Receipt Point designation cannot be accommodated then Transporter shall allocate the available capacity among all Shippers seeking to designate the TAC Receipt Point as a Primary Receipt Point at that time, based on the relative valid requested capacities.
- (d) Primary Receipt Point Capacity at new TAC Receipt Points will be made available in a not unduly discriminatory manner, giving due consideration to the terms under which such new facilities are constructed and financed.
- (e) Shipper may allocate (and thereby change its and the Allocated Shipper's aggregate Receipt Point Capacity designations) all or a portion of its entitlement to Primary Receipt Point Capacity to another Shipper (the "**Allocated Shipper**"). Notwithstanding such allocation, the original Shipper will remain responsible for all of its obligations, financial and otherwise, under the Tariff that are not promptly satisfied by the Allocated Shipper. The allocation will automatically terminate if the Allocated Shipper ceases to have Contracted Capacity.

- 5.2 (a) Shipper may, by notice in writing to Transporter, request to add or delete a Primary Receipt Point or increase or reduce the Primary Receipt Point Capacity at a TAC Receipt Point and Transporter shall, subject to Article 5.2 (b), use its reasonable efforts to accommodate the request provided that it shall be in the sole discretion of Transporter whether to grant the request.
- (b) Transporter shall maintain a queue or queues of requests from Shippers wishing to either add Primary Receipt Points or increase the Shipper's Primary Receipt Point Capacity at a TAC Receipt Point. Such queue or queues shall establish the priority in which Transporter will endeavour to accommodate requests in accordance with Article 5.2 (a) in instances when Receipt Point Capacity becomes available as a result of a Shipper reducing its Primary Receipt Point Capacity designated at that TAC Receipt Point.
- (c) If two Shippers, by notice in writing to Transporter, simultaneously request the exchange of Primary Receipt Point Capacities, Transporter will make all reasonable efforts to give effect to such transfers.
- (d) If Transporter agrees pursuant to this Article 5.2 to reduce, delete, or exchange an ROS Shipper's Primary Receipt Point Capacity at a TAC Primary Receipt Point, Shipper shall, notwithstanding such reduction, deletion or exchange, remain obligated to pay the ROS Charge in respect of that TAC Primary Receipt Point Capacity as though no such reduction, deletion or exchange had occurred.

ARTICLE 6 MISCELLANEOUS

- 6.1 (a) The General Terms and Conditions, as amended from time to time, are applicable to and hereby incorporated in this Toll Schedule. In the event of conflict between the provisions of this Toll Schedule and the General Terms and Conditions, the provisions of this Toll Schedule shall prevail.
- (b) The terms used herein shall have the same meanings as are ascribed to corresponding terms in the General Terms and Conditions and ROS Agreement, unless otherwise defined herein.

SCHEDULE A**Receipt Only Service Tolls
ROS Charge:**

| | |
|---|--|
| From Effective Date for 5 Years | \$107.30/103m3/month (\$0.10/Mcf) |
| From the start of the 6th year after the Effective Date to the end of the Term | \$42.95/103m3/month (\$0.04/Mcf) |

GENERAL TERMS AND CONDITIONS

TABLE OF CONTENTS

| | |
|---|----|
| ARTICLE 1: DEFINITIONS AND INTERPRETATION | |
| 1.1 | 1 |
| ARTICLE 2: QUALITY | |
| 2.1 | 7 |
| 2.2 | 7 |
| 2.3 | 8 |
| 2.4 | 8 |
| 2.5 | 8 |
| 2.6 | 8 |
| 2.7 | 8 |
| ARTICLE 3: MEASUREMENT | |
| 3.1 | 9 |
| 3.2 | 9 |
| 3.3 | 9 |
| 3.4 | 9 |
| ARTICLE 4: MEASURING EQUIPMENT | |
| 4.1 | 10 |
| 4.2 | 10 |
| 4.3 | 10 |
| ARTICLE 5: FORCE MAJEURE | |
| 5.1 | 11 |
| 5.2 | 11 |
| 5.3 | 11 |
| ARTICLE 6: RECEIPT AND DELIVERY PRESSURE | |
| 6.1 | 12 |
| 6.2 | 12 |
| ARTICLE 7: BILLING AND PAYMENT | |
| 7.1 | 12 |
| 7.2 | 12 |
| 7.3 | 12 |
| 7.4 | 12 |
| 7.5 | 13 |
| 7.6 | 13 |
| 7.7 | 13 |
| ARTICLE 8: PRIORITY OF SERVICE | |
| 8.1 | 14 |
| 8.2 | 14 |
| ARTICLE 9: NON-WAIVER AND FUTURE DEFAULT | |
| 9.1 | 15 |
| ARTICLE 10: REQUESTS FOR TRANSPORTATION SERVICE | |
| 10.1 | 15 |

| | |
|--|----|
| ARTICLE 11: NOMINATIONS | |
| 11.1 | 16 |
| 11.2 | 17 |
| 11.3 | 17 |
| 11.4 | 17 |
| 11.5 | 18 |
| ARTICLE 12: SCHEDULING | |
| 12.1 | 18 |
| 12.2 | 18 |
| 12.3 | 19 |
| ARTICLE 13: UNAUTHORIZED VOLUMES AND IMBALANCES | 19 |
| 13.1 | 19 |
| 13.2 | 19 |
| 13.3 | 19 |
| 13.4 | 20 |
| 13.5 | 20 |
| 13.6 | 20 |
| 13.7 | 20 |
| 13.8 | 20 |
| 13.9 | 20 |
| 13.10 | 21 |
| 13.11 | 21 |
| ARTICLE 14: FUEL | |
| 14.1 | 21 |
| 14.2 | 21 |
| 14.3 | 21 |
| 14.4 | 22 |
| 14.5 | 22 |
| ARTICLE 15: PRIORITY OF RECEIPTS | |
| 15.1 | 22 |
| ARTICLE 16: RIGHT TO COMMINGLE | |
| 16.1 | 22 |
| ARTICLE 17: NOTICES OF CHANGES IN OPERATING CONDITIONS | |
| 17.1 | 22 |
| ARTICLE 18: POSSESSION AND CONTROL OF GAS | |
| 18.1 | 22 |
| ARTICLE 19: SHIPPER WARRANTY AND INDEMNITY | |
| 19.1 | 22 |
| 19.2 | 23 |
| 19.3 | 23 |
| 19.4 | 23 |
| 19.5 | 23 |
| 19.6 | 23 |

| | |
|--|----|
| ARTICLE 20: FINANCIAL ASSURANCES | |
| 20.1 | 23 |
| ARTICLE 21: CREDITING OF REVENUE FROM INTERRUPTIBLE TRANSPORTATION AND RECEIPT ONLY SERVICE | |
| 21.1 | 25 |
| 21.2 | 25 |
| 21.3 | 25 |
| ARTICLE 22: INCORPORATION IN TOLL SCHEDULES AND CONTRACTS | |
| 22.1 | 26 |
| 22.2 | 26 |
| ARTICLE 23: TRANSPORTATION SERVICE AGREEMENTS | |
| 23.1 | 26 |
| 23.2 | 26 |
| ARTICLE 24: NOTICES | |
| 24.1 | 26 |
| ARTICLE 25: OPERATOR | |
| 25.1 | 27 |
| ARTICLE 26: LIABILITY AND INDEMNITY | |
| 26.1 | 27 |
| 26.2 | 27 |
| ARTICLE 27: MISCELLANEOUS | |
| 27.1 | 27 |
| SCHEDULE A | 28 |
| APPENDIX I FORM OF FIRM TRANSPORTATION SERVICE AGREEMENT | |
| APPENDIX II FORM OF INTERRUPTIBLE TRANSPORTATION SERVICE AGREEMENT | |
| APPENDIX III FORM OF RECEIPT ONLY SERVICE AGREEMENT | |

ARTICLE 1: DEFINITIONS AND INTERPRETATION

1.1 Except where expressly stated otherwise, the following terms, when used in these General Terms and Conditions shall have the following meaning:

"**10³m³**" means 1000 cubic metres of Gas.

"**Accepted Volume**" has the meaning ascribed to it in Article 11 hereof.

"**Affiliate**", when used to indicate a relationship with a specific Person, means another Person that directly, or indirectly through one or more intermediaries or otherwise, controls, or is controlled by, or is under common control with such specific Person. A corporation shall be deemed to be an Affiliate of another corporation if one of them is directly or indirectly controlled by the other or if each of them is directly or indirectly controlled by the same Person.

"**Authorized Overrun Service**" or "**AOS**" means the right of Firm Shippers to be allocated a pro rata share of capacity on the pipeline that is not, from time to time, contracted for as Transporter's Contracted Capacity with any allocation to Firm Shippers to be made pursuant to Article 2.7 and Article 2.8 of the Toll Schedule Firm Transportation Service and subsequent to such allocation means the Shipper's share of such capacity.

"**Bulletin G-14**" means Measurement Canada Bulletin G-14 entitled Policy on Granting Conditional Permission for Using Gas Meters in Service without Verification and Sealing at the Low Intervention Trade Transaction Level of the Natural Gas Market (as may be amended from time to time).

"**Business Day**" or "business day" means any day on which Transporter's main office in Calgary, Alberta is customarily open for business.

"**Canadian Receipt Pool**" is a deemed location immediately downstream of the Receipt Points, maintained for each Shipper, forming itself a Receipt Point from which volumes may be scheduled for Transportation or nominated to or from for purposes of effecting Title Transfers, as defined in Article 11.1.

"**Canadian Delivery Pool**" is a deemed location immediately upstream of the Delivery Point, maintained for each Shipper, forming itself a Delivery Point from which volumes may be scheduled for Transportation or nominated to or from for purposes of effecting Title Transfers, as defined in Article 11.1.

"**Central Clock Time**" or "**CCT**" means Central Daylight time when Daylight Savings time is in effect and Central Standard time when Daylight Savings time is not in effect.

"**Commodity Charge**" means the Commodity Charge set out in "Schedule A" to the Toll Schedule Firm Transportation Service.

"**Contracted Capacity**" means the daily volume of Gas contracted for by a Shipper and for which the Shipper has agreed to pay the Demand Charge in accordance with the terms of a Transportation Service Agreement.

"**Cubic Metre**" or "**m³**" means the volume of Gas occupying one cubic metre at a temperature of fifteen degrees Celsius (15°C), and at a pressure of 101.325 kilopascals absolute.

"**Daily Demand Charge**" means the quotient obtained by dividing the Demand Charge by the number of days in the relevant Month.

"**Daily Demand Charge Surcharge**" means the quotient obtained by dividing the Demand Charge Surcharge by the number of days in the relevant Month.

"**Daily ROS Charge**" means the quotient obtained by dividing the ROS Charge by the number of days in the relevant Month.

"**Day**" or "**day**" means a period of twenty-four (24) consecutive hours beginning and ending at 9:00 CCT or such other period of twenty-four (24) consecutive hours agreed to by Transporter and Shipper.

"**Delivery Point**" means the point of interconnection between Transporter's pipeline system and the pipeline system of U.S. Pipeline.

"**Demand Charge**" means the Demand Charge set out in Schedule "A" to the Toll Schedule Firm Transportation Service.

"**Demand Charge Credit**" means a Demand Charge Credit determined pursuant to Article 4 of the Toll Schedule Firm Transportation Service.

"**Demand Charge Surcharge**" means the Demand Charge Surcharge set out in Schedule "A" to the Toll Schedule Firm Transportation Service.

"**Demand Charge Surcharge Credit**" means a Demand Charge Surcharge Credit determined pursuant to Article 4 of the Toll Schedule Firm Transportation Service

"**Firm Service**" means Transportation provided pursuant to Toll Schedule Firm Transportation Service.

"**Firm Shipper**" means a shipper that enters into a Transportation Service Agreement and is eligible to receive Firm Service.

"**Force Majeure**" means any act of God, war, civil insurrection or disobedience, acts of public enemy, strikes, lockouts or other industrial disturbances, accidents, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, explosions, fires, storms, floods, washouts, arrests and restraints of governments and people, civil disturbances, breakage or accidents to machinery or lines of pipe, the necessity for making repairs to or alterations of machinery or lines of pipe, freezing of lines of pipe, inability to obtain materials, supplies,

permits or labour, or other cause whether of the kind enumerated or otherwise which is beyond the control of any applicable party and which by the exercise of due diligence such party is unable to prevent or overcome. The settlement of strikes, lockouts or other labour disputes shall be entirely within the discretion of the party having the difficulty. The following shall not be events of Force Majeure: (i) insufficiency of Shipper's Gas supplies, (ii) inadequate or uneconomic markets for Shipper's Gas, (iii) Shipper's lack of funds, or (iv) curtailment or disruption of service, for any reason whatsoever, on facilities upstream of Receipt Points or downstream of the Delivery Point; for greater certainty, "upstream of Receipt Points" shall mean beyond the inlet side of Transporter's measuring stations, and "downstream of the Delivery Point" shall mean beyond the outlet side of Transporter's Delivery Point.

"Fuel Requirement" has the meaning ascribed to it in Article 14 hereof.

"Gas" or **"Natural Gas"** means methane, and such other hydrocarbon constituents, or a mixture of two or more of them which, in any case, meets the quality specifications of the Tariff.

"Gross Heating Value" means the total Joules expressed in megajoules per cubic metre (MJ/m³) produced by the complete combustion at constant pressure of one (1) cubic metre of Gas with air, with the Gas free of water vapour and the temperature of the Gas, air and products of combustion to be at standard temperature and all water formed by combustion reaction to be condensed to the liquid state.

"Imbalance" has the meaning ascribed to it in Article 13 hereof.

"Interruptible Revenue Credit" means an Interruptible Revenue Credit to be calculated and allocated to Firm Shippers in accordance with Article 21 hereto.

"Interruptible Service" means Transportation provided pursuant to Toll Schedule Interruptible Transportation Service.

"Interruptible Service Toll" means the toll set out in Schedule "A" to the Toll Schedule Interruptible Transportation Service.

"Interruptible Shipper" means a Shipper that enters into an Interruptible Transportation Service Agreement and is eligible to receive Interruptible Service.

"Interruptible Transportation Service Agreement" or **"ITSA"** means an agreement pursuant to which Transporter provides Interruptible Service to a Shipper.

"Joule" or **"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.

"Liquids Receipt Point" means a Receipt Point where the Gross Heating Value may exceed 60 MJ/m³ and for which there is an executed Liquids Receipt Point Operating Agreement.

"Liquids Receipt Point Operating Agreement" means the agreement, in a form prescribed by Transporter, between Transporter and common stream operator which is intended to address

operational issues specific to a Liquids Receipt Point, including physical flow procedures, nominations and confirmation procedures, and protocols designed to protect the commingled stream from potentially disruptive changes to the commingled liquid content.

"Maximum Daily Transportation Quantity" means the maximum volume of Gas as specified in an Interruptible Transportation Service Agreement that Transporter agrees to receive from Shipper for Transportation under Toll Schedule Interruptible Transportation Service.

"Month" means a period extending from 9:00 am CCT on the first Day in a calendar Month and ending at 9:00 am CCT on the first Day of the next succeeding calendar Month, or at such hour as Shipper and Transporter agree upon.

"Monthly Bill" means the amount that Shipper is required to pay to Transporter for each Month in accordance with the terms of the applicable Toll Schedule.

"Person" means an individual, partnership, limited partnership, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, regulatory body or agency, government or governmental agency, authority or entity however designated or constituted.

"Pipeline Abandonment Demand Surcharge" means the Pipeline Abandonment Demand Surcharge set out in Schedule "A" to the Toll Schedule Firm Transportation Service.

"Primary Receipt Point" means a Receipt Point that is designated by a Firm Shipper as a Primary Receipt Point as set out in Schedule "A" to the Shipper's Transportation Service Agreement, or a Receipt Point that is designated by an ROS Shipper as a Primary Receipt Point as set out in Schedule "A" to the Shipper's Receipt Only Service Agreement.

"Primary Receipt Point Capacity" has the meaning ascribed to it in Article 6.1 (a) of the Toll Schedule Firm Transportation Service or Article 5.1(a) of the Toll Schedule Receipt Only Service, and "Primary Receipt Point Capacities" means each of them.

"Prime Rate" means, at any time, the per annum rate of interest then designated by the main branch of The Bank of Nova Scotia in Calgary, Alberta as its reference rate of interest for Canadian dollar commercial loans in Canada and which is announced by such Bank as its Prime Rate. A rate of interest payable pursuant hereto shall change automatically without notice to any party on each occasion upon which the Prime Rate is varied. Interest accruing due hereunder shall be calculated using the nominal rate method and shall be compounded monthly.

"Receipt Only Service Revenue Credit" means the amount of Receipt Only Service revenues collected from such ROS Shippers and allocated to Firm Shippers in accordance with Article 21 hereto.

"Receipt Only Service" and **"ROS"** mean receipt service provided pursuant to a Receipt Only Service Agreement for Receipt Only Service.

“**Receipt Only Service Agreement**” and “**ROS Agreement**” and “**ROSA**” mean an agreement pursuant to which Transporter provides receipt service to a Shipper.

“**Receipt Point**” means a point on Transporter’s pipeline system as set out in Schedule “A” hereto at which a Shipper may in accordance with a Service Agreement tender Gas for Transportation or Receipt Only Service, and includes Liquids Receipt Points, where applicable.

“**ROS Capacity**” means the daily volume of Gas contracted for by a Shipper and for which the Shipper has agreed to pay the ROS Charge in accordance with the terms of a Receipt Only Service Agreement.

“**ROS Charge**” means the charge as set out in Schedule A to the Toll Schedule Receipt Only Service.

“**ROS Secondary Receipt Point Toll**” means the ROS Secondary Receipt Point Toll set out in Schedule “A” to the Toll Schedule Firm Transportation Service.

“**ROS Secondary Receipt Point Revenue Credit**” means a ROS Secondary Receipt Point Revenue Credit to be calculated and allocated for Firm Shippers in accordance with Article 21 hereto.

“**ROS Shipper**” means a shipper that enters into a Receipt Only Service Agreement and is eligible to receive Receipt Only Service.

“**Secondary Receipt Point**” has the meaning ascribed to it in Article 2.9 of the Toll Schedule Firm Transportation Service.

“**Service Agreement**” means, as the context requires, a Transportation Service Agreement, an Interruptible Transportation Service Agreement or a Receipt Only Service Agreement.

“**Shipper**” means any Person who enters into a TSA with Transporter, or, if the context so requires, a person who enters into an ITSA or ROSA with Transporter.

“**Shipper’s Authorized Volume**” has the meaning ascribed to it in Article 11 hereof.

“**Shipper’s Contracted Capacities**” means the aggregate of the Contracted Capacities under all Transportation Service Agreements to which Shipper is a party.

“**Shipper's Nomination**” has the meaning ascribed to it in Article 11 hereof.

“**Shipper's Revised Nomination**” has the meaning ascribed to it in Article 11 hereof.

“**Tariff**” includes the Toll Schedule Firm Transportation Service, the Toll Schedule Interruptible Transportation Service, the Toll Schedule Receipt Only Service and the General Terms and Conditions, as amended and approved from time-to-time.

“**Taylor-Aitken Creek Receipt Point**” or “**TAC Receipt Point**” means a Receipt Point designated as a Taylor-Aitken Creek Receipt Point on Schedule “A” hereto.

"Transportation" means the receipt of Gas for Shipper's account at Receipt Points that are available to Shipper pursuant to Shipper's Service Agreements and the transport and delivery of Gas for Shipper's account at the Delivery Point.

"Transportation Service Agreement" or **"TSA"** means an agreement pursuant to which Transporter provides Firm Service to a Shipper.

"Transporter" means Alliance Pipeline Limited Partnership.

"Transporter's Contracted Capacities" means the aggregate of the Contract Capacities under all Transportation Service Agreements to which Transporter is a party.

"U.S. Pipeline" means Alliance Pipeline L.P.

"U.S. Fuel Requirement" has the meaning ascribed to it in Article 14.

"Year" means a period of three hundred sixty-five (365) consecutive days except where the year contains the date 29 February in which case it shall consist of three hundred sixty-six (366) consecutive days.

ARTICLE 2: QUALITY

- 2.1 Unless otherwise authorized by Transporter, Gas tendered to Transporter at Receipt Points shall, subject to Article 2.2, conform to the following specifications:
- (a) shall have a Gross Heating Value of no less than thirty-six (36) MJ/m³ and shall have a Gross Heating Value of no greater than 60MJ/m³ unless a Liquids Receipt Point Operating Agreement is in effect for such Receipt Point;
 - (b) shall be commercially free at prevailing pressure and temperature in Transporter's pipeline from sand, dust, gums, hydrocarbons liquefiable at temperature in excess of minus ten degrees Celsius (-10°C) and at the prevailing operating pressure, impurities, other objectionable substances which may become separated from the Gas, and other solids or liquids which will render it unmerchantable or cause injury to or interference with proper operation of the lines, regulators, meters or other facilities through which it flows; and shall not contain any substance not normally contained in Gas, other than traces of those materials and chemicals necessary for the transportation and delivery of the Gas and which do not cause it to fail to meet any of the quality specifications herein set forth;
 - (c) shall contain no more than 23 milligrams of hydrogen sulphide per cubic metre and no more than 115 milligrams of total sulphur per cubic metre of Gas unless such Receipt Point is a Liquids Receipt Point in which case the Gas tendered shall contain no more than 30 parts per million by weight of hydrogen sulphide and no more than 150 parts per million by weight of total sulphur, in each instance as determined by standard methods and testing;
 - (d) shall contain no more than two percent (2%) by volume of carbon dioxide;
 - (e) shall contain no more than sixty-five (65) milligrams of water vapour per cubic metre of Gas unless such Receipt Point is a Liquids Receipt Point in which case the Gas tendered shall contain no more than 85 parts per million by weight of water vapour;
 - (f) shall not exceed a temperature of fifty degrees Celsius (50°C);
 - (g) shall be as free of oxygen as practicable and shall in any event contain no more than four tenths of one percent (0.4%) by volume of oxygen; and
 - (h) shall in no event, contain any mix of components that will cause the presence of any liquids in the pipeline under normal operating conditions.
- 2.2 Gas tendered at Receipt Points designated as AB 05 Boundary Lake, AB 06 Boundary Lake – IOL, and AB 07 Boundary Lake South shall conform to the relevant specifications set out in the relevant tariff of Westcoast Energy Inc. as such tariff may be amended from time to time.

- 2.3 In the event gas tendered to Transporter by or on behalf of Shipper fails to meet the specifications in Article 2.1 or Article 2.2 as applicable, Transporter may refuse to receive the gas, in which case, Transporter will as soon as possible inform the Shipper to allow Shipper to promptly remedy any deficiency in quality.
- 2.4 Waiver: Transporter reserves the right to waive any or all such gas quality provisions, in a not unduly discriminatory manner, if it is determined by Transporter that such waiver can be granted without, in any way, jeopardizing the integrity of its system or violating any requirement of U.S. Pipeline.
- 2.5 In the event that Transporter determines that the projected Gross Heating Value of the commingled gas stream at any location on Transporter's system is approaching or is expected to approach the maximum acceptable level, based on the design of Transporter's system, Transporter will implement the energy capacity allocation procedure described in Article 2.6. For large diameter pipeline segments of Transporter's system, under normal operating conditions, the anticipated limit for the Gross Heating Value of the commingled gas stream is approximately 44.3 MJ/m³.
- 2.6 Transporter shall take the following steps to allocate energy capacity on Transporter's system when required pursuant to Article 2.5.
- (a) Transporter shall identify the affected part of its system, and specifically those Receipt Points for which these energy capacity allocation procedures are being invoked.
 - (b) Transporter will first take all actions authorized under other portions of this Article 2, and specifically Article 2.4, to eliminate or avoid the identified problem.
 - (c) If necessary, Transporter will determine the temporary maximum Gross Heating Value that will be acceptable for Gas nominated at Receipt Points to ensure that the commingled gas stream will not exceed the limit determined pursuant to Article 2.5.
 - (d) Transporter will notify Shippers of the situation and the temporary maximum Gross Heating Value for Gas nominated at affected Receipt Points.
- 2.7 Nominations not in compliance with the temporary maximum Gross Heating Value will be rejected as not complying with the governing quality requirements. Transporter's actions will reflect Transporter's ability to reject Secondary Receipt Point nominations prior to rejecting, if necessary, Primary Receipt Point nominations for the affected Receipt Points, as a mechanism to alleviate the identified circumstance. Transporter will update the temporary maximum Gross Heating Value as required, with the objective of maximizing the flexibility afforded to Shippers.

ARTICLE 3: MEASUREMENT

- 3.1 A unit of volume for purposes of reporting shall be one thousand (1000) cubic metres (10³m³) of Gas.
- 3.2 The volume of the Gas received from Shipper shall be determined in accordance with the *Electricity and Gas Inspection Act (Canada)* and the Regulations thereunder.
- 3.3 The absolute atmospheric pressure used for volume calculations shall be assumed to be a specific pressure determined by calculations based on the actual elevation above sea level at the site of the meter, regardless of variations in actual barometric pressure. The formula used to calculate the atmospheric pressure shall be in accordance with the methodology prescribed pursuant to the *Electricity and Gas Inspection Act (Canada)* and the Regulations thereunder.
- 3.4 The determination of Gross Heating Value of Gas received or delivered shall be performed in a manner approved under the *Electricity and Gas Inspection Act (Canada)* and the Regulations thereunder or, if a manner for such determination is not set out in that Act, in accordance with industry accepted standards, and, in any event, in a manner to ensure that the Gross Heating Value so determined is representative of the Gas received or delivered at the Receipt or Delivery Point.
- 3.5 If Transporter has received conditional permission from Measurement Canada under Bulletin G-14 for the use of gas metering equipment without verification and sealing at the Low Intervention Trade Transaction level, then the following shall apply:
- (a) The Low Intervention Trade Transactions shall be subject to the provisions and conditions listed in Bulletin G-14, a copy of which may be viewed on the Measurement Canada website at www.mc.ic.gc.ca (under Laws and Requirements and then Policies);
 - (b) Shipper agrees that the gas metering equipment has been initially calibrated and will be periodically recalibrated (and reprogrammed where necessary) in accordance with processes and procedures reasonably acceptable to Transporter and Shipper;
 - (c) Any measurement disputes arising between Transporter and Shipper shall be resolved in accordance with the provisions of Article 4.2 of these General Terms and Conditions;
 - (d) Transporter and Shipper acknowledge and agree that the conditional permission granted by Measurement Canada may restrict Measurement Canada's ability to successfully conclude a measurement dispute investigation, if Measurement Canada involvement has been requested; and
 - (e) Transporter and Shipper agree to the implementation of Low Intervention Trade Transactions in accordance with Bulletin G-14 and either Transporter or Shipper has the right to request a revocation of the conditional permission for Low Intervention Trade Transactions in accordance with Bulletin G-14.

ARTICLE 4: MEASURING EQUIPMENT

- 4.1 All meters and measuring equipment for the determination of volume, Gross Heating Value or relative density shall be approved pursuant to, and installed and maintained in accordance with, the *Electricity and Gas Inspection Act (Canada)* and the Regulations thereunder. Notwithstanding the foregoing, all installation of equipment applying to or effecting deliveries of Gas shall be made in a manner permitting accurate determination of the quantity of Gas delivered and ready verification of the accuracy of measurement. Care shall be exercised by Transporter and by Shipper in the installation, maintenance and operation of pressure regulating equipment so as to prevent any inaccuracy in the determination of the volume of Gas delivered under the Service Agreement.
- 4.2 The accuracy of Transporter's measuring equipment shall be tested and verified by Transporter at such intervals as may be appropriate for such equipment. Transporter will verify the accuracy of measuring equipment whenever requested by Shipper, provided requests do not require verification more than once in any month. If upon a requested verification, the measuring equipment is found to be registering correctly (which shall include any inaccuracy of two percent (2%) or less as mentioned below), the cost of such requested verification shall be charged to and borne by the requesting party; otherwise the cost of all requested verifications shall be borne by Transporter. If, upon any test, measuring equipment is found to be inaccurate but not by more than two percent (2%), previous readings of the equipment shall be considered correct in computing deliveries, but the equipment shall be adjusted properly at once to record accurately. If, upon any tests, any measuring equipment is found to be inaccurate by an amount exceeding two percent (2%) then the previous readings of the equipment shall be corrected to zero error for any period which is known definitely or can be agreed upon, but if the period is not known definitely or cannot be agreed upon, such corrections shall be for a period covering the last half of the time elapsed since the date of the last test.
- 4.3 Each party shall have the right to be present at the time of any installing, reading, cleaning, changing, repairing, inspecting, testing, calibrating or adjusting done in connection with the other's equipment used in measuring receipts and deliveries hereunder. The records from such measurement 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 thirty (30) days after receipt thereof. Each party shall preserve for a period of at least two (2) years all test data, charts, and other similar records or such longer period as may be required by a responsible authority having jurisdiction.

ARTICLE 5: FORCE MAJEURE

- 5.1 If either Transporter or Shipper fails to perform any obligations under the Tariff or any Service Agreement due to an event of Force Majeure or any other event beyond its reasonable control then, subject to the provisions of the Tariff or such Service Agreement, such failure shall be deemed not to be a breach of such obligations. A party that fails to perform any obligation under the Tariff or Service Agreement where such failure is caused by such an event shall promptly remedy the cause thereof so far as it is reasonably able to do so, provided that the terms of the settlement of any strike, lockout or other industrial disturbance shall be wholly in the discretion of the party claiming suspension of its obligations hereunder by reason thereof.
- 5.2 Notwithstanding the provisions of Article 5.1, no event referred to therein shall: (i) relieve any party from any obligation or obligations pursuant to the Tariff or Service Agreement unless such party gives notice with reasonable promptness of such event to the other party, or (ii) relieve any party from any obligation or obligations pursuant to the Tariff or Service Agreement after the expiration of a reasonable period of time within which, by the use of due diligence, such party could have remedied or overcome the consequences of such event or (iii) except as expressly provided in Article 4 of the Toll Schedule Firm Transportation Service relieve any party from its obligations to make any Demand Charge, Demand Charge Surcharge or other payments to the other.
- 5.3 Where the failure by either party to perform any obligation under the Tariff or Service Agreement is, by virtue of the provisions of Article 5.1, deemed not to be a breach of such obligation, then the time for the performance of such obligation shall be extended by a number of days equal to the number of days during which the relevant event existed.

ARTICLE 6: RECEIPT AND DELIVERY PRESSURE

- 6.1 All gas tendered by or on behalf of Shipper to Transporter shall be tendered at a Receipt Point at the pressure requested by Transporter from time to time. Shipper shall not be required to tender gas at a receipt pressure in excess of that specified for the specific Receipt Point in Schedule "A".
- 6.2 All Gas delivered by Transporter to the facilities of U.S. Pipeline at the Delivery Point shall be delivered at the pressure agreed to by Transporter and U.S. Pipeline.

ARTICLE 7: BILLING AND PAYMENT

- 7.1 On or before the ninth (9th) day of each Month, Transporter shall deliver to Shipper by electronic or other means a statement of the amount payable by Shipper to Transporter for the preceding Month. Transporter will also deliver to Shipper by electronic or other means a statement of any charges calculated in accordance with Article 13. If actual quantities are unavailable in time to prepare the billing, such charges shall be based on estimated quantities and Transporter shall provide, in the succeeding Month's billing, an adjustment based on any differences between actual quantities and estimated quantities. Any required invoice backup data will accompany the invoice.
- 7.2 At the reasonable request of Transporter, Shipper shall provide to Transporter in a timely manner any information or data required by Transporter to calculate and verify the volume, quality and Gross Heating Value of Shipper's actual deliveries to Transporter.
- 7.3 All payments under a Service Agreement or a Toll Schedule shall be made in Canadian funds to a depository designated by Transporter via electronic funds transfer on or before the later of the twenty-fifth (25th) day of the Month and the fifth (5th) Business Day following receipt by Shipper of the monthly statement. If the payment due date falls on a day that the designated depository is not open in the normal course of business to receive Shipper's payment, then Shipper's payment shall be made on the first day after the payment due date that such depository is open in the normal course of business. If Shipper fails to pay in accordance with this Article 7.3 all or any portion of the amount shown as payable by Shipper on a monthly statement, interest thereon shall accrue daily at a rate equal to the daily equivalent of the Prime Rate plus one percent (1%). If the failure to pay continues for ten (10) days after payment is due, Transporter, in addition to any other remedy it may have, may suspend further transport and delivery of Gas for Shipper without further notice. Such suspension of transport and delivery of gas shall not constitute a failure by Transporter to perform any of its obligations under this Tariff or any Service Agreement.
- 7.4 Provided that a claim is made within sixty (60) days of discovery of a billing error, and in any event within twenty-four (24) months from the date on the statement claimed to be in error, a billing error shall be adjusted within thirty (30) days from the date of receipt by the other party of a notice claiming discovery of the billing error, as follows:

- (a) Where Shipper has been overcharged and has paid the statement, the amount of the overpayment will be refunded to Shipper with interest at a rate equal to the sum of the Prime Rate and one percentage point (1%) from the date of the overpayment to the date of the refund. Where the refund is provided to Shipper by way of credit on another Transporter invoice, the overpayment will be deemed to have been refunded on the date the credited invoice is received by the Shipper.
 - (b) Where Shipper has been undercharged by Transporter, Shipper will pay the amount of the undercharge without interest provided the undercharge is paid within thirty (30) days. Interest shall accrue daily on undercharge amounts not paid within thirty (30) days at a rate equal to the daily equivalent of the Prime Rate plus one percent (1%) from the date of the statement.
- 7.5 Transporter or Shipper shall have the right at reasonable times to examine the books, records and charts of the other party, to the extent necessary to verify the accuracy of any statement or any claim for underpayment or overpayment.
- 7.6 (a) Transporter shall not be entitled to suspend further delivery of Gas pursuant to Article 7.3 if Shipper in good faith:
- (i) disputes the amount of any such bill or part thereof;
 - (ii) provides Transporter with a written notice including a full description of the reasons for the dispute, together with copies of supporting documents; and
 - (iii) pays to Transporter such amounts as it concedes to be correct.
- (b) Shipper shall not off-set any disputed amounts against the Demand Charge, Demand Charge Surcharge or ROS Charge portion of its bill.
- (c) In the event of a good faith billing dispute, Transporter may demand, and Shipper, within ten (10) days of such demand, shall furnish a good and sufficient surety bond guaranteeing payment to Transporter of all disputed amounts for any bills that are or will be affected by such dispute. If Shipper fails to provide a bond to Transporter guaranteeing payment, or if Shipper defaults in the conditions of such bond, then Transporter shall have the right to suspend or terminate Shipper's Service Agreement.
- (d) Any good faith billing dispute shall be submitted to arbitration pursuant to the Arbitration Act of Alberta within sixty (60) days of Transporter's receipt of Shipper's written notice under Article 7.6 (a).
- 7.7 In the event that Shipper does not pay the full amount due Transporter in accordance with this Article 7, Transporter, without prejudice to any other rights or remedies it may have, shall have the right to withhold or set off payment or credit of any amounts of monies due or owing by Transporter to Shipper, whether in connection with Shipper's Service Agreement or otherwise, against any and all amounts of monies due or owing by Shipper to Transporter.

ARTICLE 8: PRIORITY OF SERVICE

- 8.1 (a) Transporter shall have the right to curtail or discontinue Transportation, in whole or in part, on all or a portion of its system at any time for reasons of Force Majeure or when, in Transporter's sole judgement, capacity or operating conditions so require, or it is desirable or necessary to make modifications, repairs or operating changes to its system. Transporter shall provide Shipper such notice of curtailment as is reasonable in the circumstances.
- (b) Transporter shall have the unqualified right to interrupt Interruptible Service at any time to provide Firm Service to any Shipper.
- (c) In the event of curtailment pursuant to Article 8.1 (a), Transportation shall be curtailed in the following order:
- (i) Interruptible Service will be curtailed first, pro rata, based on the Interruptible Service scheduled in accordance with Article 12;
 - (ii) AOS will be curtailed next, pro rata, based on Shipper's relative rights to AOS as determined pursuant to Article 2.7 of the Toll Schedule Firm Transportation Service with nominations for AOS made after the time for nominations set out in Article 11 being curtailed fully before timely nominations; and
 - (iii) Firm Service (other than AOS) will be curtailed next, pro rata, based on the Firm Service scheduled for each Shipper in accordance with Article 12.
- 8.2 In the event of curtailment pursuant to Article 8.1(a) at a specific Receipt Point, or a subset of Receipt Points, Transportation at such Receipt Point(s) shall be curtailed in the following order:
- (a) Interruptible Service at the Receipt Point(s) will be curtailed first and such Interruptible Service that is available at the Receipt Point(s) shall be allocated, pro rata, based on the ratio of the Interruptible Service scheduled for the Interruptible Shipper at the Receipt Point(s) in accordance with Article 12 to the aggregate Interruptible Service scheduled at the Receipt Point(s) in accordance with Article 12;
 - (b) Firm Service (including AOS quantities) to Firm Shippers for which the Receipt Point(s) is not a Primary Receipt Point and Firm Shippers nominating quantities greater than the Shipper's Primary Receipt Point Capacity at the Receipt Point(s) will be curtailed next. Such Firm Service that is available to such Shippers at the Receipt Point(s) shall be allocated among such Shippers, pro rata, based on and up to each Shipper's scheduled quantity above Primary Receipt Point Capacity at each Receipt Point. If the Receipt Point(s) is a TAC Receipt Point, Firm Service (including AOS quantities) to Firm Shippers for which the TAC Receipt Point is not a Primary Receipt Point and Firm Shippers nominating volumes above their Primary Receipt Point Capacity at that TAC Receipt Point, to the extent that such Shipper's aggregate Primary Receipt Point nominations at all TAC Receipt Points are less than the Shipper's

aggregate Primary Receipt Point Capacity at all TAC Receipt Points, shall be excluded from this curtailment;

- (c) Firm Service (including AOS quantities) at TAC Receipt Points to Firm Shippers for which the TAC Receipt Point is not a Primary Receipt Point and Firm Shippers nominating volumes above their Primary Receipt Point Capacity at that TAC Receipt Point, to the extent that such Shipper's aggregate Primary Receipt Point nominations at all TAC Receipt Points are less than the Shipper's aggregate Primary Receipt Point Capacity at all TAC Receipt Points, will be curtailed next. Such Firm Service that is available shall be allocated among such Firm Shippers, pro rata, based on and up to the volume of Gas scheduled for each shipper pursuant to Article 12.2(b) at the Receipt Point; and
- (d) Firm Service (including AOS quantities) at all Receipt Points to Firm Shippers to the extent the Receipt Point(s) is a Primary Receipt Point will be curtailed last and such Firm Service that is available to such Shippers at the Receipt Point shall be allocated among such Shippers, pro rata, based on and up to the volume of Gas scheduled for each Shipper pursuant to Article 12.2 (a) at the Receipt Point.

ARTICLE 9: NON-WAIVER AND FUTURE DEFAULT

- 9.1 No waiver by either Transporter or Shipper of any one or more defaults by the other in the performance of any provisions of the Service Agreement shall operate or be construed as a waiver of any continuing or future default or defaults, whether of a like or different character.

ARTICLE 10: REQUESTS FOR TRANSPORTATION SERVICE

- 10.1 Valid requests for Transportation under Toll Schedule Firm Transportation Service and Toll Schedule Interruptible Transportation Service or Receipt Only Service under Toll Schedule Receipt Only Service shall be made by providing the following information in writing to Transporter at the following address:

Alliance Pipeline Limited Partnership
Suite 800
605 - 5th Avenue S.W.
Calgary, Alberta
Canada T2P 3H5
Attention: Manager, Tariff Administration

- (a) Identification of Shipper:
 - (i) Shipper's legal name and principal place of business.
 - (ii) Shipper's business address for notices and billing.

- (iii) Shipper's telephone number, including at least one telephone number at which an authorized employee or agent of Shipper can be contacted on a 24 hour, 7 day a week basis.
- (b) Character of service requested (Firm, Interruptible, or Receipt Only).
- (c) Requested Contracted Capacity for Firm Service or ROS Capacity for Receipt Only Service, or Maximum Daily Transportation Quantity for Interruptible Service, stated in 10³m³ per day.
- (d) Requested date of commencement of service.
- (e) Requested term of service.
- (f) Requested Primary Receipt Point(s) from the Receipt Points listed in Schedule A to the General Terms and Conditions and requested Primary Receipt Point Capacities at each receipt point if request is pursuant to toll Schedule Firm Transportation Service or Toll Schedule Receipt Only Service.
- (g) Whether any party to the transaction is an Affiliate of Transporter, either as shipper, supplier, or as the person for whom service is provided and, if so, the extent of that affiliation.
- (h) If Shipper requests service on behalf of a third party, Shipper shall submit a copy of an executed agreement between Shipper and the third party which authorized Shipper to act on behalf of the third party to secure the Transportation or Receipt Only Service requested. Shipper shall provide the name, address, telephone number and status (e.g. Local Distribution Company, producer, etc.) of the third party.

ARTICLE 11: NOMINATIONS

- 11.1 (a) For service required on any day under each Service Agreement, Shipper shall provide Transporter with a nomination indicating the Receipt Points, Delivery Points, the applicable Toll Schedule, the volume of Gas, Gross Heating Value or total number of Joules ("**Shipper Nomination**") that Shipper desires to be received only, or received, transported and delivered, and such other information as Transporter reasonably determines as necessary.
- (b) Nominations are to be provided to Transporter in writing or by electronic means agreed to between Transporter and the Shipper so as to be received by Transporter in accordance with the timelines established in conjunction with U.S. Pipeline, which reflect the Gas Industry Standards Board ("**GISB**") standard nomination cycles.
- (c) In addition to the Receipt Points listed in Schedule "A", Shippers may, as part of a Nomination, request transfers to and from the Canadian Receipt Pools of other Shippers. Shippers may also nominate for transfer to or from Shipper's Canadian Delivery Pool to the Canadian Delivery Pool of other Shippers. Transfers to and from the Canadian

Delivery Pools of other parties and transfers to and from the Canadian Receipt Pools of other parties are collectively referred to as "Title Transfers".

- (d) If such Title Transfers are confirmed through matching and equal nominations by both parties, all remaining nominations, scheduling, and curtailment procedures will be implemented based on the parties aggregate Nominations net of such Title Transfers.
- 11.2
- (a) If Transporter accepts Shipper's Nominations, Shipper's Nomination including Fuel Requirement and U.S. Fuel Requirement, shall be "**Shipper's Authorized Volume**".
 - (b) If Transporter determines that it will not accept Shipper's Nomination (for reasons of Force Majeure, failure of Shipper to comply with Shipper's Service Agreements, or any reason whatsoever consistent with the Tariff) Transporter shall advise Shipper on the day immediately preceding the day for which service was requested of the reduced volume (if any) that Transporter is prepared to receive only, or receive, transport and deliver under Shipper's Service Agreements (the "**Accepted Volume**"). Shipper shall provide a revised nomination ("**Shipper's Revised Nomination**") to Transporter. Shipper's Revised Nomination shall be no greater than the Accepted Volume.
 - (c) If Shipper does not re-nominate, Shipper's Nomination will be assumed to be the Accepted Volume and shall become Shipper's Authorized Volume. If Shipper's Revised Nomination is less than the Accepted Volume, then the sum of (1) Shipper's Revised Nomination, (2) Fuel Requirement, and (3) U.S. Fuel Requirement shall become Shipper's Authorized Volume.
- 11.3
- Transporter shall permit Shipper to revise Shipper's Nomination under Transporter's Toll Schedule Firm Transportation Service or Toll Schedule Receipt Only Service at any time prior to the end of a Day being scheduled, provided: (a) such revision may be implemented, in Transporter's reasonable judgement, by Transporter without detriment to Transporter's service to any other Firm Shipper or ROS Shipper; (b) such revision is not inconsistent with any term or condition of Transporter's Toll Schedule Firm Transportation Service, TSA, Toll Schedule Receipt Only Service, or ROSA; and (c) such revision can be confirmed in a timely manner with Shipper's applicable upstream transportation operators and other operators of connecting facilities and U.S. Pipeline. Such change in nominated and scheduled deliveries shall be made prospectively only. Notwithstanding Article 11.2, if Transporter permits a Firm Shipper to revise Shipper's Nomination under this Article 11.3 then the sum of (1) such revised Shipper's Nomination, (2) Fuel Requirement, and (3) U.S. Fuel Requirement shall become Shipper's Authorized Volume.
- 11.4
- Transporter may allow, but shall not be obligated to allow, Shipper to revise its nominations under Transporter's Toll Schedule Interruptible Transportation Service at any time prior to the end of the Day being scheduled, provided: (a) such revision may be implemented, in Transporter's reasonable judgement, by Transporter without detriment to Transporter's service to any other Firm, Interruptible or ROS Shipper; (b) such revision is not inconsistent with any term or condition of Transporter's Toll Schedule Interruptible Transportation Service and the ITSA; and (c) such revision can be confirmed in a timely manner with Shipper's upstream transportation

operators and other operators of connecting facilities and U.S. Pipeline. Such change in nominated and scheduled deliveries shall be made prospectively only. Notwithstanding Article 11.2, if Transporter permits Shipper to revise Shipper's Nomination under this Article 11.4 then the sum of (1) such revised Shipper's Nomination, (2) Fuel Requirement, and (3) U.S. Fuel Requirement shall become Shipper's Authorized Volume.

11.5 All Nominations are subject to adjustment by Transporter in accordance with Article 13 hereof.

ARTICLE 12: SCHEDULING

12.1 Transporter shall schedule all Firm Service for each Shipper prior to the scheduling of any Interruptible Service. Transportation shall be scheduled in accordance with the following order of declining priority:

- (a) Firm Service (excluding AOS) up to Shipper's Contracted Capacities under the Toll Schedule Firm Transportation Service, pro rata, based on each Shipper's Contracted Capacities.
- (b) AOS under Toll Schedule Firm Transportation Service, allocated in accordance with Article 2.7 of Toll Schedule Firm Transportation Service.
- (c) Interruptible Service under Toll Schedule Interruptible Transportation Service, pro rata, based on the nominations of all shippers seeking Interruptible Service.

12.2 Scheduling at specific Receipt Points, or a subset of Receipt Points shall be in accordance with the following order of declining priority:

- (a) Scheduling of Firm Service (including AOS quantities) at all Receipt Points will accord priority to Firm Shippers for which the Receipt Point is a Primary Receipt Point, to the extent of the Shipper's Primary Receipt Point Capacity for such Receipt Point;
- (b) Scheduling of Firm Service (including AOS quantities) at a TAC Receipt Point will afford priority to Firm Shippers for which the TAC Receipt Point is not a Primary Receipt Point and Firm Shippers nominating volumes above their Primary Receipt Point Capacity at that TAC Receipt Point, to the extent that such Shipper's aggregate Primary Receipt Point nominations at all TAC Receipt Points are less than the Shipper's aggregate Primary Receipt Point Capacity at all TAC Receipt Points. Such Firm Service shall be allocated among such Firm Shippers, pro rata, based on and up to each Shipper's un-nominated aggregate Primary Receipt Point Capacity for all TAC Receipt Points. Capacity at TAC Receipt Points that is not allocated in accordance with this Article 12.2(b) shall be allocated in accordance with Articles 12.2(c) and 12.2(d);
- (c) Remaining Firm Service (including AOS quantities) at Receipt Points shall be allocated among Firm Shippers for which the Receipt Point is not a Primary Receipt Point and Firm Shippers nominating quantities greater than Shipper's Primary Receipt Point Capacity at the Receipt Point. Such Firm Service shall be allocated among such Firm

Shippers, pro rata, based on and up to each such Shipper's Firm Service nomination above their Primary Receipt Point Capacity at that Receipt Point; and

- (d) Interruptible Service shall be allocated among Interruptible Shippers, prorata, based on the ratio of the volume of Interruptible Service nominated at the Receipt Point by the Interruptible Shipper to the aggregate volume of Interruptible Service nominated at the Receipt Point by all Interruptible Shippers.
- (e) In addition to the above, all Liquids Receipt Points with the same designated liquids component shall be considered as a subset for purposes of scheduling receipts within the limits of the capacity of the system to receive the specific component. Prior to scheduling such subset of Liquids Receipt Points, Transporter will take into account the volume of the specific liquids component received from all Receipt Points (excluding Liquids Receipt Points). Transporter will advise Shipper of changes to the estimated capacity available for the average day for each liquids component in the prior month.

12.3 Until Transporter has informed Shipper that Shipper's Nomination, whether monthly, daily or intraday, is accepted, such volumes will not be deemed scheduled.

ARTICLE 13: UNAUTHORIZED VOLUMES AND IMBALANCES

13.1 Shipper shall use reasonable efforts to minimize variances from scheduled quantities under each Toll Schedule. Notwithstanding such efforts, it is acknowledged that such variances are likely to occur. However, under certain circumstances, pursuant to the provisions of this Article, Shipper may be subject to penalties for failure to operate reasonably in this regard. Transporter shall, in good faith, assist Shipper in avoiding such penalties. Under no circumstances shall the payment of such penalties relieve Shipper from the obligation to take all required actions to resolve outstanding Imbalances.

13.2 Transporter shall use all reasonable efforts to tolerate Shipper variances because of temporary limitations of the physical capability of Transporter's system, giving due consideration to flexibility available to Transporter by fluctuating line pack levels and exploitation of permissible use of any operational balancing agreements with interconnecting facilities. Under no circumstance shall Transporter tolerate Shipper Imbalances which have a deleterious and discriminatory effect upon the capacity available to Firm Shippers.

13.3 Shipper shall use all reasonable efforts to at all times maintain balance, based on the best available information, between:

- (a) volume of gas scheduled for receipt to Shipper's account from each Receipt Point and actual volume received to Shipper's account from each Receipt Point ("**Volume Receipt Variance**");
- (b) total energy scheduled for receipt to Shipper's account from each Receipt Point and actual energy received to Shipper's account from each Receipt Point ("**Energy Receipt Variance**");

- (c) aggregate volume received to Shipper's account and aggregate volume of gas delivered by Transporter from Shipper's account at the Delivery Point ("**Volume Imbalance**"); and
 - (d) aggregate energy received to Shipper's account and aggregate energy delivered by Transporter from Shipper's account at the Delivery Point ("**Energy Imbalance**").
- 13.4 All imbalances or variances defined in Article 13.3 (collectively "**Imbalances**") shall be held in the Shipper's account in the Shipper's Receipt Pool. Transporter shall make available in advance of the time for timely nominations each Day the best available estimate of the various Imbalances to Shipper's account.
- 13.5 Shipper shall not be subject to any penalty for prevailing Imbalances, provided at all times:
- (a) Shipper's account is within acceptable tolerance levels, as specified by Transporter from time-to-time, based on the best available information; and
 - (b) Shipper takes all reasonable actions to eliminate any Imbalances, as required by the provisions of this Article, including complying with all reasonable directions of Transporter to address prevailing Imbalances, with Transporter giving due consideration to avoiding potential impacts on other Shippers in identifying reasonable courses of action in specific circumstances.
- 13.6 Transporter shall communicate to all Shippers, as part of the nomination procedures, the current acceptable level of tolerance for Imbalances. Transporter shall use all reasonable efforts to operate its system so as to permit tolerance of periodic Imbalances by each Shipper, subject to compliance with the requirements of this Article 13, up to 4% of the volume authorized by Transporter. However, Transporter reserves the right to impose more stringent Imbalance tolerance levels, based on the need to maximize throughput or to protect the integrity of Transporter's facilities.
- 13.7 Daily allocations by operators of interconnecting systems upstream of the Alliance Receipt Points ("**Upstream Operators**") shall only give rise to Imbalance penalties, if Shipper fails to take immediate action to reduce any identified Imbalances within tolerance levels specified by Transporter at that time. In the event such actions are not taken, Transporter may adjust new or standing nominations so as to bring Shipper's account within specified tolerance levels.
- 13.8 Any month-end allocation adjustments by Upstream Operators shall not give rise to Imbalance penalties, except to the extent the month-end allocations confirm Imbalances indicated by the corresponding daily allocations. For the purpose of establishing final Imbalances and imposing associated penalties, if any, differences between the month-end allocation and the aggregate of the individual daily allocations shall be prorated across each Day in the Month based upon the daily allocations confirmed by the Upstream Operators.
- 13.9 Any cumulative Imbalance confirmed by month-end allocation adjustments by Upstream Operators, if applicable, shall be eliminated by Shipper by immediately implementing one of the following courses of action:

- (a) Effecting Title Transfer(s) to or from Shipper's Receipt Pool sufficient to eliminate any such Imbalance (provided this does not create an Imbalance for the account of another Shipper); or
 - (b) Adjusting Shipper's nomination over a period no greater than 25 Days, as agreed to by Transporter (accomplished by reductions of no less than one-twenty fifth of the original cumulative Imbalance on any Day), to eliminate any such Imbalance.
- 13.10 In the event Shipper does not take either of the actions in Article 13.9 (a) and (b) in sufficient quantity, Transporter may decrease Shipper's Receipt or delivery nomination to eliminate the outstanding Imbalance in a timely and an orderly fashion.
- 13.11 If, based on month-end allocations of Upstream Operators prorated across each Day in the Month in accordance with this Article 13 (where relevant), the Volume Imbalance exceeds the Imbalance tolerance level specified by Transporter on any Day, and such data confirms the best available data available at the time the Imbalance was originally identified, and Shipper failed to take action, Shipper shall be subject to a charge ("**Volume Imbalance Penalty**"). The Volume Imbalance Penalty shall be the product obtained by multiplying the absolute amount of the Imbalances in excess of the stated tolerance level on each Day in the Month, by ten times the Daily Demand Charge for the Month.

ARTICLE 14: FUEL

- 14.1 Shipper shall nominate for and tender or cause to be tendered to Transporter, in addition to the Gas that Shipper desires to be delivered for Shipper's account at the Delivery Point, a volume of Gas determined on the basis of the applicable monthly fuel ratio established by Transporter, a volume of gas equal to Transporter's reasonable determination of estimated line losses and unaccounted for Gas, and the required operational variance in linepack for the month, (collectively the "**Fuel Requirement**"). Transporter will advise Shipper of the applicable Fuel Requirement by no later than the twenty-fifth (25th) day of the Month for the following Month, or, in the absence of such notification, Shipper shall use the last monthly Fuel Requirement established by Transporter.
- 14.2 Shipper shall nominate for and tender or cause to be tendered to Transporter as part of the Gas that Shipper desires to be delivered for Shipper's account at the Delivery Point a volume of Gas determined on the basis of the applicable monthly fuel ratio established by U.S. Pipeline, a volume of gas equal to U.S. Pipeline's reasonable determination of estimated line losses and unaccounted for Gas, and the required operational variance in linepack (collectively the "**U.S. Fuel Requirement**"). Shippers shall not be required to pay Transporter any toll for Transportation of the U.S. Fuel Requirement.
- 14.3 Transporter is not required to accept any nomination; (a) that does not include a nomination for the Fuel Requirement and the U.S. Fuel Requirement, or (b) if Transporter is not satisfied, in its sole discretion, that the Fuel Requirement and U.S. Fuel Requirement will actually be tendered to Transporter in accordance with the nomination. In the event Transporter refuses the nomination for the reasons set out in this Article 14.3, Transporter shall advise Shipper to revise its

nomination for the Fuel Requirement and U.S. Fuel Requirement and Shipper shall revise its Fuel Requirement and U.S. Fuel Requirement nomination.

14.4 The Fuel Requirement and U.S. Fuel Requirement will be calculated on an energy basis and expressed in GJ per 10³m³ of Gas to be transported.

14.5 This Article 14 does not apply to ROS Shippers.

ARTICLE 15: PRIORITY OF RECEIPTS

15.1 Gas shall be deemed to be transported from Shipper's Canadian Receipt Pool on Shipper's behalf in the following order:

- (i) Fuel Requirement;
- (ii) U.S. Fuel Requirement;
- (iii) Firm Service (excluding AOS) up to Shipper's Contracted Capacities;
- (iv) AOS; and
- (v) Interruptible Service.

ARTICLE 16: RIGHT TO COMMINGLE

16.1 Transporter shall have the right at all times to commingle Shipper's Gas with other Gas in the pipeline. Gas delivered by Transporter at the Delivery Point shall have the quality that results from Gas having been transported and commingled in the pipeline.

ARTICLE 17: NOTICES OF CHANGES IN OPERATING CONDITIONS

17.1 Transporter and Shipper shall notify each other from time to time as necessary of expected changes in the rates of delivery or receipt of Gas, or in the pressures or other operating conditions, and the reason for such expected changes, to the end that the other party may be prepared to meet them when they occur.

ARTICLE 18: POSSESSION AND CONTROL OF GAS

18.1 Transporter shall be deemed to be in possession of, in control of and responsible for all Gas received by it until the Gas is delivered by it at the Delivery Point.

ARTICLE 19: SHIPPER WARRANTY AND INDEMNITY

19.1 Shipper warrants to Transporter that it will at the time of tendering have title to or right to tender all Gas tendered by it or on its behalf to Transporter for Transportation or Receipt Only Service free and clear of liens and encumbrances and adverse claims of every kind, except that the option granted pursuant to Article 5 (Option to Extract and Purchase Liquids) of a TSA or Article 5 (Option to Extract and Purchase Liquids) of an ITSA shall not constitute an encumbrance or adverse claim hereunder.

- 19.2 Shipper represents and warrants to Transporter that it has and will maintain all authorizations for the removal of Gas from the province of production, export of Gas from Canada and import of Gas into the United States and any other authorization required to permit its Gas to be transported hereunder.
- 19.3 Transporter warrants that, subject to Article 5 of the TSA or Article 5 of the ITSA, as applicable, at the time of delivery of Gas for Shipper's account at the Delivery Point such Gas will be free and clear of all liens and encumbrances arising under or by virtue of Transporter.
- 19.4 Shipper shall indemnify Transporter and save it harmless against all claims, actions or damages arising from any adverse claims by third parties claiming ownership or an interest in the Gas tendered to Transporter for Transportation or Receipt Only Service.
- 19.5 Transporter and Shipper shall each indemnify the other and save it harmless from all suits, actions, debts, accounts, damages, costs, losses, and expenses arising out of the adverse claim of any person or persons for any taxes, licenses, fees, royalties or charges which are applicable prior to the time of delivery of such Gas to such other party.
- 19.6 Shipper shall indemnify Transporter and save it harmless from all taxes and assessments levied and assessed upon the sale and delivery of such Gas prior to and upon delivery of such Gas to Transporter for Transportation or Receipt Only Service.

ARTICLE 20: FINANCIAL ASSURANCES

- 20.1 Shipper shall at all times comply with one of the following creditworthiness requirements:

- (i) Shipper (or an Affiliate which guarantees Shipper's obligations under the Transportation Service Agreement, Interruptible Transportation Service Agreement or Receipt Only Service Agreement) has an investment grade rating for its long term senior unsecured debt from a recognized rating agent.

The schedule below sets out the minimum acceptable rating from each of the indicated rating agencies:

Acceptable Credit Ratings*
(Long-term Senior Unsecured Debt)

| | |
|---|------------------|
| Moody's | Baa3 or better |
| Standard & Poors | BBB- or better |
| Dominion Bond Rating Service | BBB or better |
| Canadian Bond Rating Service | BBB or better |
| National Association of Insurance Commissioners | NAIC 1 or NAIC 2 |

* Or other equivalent ratings from recognized rating agencies, as determined by Transporter.

A Shipper who qualifies under this category initially but is later downgraded below investment grade will be required to qualify under another category below.

- (ii) A Shipper whose long term senior unsecured debt does not have an acceptable rating as outlined in the schedule above will be accepted as creditworthy if Transporter and its lenders determine that, notwithstanding the absence of an acceptable rating, the financial position of the Shipper (or an Affiliate which guarantees the Shipper's obligations under the Transportation Service Agreement, Interruptible Transportation Service Agreement or Receipt Only Service Agreement) is acceptable to Transporter and the lenders. Application for acceptance as creditworthy may be made at any time. Shipper will not be subject to having its acceptance under this category revoked unless there has been a material adverse change in the financial criteria relied on at the time of acceptance in the sole opinion of Transporter and its lenders.
- (iii) A Shipper who, at the time of execution and delivery of its Transportation Service Agreement, Interruptible Transportation Service Agreement, or Receipt Only Service Agreement or at any time thereafter while it is bound thereby, is not eligible under (i) or (ii) above, must provide security for its obligation by either:
- (a) posting a letter of credit or pledging a cash deposit, in an amount equal to the amount of the letter of credit, as set forth below; or
 - (b) by providing other security acceptable to Transporter.

A letter of credit or cash deposit under (a) above shall be in the following amounts: (i) with respect to a Shipper under a Transportation Service Agreement or Receipt Only Service Agreement, an amount equal to 12 months of estimated Demand Charges, Demand Charge Surcharges and ROS Charges if applicable, such security to be adjusted annually to reflect any change in the estimated Demand Charges, Demand Charge Surcharge and ROS charges if applicable, for the succeeding 12 months; (ii) with respect to a Shipper under an Interruptible Transportation Service Agreement, such security shall be equal to the product obtained by multiplying the Maximum Daily Transportation Quantity in Shipper's Interruptible Transportation Service Agreement by the Interruptible Service Toll and that product multiplied by thirty (30); and shall be adjusted from time to time to reflect any changes to Shipper's Maximum Daily Transportation Quantity and the Interruptible Service Toll.

- (iv) Transporter reserves the right to require any Shipper who does not qualify under paragraph (i) above and who has not been accepted pursuant to paragraph (ii) above to provide the security required by paragraph (iii) above. Any Shipper who qualifies under paragraphs (i) or (ii) above by virtue of an Affiliate guaranteeing the obligations of the Shipper shall provide an unconditional and irrevocable guarantee from the Affiliate, in Transporter's usual form, and shall provide the guarantee concurrently with the execution of the Transportation Service Agreement, Interruptible Transportation Service Agreement, or Receipt Only Service Agreement.

ARTICLE 21: CREDITING OF REVENUE FROM INTERRUPTIBLE TRANSPORTATION AND RECEIPT ONLY SERVICE

- 21.1 For each Month Transporter shall calculate and credit to each Firm Shipper a share of an aggregate Interruptible Revenue Credit determined and allocated as follows:
- (a) The aggregate Interruptible Revenue Credit shall be equal to the product obtained by multiplying (1) the total volume of Gas transported by Transporter under Interruptible Service for all Shippers in the preceding Month by (2) the Interruptible Service Toll.
 - (b) Each Firm Shipper shall be allocated, by way of deduction from the Monthly Bill otherwise payable by such Shipper for the Month following the Month for which the aggregate Interruptible Revenue Credit has been determined, a pro rata share of the aggregate Interruptible Revenue Credit determined based on Transporter's Contracted Capacities as at the first day of the Month for which the aggregate Interruptible Revenue Credit has been determined.
- 21.2 For each Month Transporter shall calculate and credit to each Firm Shipper a share of an aggregate ROS Secondary Receipt Point Revenue Credit determined and allocated as follows:
- (a) The aggregate ROS Secondary Receipt Point Revenue Credit shall be equal to the product obtained by multiplying (1) the total volume of Gas to which the ROS Secondary Receipt Point Toll applies that is tendered by Shippers by (2) the ROS Secondary Receipt Point Toll.
 - (b) Each Firm Shipper shall be allocated, by way of deduction from the Monthly Bill otherwise payable by such Shipper for the Month following the Month for which the aggregate ROS Secondary Receipt Point Revenue Credit has been determined, a pro rata share of the aggregate ROS Secondary Receipt Point Revenue Credit determined based on Transporter's Contracted Capacities as at the first day of the Month for which the aggregate ROS Secondary Receipt Point Revenue Credit has been determined.
- 21.3 For each Month Transporter shall calculate and credit to each Firm Shipper a share of an aggregate Receipt Only Revenue Credit determined and allocated by way of deduction from the Monthly Bill otherwise payable by such Shipper for the Month following the Month for which the aggregate Receipt Only Revenue Credit has been determined, a pro rata share of the aggregate Receipt Only Revenue Credit determined based on Transporter's Contracted Capacities as at the first day of the Month for which the aggregate Receipt Only Revenue Credit has been determined.

ARTICLE 22: INCORPORATION IN TOLL SCHEDULES AND CONTRACTS

- 22.1 These General Terms and Conditions are incorporated in and are part of all Toll Schedules and Service Agreements.
- 22.2 These General Terms and Conditions, the Toll Schedules and all Service Agreements are subject to the provisions of all valid present and future laws, rules, regulations and orders of any legislative body or duly constituted authority now or hereafter having jurisdiction over the subject matter thereof.

ARTICLE 23: SERVICE AGREEMENTS

- 23.1 Shipper shall enter into a Service Agreement with Transporter under Transporter's appropriate standard form of Service Agreement, as presented in Appendices I, II and III hereto respectively.
- 23.2 The term of an Interruptible Transportation Service Agreement shall be agreed upon between Shipper and Transporter at the time of the execution thereof.

ARTICLE 24: NOTICES

- 24.1 Except as otherwise provided, any request, demand, statement, or bill, or any notice (collectively “**a notice**”) which either party desires to give to the other, must be in writing and shall be validly communicated by the delivery thereof to its addressee, either personally or by courier or by telecopier, and will be considered duly delivered to the party to whom it is sent at the time of its delivery if personally delivered or if sent by telecopier during normal business hours, or on the day following transmittal thereof if sent by courier (provided that in the event normal courier service, or telecopier service shall be interrupted by a cause beyond the control of the parties hereto, then the party sending the notice shall utilize any service that has not been so interrupted or shall personally deliver such notice) to the other party at the address set forth below. Each party shall provide notice to the other of any change of address for the purposes hereof.

(i) Operator: To be advised

(ii) Transporter:

Alliance Pipeline Limited Partnership
c/o Alliance Pipeline Ltd.
Suite 800, 605-5 Avenue S.W.
Calgary, AB, Canada T2P 3H5

Attention: Manager, Tariff Administration
Fax: (403) 266-4495

(iii) Shipper: At the address set out in a Service Agreement.

Routine communications, including monthly statements, will be considered duly delivered when mailed by either registered, certified, or ordinary mail.

ARTICLE 25: OPERATOR

25.1 Transporter shall have the right to designate any Person or Persons to function as “Operator” of its pipeline system with respect to, but not limited to, the management of facilities, receipt and disposition of nominations, scheduling of receipts and deliveries, administration of Service Agreements and accounting. If Transporter designates an Operator, references to Transporter in a Service Agreement, Toll Schedule or these General Terms and Conditions shall be read to include Operator acting on behalf of Transporter, to the extent applicable.

ARTICLE 26: LIABILITY AND INDEMNITY

- 26.1 In no event will either Transporter or Shipper be liable to the other for any indirect, special or consequential loss, damage, cost or expense whatsoever based on breach of contract, negligence, strict liability or otherwise including, without limitation, loss of profits or revenues, cost of capital, loss or damages for failure to receive or deliver Gas, cost of lost, purchased or replacement Gas, cancellation of permits or certificates and the termination of contracts.
- 26.2 Except as set out in Article 4 of the Toll Schedule Firm Transportation Service and Article 4 of the Toll Schedule Receipt Only Service, Transporter shall have no liability to Shipper, nor obligation to indemnify and save harmless Shipper, in respect of Transporter’s failure for any reason whatsoever to accept receipt of, or deliver Gas pursuant to any Service Agreement between Transporter and Shipper.

ARTICLE 27: MISCELLANEOUS

27.1 Transporter and Shipper each assume responsibility and liability for the installation, maintenance and operation of its respective properties and shall indemnify and save harmless the other party from all liability and expense on account of any and all losses, damages, claims or actions, including injury to or death of persons, arising from any act or accident resulting from the installation, presence, maintenance and operation of the property and equipment of the indemnifying party.

SCHEDULE A

Receipt Points and Receipt Pressures

| RECEIPT POINT NO. | RECEIPT POINT MNEMONIC | RECEIPT POINT NAME | METER LOCATION | TAC RECEIPT POINT (Yes/No) | RECEIPT PRESSURE kPa (psi) |
|-------------------|------------------------|---------------------|----------------|----------------------------|----------------------------|
| BC 01 | HIWAY | HIGHWAY | d-37-I 94-B-16 | Yes | 7450 (1080) |
| BC 01A | HWAY2 | HIGHWAY 2 | d-37-I 94-B-16 | Yes | 7450 (1080) |
| BC 02 | ATKCK | AITKEN CREEK | d-44-L 94-A-13 | Yes | 8065 (1170) |
| BC 02-1 | ATKCK | AITKEN CREEK | d-44-L 94-A-13 | Yes | 8065 (1170) |
| BC 02A | AKCK2 | AITKEN CREEK 2 | d-44-L 94-A-13 | Yes | 8275 (1200) |
| BC 03 | MCMAN | McMAHON | 16-25-82-18W6 | Yes | 5380 (780) |
| BC 04 | YUNGR | YOUNGER | 04-10-83-17W6 | Yes | 5380 (780) |
| BC 12 | WESDO | WEST DOE | 13-24-80-15W6 | No | 8275 (1200) |
| BC 58 | SEPTI | SEPTIMUS | 04-22-81-16W6 | No | 8275 (1200) |
| BC 62 | DOECK | DOE CREEK | 13-24-80-15W6 | No | 8275 (1200) |
| AB 05 | BDYLK | BOUNDARY LAKE | 11-24-84-15W6 | No | ¹ |
| AB 06 | BDLK2 | BOUNDARY LAKE – IOL | 08-02-85-14W6 | No | ¹ |
| AB 07 | BDLKS | BOUNDARY LAKE SOUTH | 01-14-85-13W6 | No | 6895 (1000) |
| AB 09 | FTKCK | FOURTH CREEK | 14-11-82-09W6 | No | 6895 (1000) |
| AB 10 | JOSEP | JOSEPHINE | 08-01-83-10W6 | No | 6550 (950) |
| AB 11 | PCOUP | POUCE COUPE | 11-34-79-12W6 | No | 7240 (1050) |
| AB 13 | GRDL1 | GORDONDALE | 16-02-79-12W6 | No | 8275 (1200) |
| AB 14 | GRDL2 | GORDONDALE | 11-24-79-11W6 | No | 6725 (975) |
| AB 16 | PROGR | PROGRESS | 01-01-78-10W6 | No | 7585 (1100) |
| AB 17 | VALH1 | VALHALLA | 12-21-76-09W6 | No | 7585 (1100) |
| AB 20 | VALH2 | VALHALLA | 16-20-75-09W6 | No | 7585 (1100) |
| AB 21 | TEECK | TEEPEE CREEK | 07-02-74-04W6 | No | 6895 (1000) |
| AB 22 | CLRMT | CLAIRMONT | 08-35-73-06W6 | No | 8275 (1200) |
| AB 23 | SEXSM | SEXSMITH | 01-07-75-07W6 | No | 7585 (1100) |
| AB 24 | HYTHZ | HYTHE/BRAINARD | 14-18-74-12W6 | No | 7930 (1150) |
| AB 25 | KNOPK | KNOPCIK | 09-10-74-11W6 | No | 7930 (1150) |
| AB 27 | WMBLY | WEMBLEY | 06-19-73-08W6 | No | 7240 (1050) |
| AB 27A | ELMWH | ELMWORTH | 01-08-70-11W6 | No | 5860 (850) |
| AB 29 | WAPTI | WAPITI | 03-08-69-08W6 | No | 7240(1050) |
| AB 30 | GLDCK | GOLD CREEK | 14-26-67-05W6 | No | 5515 (800) |
| AB 31 | KARRZ | KARR | 10-10-65-02W6 | No | 6550 (950) |
| AB 32 | SMOKY | SMOKY | 02-13-63-01W6 | No | 6550 (950) |
| AB 33 | SIMET | SIMONETTE | 09-06-63-25W5 | No | 6550 (950) |
| AB 33A | SHLCK | SHELL CREEK | 09-06-63-25W5 | No | 6550 (950) |
| AB 34 | MOORV | MOOSE RIVER | 15-12-64-02W6 | No | 8275 (1200) |
| AB 35 | WASKA | WASKAHIGAN | 11-07-64-23W5 | No | 5860 (850) |
| AB 36 | BIGST | BIGSTONE WEST | 14-28-59-22W5 | No | 7585 (1100) |
| AB 37 | SNIFE | SNIFE MOUNTAIN | 11-07-64-23W5 | No | 8275 (1200) |

¹ The receipt pressures for these Receipt Points are determined pursuant to the provisions of the Tariff of Westcoast Energy Inc.

| RECEIPT POINT NO. | RECEIPT POINT MNEMONIC | RECEIPT POINT NAME | METER LOCATION | TAC RECEIPT POINT (Yes/No) | RECEIPT PRESSURE kPa (psi) |
|-------------------|------------------------|---------------------------|------------------|----------------------------|----------------------------|
| AB 38 | TWOCK | TWO CREEKS | 02-04-63-16W5 | No | 6895 (1000) |
| AB 39 | GRIZJ | GRIZZLY JUNCTION | 07-23-60-18W5 | No | 8275 (1200) |
| AB 40 | KABOB | KAYBOB | 14-03-64-19W5 | No | 5900 (841) |
| AB 41 | KBOBS | KAYBOB SOUTH 1& 2 | 05-12-62-20W5 | No | 5900 (856) |
| AB 42 | BEARC | BEAR CREEK | 02-13-63-01W6 | No | 8275 (1200) |
| AB 43 | MCLDR | McLEOD RIVER | 02-11-53-18W5 | No | 8275 (1200) |
| AB 44 | EDSOZ | EDSON | 03-11-53-18W5 | No | 6205 (900) |
| AB 44A | WOLFS | WOLF SOUTH | 11-01-51-15W5 | No | 6550 (950) |
| AB 44B | EDSZ2 | EDSON 2 | 03-11-53-18W5 | No | 6205 (900)) |
| AB 45 | KBOS3 | KAYBOB SOUTH #3 | 13-10-59-18W5 | No | 5500 (798) |
| AB 46 | WWCRT | WEST WHITECOURT | 02-17-60-15W5 | No | 5515 (800) |
| AB 47 | CARCK | CARSON CREEK | 16-15-61-12W5 | No | 6500 (943) |
| AB 48 | WTCRT | WHITECOURT | 11/12-26-59-11W5 | No | 5860 (850) |
| AB50 | SUNDC | SUNDANCE | 06-16-54-18W5 | No | 8275 (1200) |
| AB 52* | ELKLP | ELK ISLAND Propane | 08-14-55-22W4 | No | 12000 (1740) |
| AB 52* | ELKLB | ELK ISLAND Butane | 08-14-55-22W4 | No | 12000 (1740) |
| AB 53* | FSAKP | FORT SASKATCHEWAN Propane | 08-14-55-22W4 | No | 12000 (1740) |
| AB 54 | VRNLK | VERNON LAKE | 13-2-47-09W4M | No | 3700 (537) |
| AB 55* | SCOTP | SCOTFORD Propane | 08-14-55-22W4 | No | 1930 (280) |
| AB55* | SCOTB | SCOTFORD Butane | 08-14-55-22W4 | No | 1930 (280) |
| AB 63 | HEAVY | HEAVY SOUND | 12-25-61-17W5 | No | 8275 (1200) |
| AB 64 | SILCK | SILVER CREEK | 01-28-59-16W5 | No | 8275 (1200) |
| AB 65 | LCRLK | LITTLE CROOKED LAKE | 03-05-62-21W5 | No | 8275 (1200) |
| AB 66 | TNYCK | TONY CREEK | 04-31-62-24W5 | No | 8275 (1200) |
| SK 56* | STLME | STEELMAN Ethane | 03-18-04-02W2 | No | 12000 (1740) |

* designates liquids receipt points

GENERAL TERMS AND CONDITIONS
Appendix I

Form of FIRM Transportation Service Agreement

**GENERAL TERMS AND CONDITIONS
Appendix II**

Form of INTERRUPTIBLE Transportation Service Agreement

GENERAL TERMS AND CONDITIONS
Appendix III

Form of RECEIPT ONLY Service Agreement

SYSTEM MAPS