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October 5, 2007

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

Filed Electronically

Attention: Ms. Claudine Dutil-Berry, Secretary

Dear Madam:

**Re: TransCanada PipeLines Limited (“TransCanada”)
Application for Approval of 2008 FT-SN Toll and Tariff Amendments**

TransCanada applies to the National Energy Board (“Board”) pursuant to Section 60(1)(b) of the *National Energy Board Act* for:

- 1) The toll for Firm Transportation Short Notice Service (“FT-SN”) will be 110% of the Firm Transportation Toll for 2008 (Resolution 10.2007);
- 2) Approval of amendments to the General Terms and Conditions (“GT&Cs”) and Storage Transportation Service (“STS”) Toll Schedule of the Tariff (Resolution 11.2007).

In the RH-1-2006 Reasons for Decision, the Board directed TransCanada to annually recalculate the opportunity cost of the foregone discretionary revenue that can be attributed to the FT-SN Toll. An FT-SN Toll for 2008 of 110% of the Firm Transportation Toll was supported by unopposed TTF Resolution 10.2007 as voted at the October 3, 2007 TTF Meeting in Calgary.

The amendments to the GT&Cs and STS Toll Schedule clarify the calculation of daily demand tolls. Currently the daily demand tolls are calculated using 365 days a year. The proposed amendments would calculate the daily demand tolls based on the total number of days in the calendar year. This was done in preparation of 2008 which is a leap year. These changes were supported by unopposed TTF Resolution 11.2007 as voted at the October 3, 2007 TTF Meeting in Calgary.

It is proposed that the amendments become effective upon Board approval.

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October 5, 2007
Ms. C. Dutil-Berry, Secretary

Enclosed for the Board's information are clean and blacklined copies of the GT&Cs, STS Toll Schedule, TTF Resolution 10.2007 and TTF Resolution 11.2007. Also enclosed are the 2007 TTF Report No. 6 and the 2007 TTF Index.

Should the Board require additional information please contact Ben Leung at (403) 920-2275.

Yours truly,

Original Signed By

Norm Bowman
Director, Regulatory Services

Attachments

cc: Tolls Task Force (on-line notification)
Mainline Customers (on-line notification)

General Terms and Conditions
Blackline Copy

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- "Cubic Metre" or "m³" shall mean the volume of gas which occupies one cubic metre when such gas is at a temperature of fifteen degrees (15°) Celsius, and at a pressure of 101.325 kilopascals absolute.
- "Daily Contract Injection Quantity" shall, for the purposes of the STS-L Contracts, mean the quantity of gas specified in the STS-L Contract for delivery from the Market Point to the Storage Injection Point(s).
- "Daily Contract Withdrawal Quantity" shall, for the purposes of the STS-L Contracts, mean 75% of the Daily Contract Injection Quantity, for delivery from the Storage Withdrawal Point to the Market Point.
- "Daily Diversion Quantity" shall have the meaning ascribed in sub-Section 3.1(e)(i) of the STS Toll Schedule.
- "Daily Excess Withdrawal Quantity" shall be as defined in sub-Section 3.1(e) of the STS Toll Schedule for STS Contracts and sub-Section 3.1(c) of the STS-L Toll Schedule for STS-L Contracts.
- "Daily Injection Quantity" shall be as defined in sub-Section 2.2(a) of the STS Toll Schedule for STS Contracts or STS-L Toll Schedule for STS-L Contracts.
- "Daily IT Quantity" shall be as defined in sub-Section 3.1(e) of the STS Toll Schedule for STS Contracts and in sub-Section 3.1(e) of the STS-L Toll Schedule for STS-L Contracts.
- "Daily Operational Injection Quantity" shall, for the purposes of STS-L Contracts, mean the least of the aggregate of the Contract Demand(s) of the Linked FT Contract(s) and the Daily Contract Injection Quantity from the Market Point to the Storage Injection Point(s).
- "Daily STFT Quantity" shall be as defined in sub-Section 3.1 (e) of the STS Toll Schedule for STS Contracts and in sub-Section 3.1(e) of the STS-L Toll Schedule for STS-L Contracts.
- "Daily Withdrawal Quantity" shall be as defined in sub-Section 2.2(b) of the STS Toll Schedule for STS Contracts and sub-Section 2.2(b) STS-L Toll Schedule for STS-L Contracts.
- "Daily Demand Toll" shall mean the toll determined by multiplying the Monthly Demand Toll for transportation service, as approved by the NEB (as set forth in the List of Tolls referred to in

- Section III hereof), by twelve (12) and dividing the result by ~~three hundred and sixty-five (365)~~ the number of days in the Year.
- "Day" shall mean a period of 24 consecutive hours, beginning and ending at 09:00 hours Central Clock Time, or at such other time as may be mutually agreed upon by Shipper and TransCanada. The reference date for any day shall be the calendar date upon which the 24 hour period shall commence.
 - "Delivery Pressure Daily Demand Toll" shall mean the toll determined by multiplying the Delivery Pressure Monthly Demand Toll, as approved by the NEB (as set forth in the List of Tolls referred to in Section III hereof), by twelve (12) and dividing the result by ~~three hundred and sixty-five (365)~~ the number of days in the Year.
 - "Diversion" shall mean the delivery of quantities of gas at a delivery point and/or delivery area not specified in Shipper's FT, FT-NR, FST or LT-WFS Contract.
 - "EDI" means Electronic Data Interchange being the direct computer-to-computer transfer of information using ANSI ASC X12 protocol and a specific definition assigned by TransCanada under standards agreed to by a consensus of the natural gas industry (through standard-setting committees).
 - "EDI format" shall mean a file format compliant with the ANSI ASC X12 protocol used for EDI and according to the specific definition assigned by TransCanada under standards agreed to by a consensus of the natural gas industry (through standard-setting committees).
 - "Financial Assurance" shall have the meaning attributed to it in sub-Section XXIII(1) hereof.
 - "Fuel Quantity" shall mean the quantity of gas expressed in gigajoules which is to be used by TransCanada as fuel for transporting Shipper's Authorized Quantity.
 - "GJ" shall mean gigajoule being 1,000,000,000 joules and include the plural as the context requires.
 - "GHV-97" shall mean the gross heating value for each delivery point as set out in the HV-97 Schedule attached to these general terms and conditions as adjusted in accordance with any Shipper election given to TransCanada prior to February 13, 1998.

- "Title Transfer" shall mean the transfer of title to gas between two (2) Shippers at a Title Transfer Point.
- "Title Transfer Point" shall be those points and areas where the quantity of gas allocated to each Shipper is established each day and is not subject to reallocation.
- "TransCanada" shall mean "TransCanada PipeLines Limited" and its successors.
- "Transportation Service Contract" shall mean "Firm Transportation Service Contract", "FT Contract", "Non Renewable Firm Transportation Contract", "FT-NR Contract", "Interruptible Service Transportation Contract", "IT Contract", "Interruptible Backhaul Service Contract", "IT Backhaul Contract", "Storage Transportation Service Contract", "STS Contract", "STS-L Contract", "Short Term Firm Transportation Service Contract", "STFT Contract", "Firm Service Tendered Contract", "FST Contract", "Enhanced Capacity Release Service Contract", "ECR Contract", "Long-Term Firm Service Contract", "LT-WFS Contract", "Firm Backhaul Transportation Service Contract" and "FBT Contract".
- "Year" shall mean a period of 365 consecutive days commencing January 1st of any year; PROVIDED HOWEVER, that any such year which contains a date of February 29 shall consist of 366 consecutive days.

II APPLICABILITY AND CHARACTER OF SERVICE

1. (a) Subject to the provisions of the applicable Toll Schedule and these General Terms and Conditions, on each day for which service is requested by Shipper, and authorized by TransCanada pursuant to Section XXII hereof, Shipper shall deliver and TransCanada shall receive, at the receipt point set out in Shipper's Contract (the "receipt point"), the Shipper's Authorized Quantity and TransCanada shall transport for Shipper and Shipper shall receive, at the delivery point set out in Shipper's Contract (the "delivery point"), a quantity of gas equal thereto; PROVIDED HOWEVER, that under no circumstances shall TransCanada be obligated to deliver to Shipper in any one day, at the delivery point, a quantity of gas in excess of the Contract Demand.
- (b) If on any day Shipper fails to accept all or any portion of the gas delivered at the delivery point by TransCanada pursuant to the applicable Toll Schedule, TransCanada shall have

- (ii) for any delivery point or delivery area, means the total quantity of gas which TransCanada determines has been delivered during any time period under all transportation service contracts with a Shipper.
- (b) "Total Authorized Quantity" or "TAQ" for any day:
 - (i) for any receipt point, means the sum of the Shipper's Authorized Quantities under all transportation service contracts at that receipt point.
 - (ii) for any delivery point or delivery area, means the sum of the Shipper's Authorized Quantities under all transportation service contracts at a delivery point or for that delivery area.
- (c) "Daily Variance" for a Shipper at any receipt or delivery point or delivery area means the absolute difference between the Total Authorized Quantity and the Total Allocated Quantity.
- (d) "FT Daily Demand Charge" or "FTD" means the result when the Demand Toll for Canadian Firm Service to the Eastern Zone Toll, as set out in the List of Tolls, is multiplied by 12 and divided by 365 the number of days in the Year.
- (e) "Average Authorized Quantity" or "AAQ" for a Shipper at any receipt or delivery point or delivery area means the average Total Authorized Quantity during the preceding 30 days.
- (f) "Cumulative Variance" is the absolute value accumulation of the daily differences between the Total Authorized Quantity and the Total Allocated Quantity for a Shipper at any delivery point, delivery area or receipt point.

3. **Emergency Operating Conditions**

(a) EOC Definition

"Emergency Operating Conditions" ("EOC") means that TransCanada determines, in the exercise of its reasonable judgement, that its ability to fulfill its obligations under firm contracts is at risk due, in whole or in part, to Shipper variances during periods of extreme weather changes, and/or supply, market, pipeline interruptions, and TransCanada issues an EOC notice pursuant to subsection 3(b).

General Terms and Conditions
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I DEFINITIONS

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

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

- "Cubic Metre" or "m³" shall mean the volume of gas which occupies one cubic metre when such gas is at a temperature of fifteen degrees (15°) Celsius, and at a pressure of 101.325 kilopascals absolute.
- "Daily Contract Injection Quantity" shall, for the purposes of the STS-L Contracts, mean the quantity of gas specified in the STS-L Contract for delivery from the Market Point to the Storage Injection Point(s).
- "Daily Contract Withdrawal Quantity" shall, for the purposes of the STS-L Contracts, mean 75% of the Daily Contract Injection Quantity, for delivery from the Storage Withdrawal Point to the Market Point.
- "Daily Diversion Quantity" shall have the meaning ascribed in sub-Section 3.1(e)(i) of the STS Toll Schedule.
- "Daily Excess Withdrawal Quantity" shall be as defined in sub-Section 3.1(e) of the STS Toll Schedule for STS Contracts and sub-Section 3.1(c) of the STS-L Toll Schedule for STS-L Contracts.
- "Daily Injection Quantity" shall be as defined in sub-Section 2.2(a) of the STS Toll Schedule for STS Contracts or STS-L Toll Schedule for STS-L Contracts.
- "Daily IT Quantity" shall be as defined in sub-Section 3.1(e) of the STS Toll Schedule for STS Contracts and in sub-Section 3.1(e) of the STS-L Toll Schedule for STS-L Contracts.
- "Daily Operational Injection Quantity" shall, for the purposes of STS-L Contracts, mean the least of the aggregate of the Contract Demand(s) of the Linked FT Contract(s) and the Daily Contract Injection Quantity from the Market Point to the Storage Injection Point(s).
- "Daily STFT Quantity" shall be as defined in sub-Section 3.1 (e) of the STS Toll Schedule for STS Contracts and in sub-Section 3.1(e) of the STS-L Toll Schedule for STS-L Contracts.
- "Daily Withdrawal Quantity" shall be as defined in sub-Section 2.2(b) of the STS Toll Schedule for STS Contracts and sub-Section 2.2(b) STS-L Toll Schedule for STS-L Contracts.

- "Daily Demand Toll" shall mean the toll determined by multiplying the Monthly Demand Toll for transportation service, as approved by the NEB (as set forth in the List of Tolls referred to in Section III hereof), by twelve (12) and dividing the result by the number of days in the Year.
- "Day" shall mean a period of 24 consecutive hours, beginning and ending at 09:00 hours Central Clock Time, or at such other time as may be mutually agreed upon by Shipper and TransCanada. The reference date for any day shall be the calendar date upon which the 24 hour period shall commence.
- "Delivery Pressure Daily Demand Toll" shall mean the toll determined by multiplying the Delivery Pressure Monthly Demand Toll, as approved by the NEB (as set forth in the List of Tolls referred to in Section III hereof), by twelve (12) and dividing the result by the number of days in the Year.
- "Diversion" shall mean the delivery of quantities of gas at a delivery point and/or delivery area not specified in Shipper's FT, FT-NR, FST or LT-WFS Contract.
- "EDI" means Electronic Data Interchange being the direct computer-to-computer transfer of information using ANSI ASC X12 protocol and a specific definition assigned by TransCanada under standards agreed to by a consensus of the natural gas industry (through standard-setting committees).
- "EDI format" shall mean a file format compliant with the ANSI ASC X12 protocol used for EDI and according to the specific definition assigned by TransCanada under standards agreed to by a consensus of the natural gas industry (through standard-setting committees).
- "Financial Assurance" shall have the meaning attributed to it in sub-Section XXIII(1) hereof.
- "Fuel Quantity" shall mean the quantity of gas expressed in gigajoules which is to be used by TransCanada as fuel for transporting Shipper's Authorized Quantity.
- "GJ" shall mean gigajoule being 1,000,000,000 joules and include the plural as the context requires.
- "GHV-97" shall mean the gross heating value for each delivery point as set out in the HV-97 Schedule attached to these general terms and conditions as adjusted in accordance with any Shipper election given to TransCanada prior to February 13, 1998.

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- "GHV" shall mean gross heating value.
- "Gas" shall mean: (i) any hydrocarbons or mixture of hydrocarbons that, at a temperature of 15° C and a pressure of 101.325 kPa, is in a gaseous state, or (ii) any substance designated as a gas product by regulations made under section 130 of the National Energy Board Act.
- "Gross Heating Value" shall mean the total joules expressed in megajoules per cubic metre (MJ/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.
- "Joule" (J) shall mean the work done when the point of application of a force of one (1) newton is displaced a distance of one (1) metre in the direction of the force.
- "Linked FT Contract" shall mean the FT Contract(s) identified in Exhibit "B" of Shipper's STS-L Contract and such FT Contract shall satisfy the following:
 - i. the delivery point shall be the same as the Market Point specified in Exhibit "A" of Shippers STS-L Contract;
 - ii. is not identified in any other STS Contract or any Exhibit "B" of any other STS-L Contract;
 - iii. has a minimum Linked Term of 1 month, and shall commence on the first day of a month and shall end on the last day of a month;
 - iv. has a receipt point that is Empress or in the province of Saskatchewan.
- "Linked Term" shall have the meaning ascribed in Exhibit "B" of the STS-L Toll Schedule
- "Market Point" shall have the meaning ascribed in Exhibit "A" of the STS Contract or STS-L Contract as the case may be.
- "Month" shall mean the period beginning on the first day of the calendar month and ending at the beginning of the first day of the next succeeding calendar month.

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- "CCT" shall mean Central Clock Time, representing the time in effect in the Central Time Zone of Canada at the time a transaction occurs, regardless of whether that time may be Standard Time or Daylight Savings Time as those terms are commonly known and understood.
- "NEB" shall mean the National Energy Board or any regulatory or government authority hereafter having a similar jurisdiction in substitution therefor.
- "Shipper" shall mean a customer of transportation service.
- "Shipper's Authorized Quantity" shall be as defined in subsection 1 of Section XXII.
- "Shipper's Maximum Hourly Flow Rate" shall mean, on any Day, the maximum hourly rate of flow of Gas Shipper may receive at a delivery point or area and which shall be equal to the sum of:
 - a) 5% of the aggregate daily Contract Demand for all of Shipper's service pursuant to FT, FT-NR, FST, LT-WFS, STFT, FBT, STS and STS-L Contracts which specify delivery of gas to such delivery point or area (excluding deliveries pursuant to STS and STS-L Contracts that are on a best efforts basis) minus all Diversions under such Contracts on such Day; and
 - b) 5% of the aggregate Shipper's Authorized Quantity for deliveries to such delivery point or area under all of Shipper's IT, IBT, and ECR Contracts, STS Overrun, FST Makeup, Diversions on such Day and deliveries which are on a best effort basis pursuant to STS and STS-L Contracts.
- "Storage Injection Point" shall have the meaning ascribed in Exhibit "A" of the STS Contract or the STS-L Contract as the case may be.
- "Storage Withdrawal Point" shall have the meaning ascribed in Exhibit "A" of the STS Contract or the STS-L Contract as the case may be.
- "Subsidiary" shall mean a company in which 50% or more of the issued share capital (having full voting rights under all circumstances) is owned or controlled directly or indirectly by another company, by one or more subsidiaries of such other company, or by such other company and one or more of its subsidiaries.

- "Title Transfer" shall mean the transfer of title to gas between two (2) Shippers at a Title Transfer Point.
- "Title Transfer Point" shall be those points and areas where the quantity of gas allocated to each Shipper is established each day and is not subject to reallocation.
- "TransCanada" shall mean "TransCanada PipeLines Limited" and its successors.
- "Transportation Service Contract" shall mean "Firm Transportation Service Contract", "FT Contract", "Non Renewable Firm Transportation Contract", "FT-NR Contract", "Interruptible Service Transportation Contract", "IT Contract", "Interruptible Backhaul Service Contract", "IT Backhaul Contract", "Storage Transportation Service Contract", "STS Contract", "STS-L Contract", "Short Term Firm Transportation Service Contract", "STFT Contract", "Firm Service Tendered Contract", "FST Contract", "Enhanced Capacity Release Service Contract", "ECR Contract", "Long-Term Firm Service Contract", "LT-WFS Contract", "Firm Backhaul Transportation Service Contract" and "FBT Contract".
- "Year" shall mean a period of 365 consecutive days commencing January 1st of any year; PROVIDED HOWEVER, that any such year which contains a date of February 29 shall consist of 366 consecutive days.

II APPLICABILITY AND CHARACTER OF SERVICE

1. (a) Subject to the provisions of the applicable Toll Schedule and these General Terms and Conditions, on each day for which service is requested by Shipper, and authorized by TransCanada pursuant to Section XXII hereof, Shipper shall deliver and TransCanada shall receive, at the receipt point set out in Shipper's Contract (the "receipt point"), the Shipper's Authorized Quantity and TransCanada shall transport for Shipper and Shipper shall receive, at the delivery point set out in Shipper's Contract (the "delivery point"), a quantity of gas equal thereto; PROVIDED HOWEVER, that under no circumstances shall TransCanada be obligated to deliver to Shipper in any one day, at the delivery point, a quantity of gas in excess of the Contract Demand.
- (b) If on any day Shipper fails to accept all or any portion of the gas delivered at the delivery point by TransCanada pursuant to the applicable Toll Schedule, TransCanada shall have

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the right to curtail further receipts of gas from Shipper at the receipt point in a quantity equal to that which Shipper failed to accept from TransCanada. If on any day Shipper requests service hereunder but fails, for whatever reason, to deliver gas to TransCanada at the receipt point, then TransCanada shall have the right to curtail further deliveries of gas to Shipper at the delivery point in a quantity equal to that which Shipper failed to deliver to TransCanada.

2. Shipper's Authorized Quantity shall, where applicable, be delivered on such day by Shipper to TransCanada at the receipt point or taken on such day by Shipper from TransCanada at the delivery point or area, as the case may be, at hourly rates of flow as nearly constant as possible; PROVIDED HOWEVER, that Shipper may not, without TransCanada's consent, take delivery of such gas at the delivery point or area at an hourly rate of flow in excess of the Shipper's Maximum Hourly Flow Rate.
3. Departures from scheduled daily deliveries due to the inability of TransCanada or Shipper to maintain precise control shall be kept to the minimum permitted by operating conditions.
4. From the time gas is delivered into the possession of TransCanada at the receipt point TransCanada shall have the unqualified right to commingle such gas with other gas in TransCanada's pipeline system.

III TOLLS

1. The tolls applicable to service provided under any Contract into which these General Terms and Conditions are incorporated shall be determined:
 - (i) in the case of all transportation services, except Storage Transportation Service ("STS") and "Storage Transportation Service-Linked" (STS-L), where the receipt point is located at the Alberta/Saskatchewan border or where the receipt and delivery points are located in different provinces, on the basis of the Canadian Toll Zone in which the delivery point is located for gas which is delivered for consumption in Canada under a Contract in which the principal delivery point(s) specified therein do not include any export delivery points for gas destined for export to the United States; or
 - (ii) as fixed and approved by the NEB, on the basis of the receipt and delivery points for delivery of gas destined for export to the United States; or

- (iii) in the case of STS and STS-L contracts and contracts providing receipt and delivery points within one province of Canada, as fixed and approved by the NEB, on the basis of the receipt point and delivery points set out therein.

If gas intended for consumption in Canada is delivered hereunder at more than one delivery point within a Canadian Toll Zone, the appropriate toll shall be applied as though such delivery points were one point and as if the gas delivered was measured by one meter.

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

IV SHIPPER PROVISION OF FUEL REQUIREMENTS

1. Daily Operations

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

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

where $FR\%$ is the applicable monthly fuel ratio respecting transportation service from the nominated receipt point to the nominated delivery point and $fr_i\%$ is the applicable monthly fuel ratio for delivery pressure in excess of a gauge pressure of 4000 kilopascals at delivery point "i", both as set out in TransCanada's notice to Shipper delivered pursuant to Section 2 hereof, Q_d is the Shipper's Authorized Quantity, and Q_{d_i} is the quantity to be delivered at delivery point "i", for which point a toll for delivery pressure services has been approved by the NEB (as set forth in the List of Tolls referred to in Section III hereof); and where $\Sigma (Q_{d_i} \times fr_i\% / 100)$ represents the sum of the fuel quantities required for delivery pressure in excess of a gauge pressure of 4000 kilopascals at all points applicable to Shipper's Authorized Quantity.

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

2. **Nominations and Authorizations**

Concurrent with nominating for transportation service for a given day, pursuant to Section XXII hereof, Shipper shall also nominate the Fuel Quantity to be made available to TransCanada on such day (the "fuel tender"). In the event TransCanada is not prepared to authorize Shipper's nomination or if TransCanada determines that Shipper's fuel tender is incorrect, TransCanada shall, by 14:00 hours CCT of the day immediately preceding the day for which service has been requested, advise Shipper to revise its fuel tender, and Shipper shall nominate such revised fuel tender by 15:00 hours CCT on such day. All fuel tenders shall be stated to the nearest one (1) GJ.

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

V QUALITY

1. The gas to be delivered hereunder shall be natural gas; provided however, that helium, natural gasoline, butane, propane and any other hydrocarbons except methane may be removed prior to delivery. TransCanada may subject, or permit the subjection of the natural gas to compression, cooling, cleaning and other processes.
2. **Heating Value:** The minimum gross heating value of the gas to be received and delivered by TransCanada shall be 36.00 MJ/m^3 . TransCanada shall have the right to refuse to accept Shipper's gas as long as the gross heating value of such gas remains below 36.00 MJ/m^3 . In the event that the gross heating value of the gas to be delivered by TransCanada in any month, when determined as provided in sub-section 2 of Section VI hereof, falls below 36.00 MJ/m^3 , Shipper shall have the option to refuse to accept said gas so long as the gross heating value remains below 36.00 MJ/m^3 .
3. **Freedom from Objectionable Matter:** The gas to be received by TransCanada from Shipper and to be delivered by TransCanada hereunder:
 - (a) Shall be commercially free (at prevailing pressure and temperature in TransCanada's pipeline) from sand, dust, gums, oils, hydrocarbons liquefiable at temperatures in excess of minus ten degrees (-10°) Celsius at five thousand five hundred (5500) kPa absolute, impurities, other objectionable substances which may become separated from the gas, and other solids or liquids which will render it unmerchantable or cause injury to or interference with proper operations of the lines, regulators, meters or other appliances through which it flows; and shall not contain any substance not contained in the gas at the time the same was produced other than traces of those materials and chemicals necessary for the transportation and delivery of the gas and which do not cause it to fail to meet any of the quality specifications herein set forth.
 - (b) Shall contain no more than twenty-three (23) milligrams of hydrogen sulphide per cubic metre nor more than one hundred and fifteen (115) milligrams of total sulphur per cubic metre of gas as determined by standard methods of testing.
 - (c) Shall not contain more than two per cent (2%) by volume of carbon dioxide.
 - (d) Shall have been dehydrated, if necessary, for removal of water present therein in a vapour state, and in no event contain more than sixty-five (65) milligrams of water vapour per cubic metre of gas.

- (e) Shall not exceed a temperature of fifty degrees (50°) Celsius.
 - (f) Shall be as free of oxygen as practicable and shall not in any event contain more than four tenths of one percent (0.4%) by volume of oxygen.
4. **Failure to Conform to Specifications Re Objectionable Matter:** If the gas being received by TransCanada from Shipper or transported by TransCanada to Shipper fails at any time to conform to any of the specifications set forth in sub-Section 3 of this Section, then the party receiving such gas (the "First Party") shall notify the party delivering such gas (the "Second Party") of such deficiency and thereupon the First Party may at the First Party's option refuse to accept delivery pending correction by the Second Party. Upon the Second Party's failure promptly to remedy any deficiency in quality as specified in sub-Section 3 of this Section, the First Party may accept delivery of such gas and may make changes necessary to bring such gas into conformity with such specifications, and the Second Party shall reimburse the First Party for any reasonable expense incurred by the First Party in effecting such changes.

VI MEASUREMENTS

1. **Unit of Volume and Unit of Quantity:** The unit of volume for the purpose of reporting shall be one thousand (1000) cubic metres (10^3 m^3) of gas and the unit of quantity shall be GJ.
2. **Determination of Volume and Gross Heating Value:** The volume and the gross heating value of the gas received by TransCanada from Shipper and delivered to Shipper shall be determined as follows:
 - (a) The gas volumes shall be computed in accordance with the methodology prescribed in the Electricity and Gas Inspection Act (Canada) (R.S.C. 1985, c.E-4) as amended from time to time including all regulations and specifications promulgated pursuant to such Act (collectively, the "Electricity and Gas Inspection Act").
 - (b) For the purpose of measurement of gas received into and delivered from the TransCanada system, the parties agree that the average absolute atmospheric (barometric) pressure at such points shall be assumed to be constant during the term thereof, regardless of variations in actual barometric pressure from time to time, and shall be calculated based on the elevation of the measurement point. The formula used to calculate the atmospheric pressure shall be in accordance with the methodology prescribed in the Electricity and Gas Inspection Act (Canada) (R.S.C. 1985, c.E-4)

amended from time to time including all regulations and specifications promulgated pursuant to such Act.

- (c) The determination of the gross heating value of the gas received or delivered shall be performed in a manner approved under the Electricity and Gas Inspection Act or, if such specification is not set out in such Act, in accordance with industry accepted standards, and, in any event, in such manner as to ensure that the gross heating values so determined are representative of the gas received or delivered at the receipt or delivery point.
- (d) The determination of the relative density of the gas received or delivered shall be performed in a manner approved under the Electricity and Gas Inspection Act or, if such specification is not set out in such Act, in accordance with industry accepted standards, and, in any event, in such manner as to ensure that the relative densities so determined are representative of the gas received or delivered at the receipt or delivery point.

VII DELIVERY POINT

1. For the purpose of Section VIII hereunder, unless otherwise specified in the Contract, the delivery point or points for all gas to be delivered by TransCanada to Shipper pursuant to any Contract into which these General Terms and Conditions are incorporated shall be on the outlet side of TransCanada's measuring stations located at or near the point or points of connection with the facilities of Shipper or Shipper's agent in receiving the gas, as specified in the Contract.
2. If the total quantity of gas delivered at any delivery point is less than 3750 GJ during any contract year, then Shipper shall pay TransCanada at the end of such contract year, in addition to any amounts otherwise payable, an amount equal to:

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

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

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

VIII POSSESSION OF GAS

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

IX MEASURING EQUIPMENT

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

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

- (a) **Measuring Station:** In accordance with the above, TransCanada will install, maintain and operate, or will cause to be installed, maintained and operated, at or near each delivery point, a measuring station equipped with a meter or meters and other necessary equipment for accurate measurement of the gas delivered under the Contract.
2. **Calibration and Test of Measuring Equipment:** The accuracy of measuring equipment shall be verified by TransCanada at reasonable intervals, and if requested, in the presence of representatives of Shipper, but TransCanada shall not be required to verify the accuracy of such equipment more frequently than once in any thirty (30) day period. In the event either party shall notify the other that it desires a special test of any measuring equipment the parties shall co-operate to secure a prompt verification of the accuracy of such equipment. The expense of any such special test, if called for by Shipper, shall be borne by Shipper if the measuring equipment is found to be in error by not more than the limits set out as follows:
 - (a) 2% for measuring equipment utilized to determine volume,
 - (b) 1% for any instrument utilized to determine relative density,
 - (c) 0.5% for any instrument utilized to determine gross heating value.

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

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

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

Notwithstanding the foregoing, when TransCanada and Shipper mutually agree that a measurement instrument inaccuracy occurred at a definite point in time, a quantity correction shall be made even though said inaccuracy is less than the limits specified in (a), (b) and (c) above.

3. **Correction of Metering Errors:** Failure of Meters: In the event a meter is out of service, or registering inaccurately, the volume or quantity of gas delivered shall be determined by the most equitable method. Such methods shall include but not be limited to:

- (a) mathematical calculations and comparisons including prevailing ratio with a parallel meter,
- (b) the use of Shipper's check measuring equipment, and
- (c) comparison to deliveries under similar conditions when the meter was registering accurately.

4. **Preservation of Metering Records:** TransCanada and Shipper shall each preserve for a period of at least six (6) years all test data, charts and other similar records. Microfilms of the original documents shall be considered true records.
5. **Check Measuring Equipment:** Shipper may install, maintain and operate at its own expense, such check measuring equipment as desired, provided that such equipment shall be so installed as not to interfere with the operation of TransCanada's measuring equipment. Any pressure or volume control regulators installed by Shipper shall be operated so as not to interfere with TransCanada's measuring facilities.
6. **Rights of Parties:** The measuring equipment so installed by either party together with any building erected by it for such equipment, shall be and remain its property. However, TransCanada and Shipper shall have the right to have representatives present at the time of any installing, reading, cleaning, changing, repairing, inspecting, testing, calibrating or adjusting done in connection with the other's measuring equipment used in measuring or checking the measurement of the delivery of gas under the Contract. The records from such measuring equipment shall remain the property of their owner, but upon request each will submit to the other its records and charts, together with calculations therefrom, for inspection and verification, subject to return within ten days after receipt thereof.

X BILLING

1. **Monthly Billing Date:** For all contracts in effect prior to the effective date of the NEB's Decision in the RH-2-95 proceeding, TransCanada shall render bills on or before the tenth (10th) day of each month for all transportation services provided by TransCanada to the Canadian Toll Zones ("Domestic Service") and on or before the fifteenth (15th) day of each month for all transportation services provided by TransCanada to any Export Delivery Point ("Export Service"). For gas taken by Shipper in excess of the total daily quantity authorized by TransCanada, TransCanada shall also render bills for charges made pursuant to Section XXII on or before the tenth (10th) day of each month, in respect of Domestic Service, and on or before the fifteenth (15th) day of each month, in respect of Export Service.

For all Export Service Contracts coming into effect after the effective date of the NEB's Decision in the RH-2-95 proceeding, including the renewal of any Export Service Contracts which existed prior to such date, the billing date shall be the tenth (10th) day of each month.

2. **Information:** Shipper hereby undertakes to provide TransCanada with all the information and material required by TransCanada to calculate and verify the quantity of gas actually received by TransCanada from Shipper, and the quality specifications and components thereof.

If such information is not received by TransCanada in sufficient time prior to TransCanada rendering bills to Shipper pursuant to this Section X, such bills shall be calculated based on TransCanada's best estimate of the quantity and quality of gas actually received by TransCanada from Shipper. Any overcharges or undercharges resulting from any differences between the above estimates and the actual amounts shall be adjusted in the subsequent bill without any interest thereon.

XI PAYMENTS

1. **Monthly Payment Date:** For all contracts in effect prior to the effective date of the NEB's Decision in the RH-2-95 proceeding, Shipper shall pay to TransCanada, at its address designated in the Contract, or shall pay to the Royal Bank of Canada, Main Branch, Calgary, Alberta, or at other institutions if agreed to by TransCanada for deposit to the account of TransCanada so that TransCanada shall receive payment from Shipper on or before the twentieth (20th) day of each month for Domestic Service, and by the twenty-fifth (25th) day of each month for Export Service (the "Payment Date") provided by TransCanada to Shipper pursuant to the applicable toll schedules and for any charges made pursuant to Section XXII herein during the preceding month and billed by TransCanada in a statement for such month according to the nominated and/or measured deliveries, computations, prices and tolls provided in the Contract. If the Payment Date is not a Banking Day, then payment must be received by TransCanada on Shipper's account or before the first (1st) Banking Day immediately prior to the Payment Date.

For all Export Service Contracts coming into effect after the effective date of the NEB's Decision in the RH-2-95 proceeding, including the renewal of any Export Service Contracts which existed prior to such date, the payment date shall be the twentieth (20th) day of each month; provided however, if the Payment Date is not a Banking Day, then payment must be received by TransCanada on Shipper's account on or before the first (1st) Banking Day immediately prior to the Payment Date.

2. **Remedies for Non-Payment: Notwithstanding Section XVII,** if Shipper fails to pay the full amount of any bill when payment is due, TransCanada may upon four (4) Banking Days written notice immediately suspend any or all service being or to be provided to Shipper provided however that such suspension shall not relieve Shipper from any obligation to pay any rate, toll, charge or other amount payable to TransCanada. If at any time during such suspension Shipper pays the full amount payable to TransCanada, TransCanada shall within two (2) Banking Days recommence such suspended service.

Notwithstanding Section XVII following suspension, TransCanada may, in addition to any other remedy that may be available to it, upon four (4) Banking Days written notice to Shipper immediately:

- (a) terminate any or all service being or to be provided to Shipper; and
- (b) declare any and all amounts payable now or in the future by Shipper to TransCanada for any and all service to be immediately due and payable as liquidated damages and not as a penalty.

In the event Shipper disputes any part of a bill, Shipper shall nevertheless pay to TransCanada the full amount of the bill when payment is due.

If Shipper fails to pay all of the amount of any bill as herein provided when such amount is due, interest on the unpaid portion of the bill accrues daily at a rate of interest equal to the prime rate of interest of the Royal Bank of Canada as it may vary from time to time, plus one percent (1%) and the principle and accrued interest to date shall be payable and due immediately upon demand.

3. **Adjustment of Underpayment, Overpayment or Error in Billing:** If it shall be found that at any time or times Shipper has been overcharged or undercharged in any form whatsoever under the provisions of the Contract and Shipper shall have actually paid the bills containing such overcharge or undercharge, then within thirty (30) days after the final determination thereof, TransCanada shall refund the amount of any such overcharge with interest which is equal to the prime rate of interest of the Royal Bank of Canada as it may vary from time to time from the time such overcharge was paid to the date of refund, plus one percent (1%) in addition thereto. If such refund is made by a credit on an invoice from TransCanada to Shipper, then the date of the refund shall be the date upon which the invoice reflecting such credit was rendered to Shipper by

TransCanada. Shipper shall pay the amount of any such undercharge, but without interest. Adjustments to the amount billed in any statement rendered by TransCanada shall be made within the following time frames:

- (a) Measurement data corrections shall be processed within six (6) months of the production month with a three (3) month rebuttal period.
- (b) The time limitation for disputes of allocations shall be six (6) months from the date of the initial month-end allocation with a three (3) month rebuttal period.
- (c) Prior period adjustment time limits shall be six (6) months from the date of the initial transportation invoice with a three (3) month rebuttal period, excluding government-required rate changes.

These time limits shall not apply in the case of deliberate omission or misrepresentation or mutual mistake of fact. Parties' other statutory or contract rights shall not be otherwise diminished by these time limits.

4. **Time of Payment Extended if Bill Delayed:** If presentation of a bill to Shipper is delayed after the tenth (10th) or the fifteenth (15th) day of the month, as applicable for domestic or export service respectively, then the time of payment shall be extended accordingly unless Shipper is responsible for such delay.

XII DELIVERY PRESSURE

Subject to the provisos set out in sub-Sections a) and b) below, TransCanada shall deliver gas to Shipper at TransCanada's line pressure at the delivery point or points designated in the Contract, but the minimum pressure at each delivery point shall be not less than a gauge pressure of 4000 kilopascals or such lesser pressure that is agreed to by the parties; provided, however, that:

- (a) the parties shall not be required in any Contract into which these General Terms and Conditions are incorporated, to agree to delivery pressures less than the minimum contractual pressure theretofore applicable at existing delivery point; and
- (b) if the deliveries to Shipper at a delivery point or an agreed upon grouping of delivery points, exceeds the Shipper's Maximum Hourly Flow Rate without the prior consent of

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TransCanada, and the delivery pressure to Shipper falls below the delivery pressure agreed to in the Contract, despite reasonable preventative measures undertaken by TransCanada, then TransCanada shall, for the period of such excess deliveries, be relieved of its contractual obligation to such Shipper to deliver gas at such delivery point or area affected by the excess deliveries at the delivery pressure stipulated in the Contract.

If the receipt point or points under Shipper's Contract include that point on TransCanada's system which is immediately east of the Alberta/Saskatchewan border ("Empress"), then Shipper agrees to cause NOVA Corporation of Alberta (hereinafter called "NOVA") to design and construct sufficient facilities to allow Shipper's Authorized Quantity to be delivered to TransCanada at Empress at a gauge pressure of 4137 kPa or any greater pressure which may from time to time be specified by TransCanada for all gas to be delivered into TransCanada's system at Empress and to cause NOVA to deliver Shipper's Authorized Quantity to TransCanada at NOVA's line pressure provided that said pressure shall not be less than a gauge pressure of 3792 kPa.

For any receipt point downstream of Empress, Shipper shall do or cause others to do all that is required to allow Shipper's Authorized Quantity to be delivered to TransCanada at a pressure no less than that prevailing in TransCanada's pipeline at such receipt point at the time of delivery and no greater than the maximum allowable operating pressure of TransCanada's pipeline at such point.

XIII WARRANTY OF TITLE TO GAS

Shipper warrants that it owns or controls, has the right to:

1. deliver or have delivered, the gas that is delivered to TransCanada under the Contract;
2. transfer the gas pursuant to Section XXIV of these General Terms and Conditions.

Shipper shall indemnify and hold harmless TransCanada against all claims, actions or damages arising from any adverse claims by third parties claiming an ownership or an interest in the gas delivered for transport to TransCanada under the Contract or transferred pursuant to Section XXIV of these General Terms and Conditions.

XIV FORCE MAJEURE

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In the event of either Shipper or TransCanada being rendered unable, wholly or in part, by force majeure to perform or comply with any obligation or condition hereof or any obligation or condition in any Contract into which these General Terms and Conditions are incorporated, such party shall give notice and full particulars of such force majeure in writing or by telegraph to the other party as soon as possible after the occurrence of the cause relied on, and the obligations of the party giving such notice, other than obligations to make payments of money then due, so far as they are affected by such force majeure, shall be suspended during the continuance of any inability so caused but for no longer period, and such cause shall as far as possible be remedied with all reasonable dispatch. The term "force majeure" as used herein shall mean acts of God, strikes, lockouts or other industrial disturbances, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of governments and people, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, the necessity for making repairs to or alterations of machinery or lines of pipe, freezing of wells or lines of pipe, temporary failure of TransCanada's gas supply, inability to obtain materials, supplies, permits or labour, any laws, orders, rules, regulations, acts or restraints of any governmental body or authority, civil or military, any act or omission (including failure to deliver gas) of a supplier of gas to, or a transporter of gas to or for, TransCanada which is excused by any event or occurrence of the character herein defined as constituting force majeure, any act or omission by parties not controlled by the party having the difficulty and any other similar causes not within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome.

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

If as a result of an occurrence of a force majeure on the pipeline system to which TransCanada is transporting Shipper's quantities, Shipper does not take delivery of the quantities of gas that Shipper would otherwise have taken and, subsequently, TransCanada is able to deliver excess quantities of gas over and above its obligations during the same contract year, including any deliveries pursuant to sub-Section 3 of Section XV of these General Terms and Conditions, then TransCanada will offer such excess quantities to such Shipper in an amount up to the quantities Shipper so failed to take, PROVIDED THAT, any excess quantities of gas will be limited to the excess quantities that Shipper is able to have delivered to TransCanada for delivery thereunder.

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In the event of an occurrence of a force majeure, TransCanada shall curtail delivery of gas to Shipper in accordance with Section XV hereof, and with respect to FST Service Contracts:

- (a) TransCanada's obligation to deliver gas to Shipper during the particular season shall be reduced by the amount of the curtailment under such Contract pursuant to sub-Section 2(c) of Section XV and,
- (b) For purposes of subsection 2.5 of TransCanada's FST Toll Schedule no quantities curtailed under sub-Section 2 of Section XV shall be included in determining the accumulative deficiency in delivery.

XV IMPAIRED DELIVERIES

For the purposes of this Section XV, TransCanada's minimum obligation to deliver gas under a FST Contract in any season shall be deemed to be an obligation to deliver the Winter Capacity or the Summer Capacity as the case may be.

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

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

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

1. If TransCanada estimates that, notwithstanding its then inability to deliver, it nevertheless will be able to meet its total minimum obligations to deliver under all Contracts during the then current season, TransCanada shall order daily curtailment in the following order of priority:
 - (a) First under any Shipper's Make-up provided pursuant to the FST Toll Schedule
 - (b) Second under interruptible service provided pursuant to the IT and IT Backhaul Toll Schedules.

The toll for STS Overrun is the 100% Load Factor Toll. Therefore when STS Overrun is tolled at an equal or higher price than IT, then the priority of STS Overrun is higher; when the STS Overrun Toll is at a lower price than IT, then the priority of STS Overrun is lower.

(c) Third under any gas storage program of TransCanada.

(d) Fourth under:

Diversions made

A. under FST contracts which:

- (i) cause the flow of gas on a lateral or extension to exceed the capability of the lateral or extension, and/or:
- (ii) cause the actual flow of gas through a metering facility to exceed the capability of the metering facility, and/or
- (iii) cause the actual flow of gas on any segment of TransCanada's integrated pipeline system (including those notional segments comprised of TransCanada's maximum transportation entitlements under transportation agreements that it has with Great Lakes Gas Transmission, L.P., Union Gas Limited and Trans Québec and Maritimes Pipeline Inc.) to exceed the capability of the affected segment by an amount greater than that which would have occurred had the gas which is the subject of the Diversion been delivered at the delivery point(s) or delivery area specified in the FST Contract; and

B. to TransCanada's St. Clair export delivery point under FST Contracts.

(e) Fifth under:

Alternate Receipts made pursuant to FT or FT-NR Contracts or Diversions made pursuant to FT, FT-NR or LT-WFS Contracts which:

- A. cause the actual flow of gas on a lateral or extension to exceed the capability of the lateral or extension, and/or

- B. cause the actual flow of gas through a metering facility to exceed the capability of the metering facility, and/or
 - C. cause the actual flow of gas on any segment of TransCanada's integrated pipeline system (including those notional segments comprised of TransCanada's maximum transportation entitlements under transportation agreements that it has with Great Lakes Gas Transmission, L.P., Union Gas Limited and Trans Québec and Maritimes Pipeline Inc.) to exceed the capability of the affected segment by an amount greater than that which would have occurred had the gas which is the subject of an Alternate Receipt and/or a Diversion, been received at the receipt point and delivered at the delivery point(s) or delivery area specified in the FT, FT-NR or LT-WFS Contract. Solely for the purpose of making the aforesaid determination, TransCanada may, for certain quantities, treat the point of interconnection between TransCanada's system and the system of Union Gas Limited at Parkway as a delivery point specified in those FT, FT-NR or LT-WFS Contracts which have delivery points on the segment of TransCanada's integrated system from Kirkwall to Niagara Falls.
- (f) Sixth quantities to be delivered on a best efforts basis under STS and STS-L Contracts.
 - (g) Seventh except for Shipper's Make-up quantities curtailed pursuant to 1 (a) above, under any FST Contracts up to the total amount that TransCanada is entitled to curtail under such contracts during such day under the provisions thereof other than under this Section XV; PROVIDED HOWEVER, that subject to TransCanada's seasonal obligations if TransCanada's inability to deliver is due to an occurrence of a force majeure during the period May 1 to September 30, then TransCanada shall be entitled to completely interrupt deliveries under such contracts on such day during such period.
 - (h) Eighth proportionately under:
 - (i) FT, FT-NR, FST, STFT, STS, STS-L and LT-WFS Contracts (other than quantities to be delivered on a best efforts basis under STS and STS-L Contracts) in amounts proportional to the Operating Demand Quantities minus

the quantities to be delivered pursuant to an Alternate Receipt or a Diversion of such Contracts.

- (ii) Alternate Receipts made pursuant to FT or FT-NR Contracts and/or Diversions made pursuant to FT, FT-NR, FST, and LT-WFS Contracts not already curtailed pursuant to sub-Sections, (d) and (e) above, in amounts to be delivered pursuant to such Alternate Receipt and/or Diversion.

(For the purpose of this sub-Section, the Operating Demand Quantity shall be:

- (A) under FT Contracts, the Contract Demand;
 - (B) under FT-NR Contracts, the Contract Demand;
 - (C) under LT - WFS Contracts, the LT - WFS Maximum Daily Quantity;
 - (D) under STSContracts, the Daily Injection Quantity or the Daily Withdrawal Quantity, as the case may be;
 - (E) under STS-L Contracts, the Daily Contract Injection Quantity and the Daily Contract Withdrawal Quantity;
 - (F) under FST Contracts, fifty (50%) percent of the winter period average daily winter capacity, or TransCanada's estimate of Shipper's requirement, as the case may be;
 - (G) under STFT Contracts, the Contract Demand, and
 - (H) under FBT Contracts, the Maximum Daily Quantity.
- (iii) Any forward haul component of a FBT Contract, that are affected by the disability in proportion Operating Demand Quantities of such Contract.
 - (iv) Back haul components of an FBT Contract as required due to any lack of forward haul quantities to support the back haul quantities.

2. If TransCanada estimates that it will be unable to meet its total minimum obligations to deliver under all of its contracts during the then current season, TransCanada shall order seasonal curtailment in the following order of priority:

- (a) First under any Shipper's Make-up pursuant to the FST Toll Schedule
- (b) Second under interruptible service provided pursuant to the IT and IT Backhaul Toll Schedules.

The toll for STS Overrun is the 100% Load Factor Toll. Therefore when STS Overrun is tolled at an equal or higher price than IT, then the priority of STS Overrun is higher; when the STS Overrun Toll is at a lower price than IT, then the priority of STS Overrun is lower.

- (c) Third under any gas storage program of TransCanada.
- (d) Fourth under:

Diversions made:

- (A) under FST Contracts which:
 - (I) cause the actual flow of gas on a lateral or extension to exceed the capability of the lateral or extension, and/or
 - (II) cause the actual flow of gas through a metering facility to exceed the capability of the metering facility, and/or
 - (III) cause the actual flow of gas on any segment of TransCanada's integrated pipeline system (including those notional segments comprised of TransCanada's maximum transportation entitlements under transportation agreements that it has with Great Lakes Gas Transmission, L.P., Union Gas Limited and Trans Québec and Maritimes Pipeline Inc.) to exceed the capability of the affected segment by an amount greater than that which would have occurred had the gas which is the subject of the Diversion been delivered at the delivery point(s) or delivery area specified in the FST Contract; and
- (B) to TransCanada's St. Clair export delivery point under FST Contracts.

- (e) Fifth under:

Alternate Receipts made pursuant to FT or FT-NR Contracts or Diversions made pursuant to FT, FT-NR or LT-WFS Contracts which:

- (A) cause the actual flow of gas on a lateral or extension to exceed the capability of the lateral or extension, and/or
- (B) cause the actual flow of gas through a metering facility to exceed the capability of the metering facility, and/or
- (C) cause the actual flow of gas on any segment of TransCanada's integrated pipeline system (including those notional segments comprised of TransCanada's maximum transportation entitlements under transportation agreements that it has with Great Lakes Gas Transmission, L.P., Union Gas Limited and Trans Québec and Maritimes Pipeline Inc.) to exceed the capability of the affected segment by an amount greater than that which would have occurred had the gas which is the subject of an Alternate Receipt and/or a Diversion, been received at the receipt point and delivered at the delivery point or delivery area specified in the FT, FT-NR or LT-WFS Contract.

Solely for the purpose of making the aforesaid determination, TransCanada may, for certain quantities, treat the point of interconnection between TransCanada's system and the system of Union Gas Limited at Parkway as a delivery point specified in those FT, FT-NR or LT-WFS Contracts which have delivery points on the segment of TransCanada's integrated system from Kirkwall to Niagara Falls.

- (f) Sixth Quantities to be delivered on a best efforts basis under STS and STS-L Contracts.
- (g) Seventh under FST Contracts up to the total amount that TransCanada is entitled to curtail under such contracts during such season under the provisions thereof other than under this Section XV.
- (h) Eighth proportionately under:

- (i) FT, FT-NR, FST, STFT, STS, STS-L and LT-WFS Contracts (other than quantities to be delivered on a best efforts basis under STS and STS-L Contracts) once the curtailments made in (e) above have taken place, in amounts proportional to the Operating Demand Quantities or Maximum Daily Quantities, as the case may be, minus the quantities to be delivered pursuant to an Alternate Receipt and/or a Diversion of such Contracts,
- (ii) Alternate Receipts made pursuant to FT or FT-NR Contracts and /or Diversions made pursuant to FT, FT-NR, FST, or LT-WFS Contracts not already curtailed pursuant to sub-Sections (d) and (e) above, in amounts to be delivered pursuant to such Alternate Receipt and/or Diversion.
- (iii) Any forward haul components of a FBT Contract, that are affected by the disability in proportion Operating Demand Quantities of such Contract.
- (iv) Back haul components of an FBT Contract as required due to any lack of forward haul quantities to support the back haul quantities.

For this purpose the seasonal requirement shall be:

- (i) under FST Contracts, the seasonal quantity of the applicable season, less the quantity curtailed pursuant to sub-Sections 2 (a), (d) and (e) above.
- (ii) under FT Contract, FT-NR Contracts, STFT Contracts, STS Contracts, STS-L Contracts and FBT Contracts, TransCanada's estimate of Shipper's total seasonal requirements under each such Contract.
- (iii) under LT-WFS, the LT-WFS Maximum Daily Quantity, as the case may be, multiplied by the number of days in Shipper's Service Entitlement.

In curtailing deliveries under this sub-Section 2, TransCanada will endeavor to minimize its daily curtailments under its FT Contracts, FT-NR Contracts, STFT Contracts, LT-WFS Contracts, STS Contracts, STS-L Contracts and FBT Contracts in an attempt to meet Shipper's daily requirements for deliveries.

3. If TransCanada curtails deliveries of gas under any of its FT, FT-NR, FST, STFT, STS, STS-L Contract, LT- WFS or FBT Contracts pursuant to sub-Section 2 of this Section XV, and

subsequent to such curtailment TransCanada is able to deliver excess quantities of gas in the same contract year over and above its obligations, then TransCanada will first offer such excess quantities of gas for delivery to those Shippers curtailed, in amounts up to and proportional to the quantities curtailed, PROVIDED THAT any excess quantities of gas will be limited to the excess quantities that Shipper is able to have delivered to TransCanada for delivery thereunder.

XVI DETERMINATION OF DAILY DELIVERIES

1. A Shipper taking delivery of gas under contracts and/or toll schedules for more than one class of service in one delivery area or one Export Delivery Point shall be deemed on any day to have taken delivery of Shipper's Authorized Quantity under the applicable contract and/or toll schedule in accordance with such agreement as may exist between TransCanada and the downstream operator(s). Absent such agreement, shipper shall be deemed to have taken delivery of Shipper's Authorized Quantities sequentially as follows:
 - (a) IT Backhaul Contract Receipt Quantity
 - (b) FT Contract
 - (c) FT-NR Contract
 - (d) STFT Contract
 - (e) STS and STS-L Contracts
 - (f) FBT Contract
 - (g) LT- WFS Contract
 - (h) firm portion of gas quantities under FST Contract
 - (i) interruptible portion of gas quantities under FST Contract, except for any Shippers Make-up
 - (j) IT and IT Backhaul Contracts, Delivery Quantity
 - (k) Shippers Make-up under FST Contract

XVII DEFAULT AND TERMINATION

Subject to the provisions of Section XI, Section XIV, Section XV and Section XXIII of these General Terms and Conditions, if either TransCanada or Shipper shall fail to perform any of the covenants or

GENERAL TERMS and CONDITIONS

obligations imposed upon it under any Contract into which these General Terms and Conditions are incorporated, then in such event the other party may, at its option, terminate such Contract by proceeding as follows: the party not in default shall cause a written notice to be served on the party in default stating specifically the default under the Contract and declaring it to be the intention of the party giving the notice to terminate such Contract; thereupon the party in default shall have ten (10) days after the service of the aforesaid notice in which to remedy or remove the cause or causes stated in the default notice and if within the said ten (10) day period the party in default does so remove and remedy said cause or causes and fully indemnifies the party not in default for any and all consequences of such default, then such default notice shall be withdrawn and the Contract shall continue in full force and effect.

In the event that the party in default does not so remedy and remove the cause or causes or does not indemnify the party giving the default notice for any and all consequences of such default within the said period of ten (10) days, then, at the option of the party giving such default notice, the Contract shall terminate. Any termination of the Contract pursuant to the provisions of this Section shall be without prejudice to the right of TransCanada to collect any amounts then due to it for gas delivered or service provided prior to the date of termination, and shall be without prejudice to the right of Shipper to receive any gas which it has not received but the transportation of which has been paid prior to the date of termination, and without waiver of any other remedy to which the party not in default may be entitled for breaches of the Contract.

This Section shall not apply to any default and terminations pursuant to Section XI and Section XXIII.

XVIII NON-WAIVER AND FUTURE DEFAULT

No waiver by TransCanada or Shipper of any one or more defaults by the other in the performance of any provisions of the Contract shall operate or be construed as a waiver of any continuing or future default or defaults, whether of a like or different character.

XIX OPERATING INFORMATION AND ESTIMATES

Not less than twenty-five (25) months prior to the commencement of the fourth (4th) contract year and thereafter for each succeeding contract year Shipper shall furnish to TransCanada estimates expressed in GJ's of Shipper's daily, monthly and annual requirements for gas, and estimates of Shipper's maximum daily requirements for gas at each delivery point provided in any Contract into which these General Terms and Conditions are incorporated. Such estimates shall be for five (5) consecutive contract years in the future. TransCanada's obligation to deliver daily quantities of gas after the first contract year to each

such delivery point shall be limited to those estimates last received in accordance with the provisions hereof.

XX DELIVERY AREAS, TOLL ZONES AND EXPORT DELIVERY POINTS**1. Delivery Areas**

TransCanada's delivery areas for purposes of determining the Contract Demand applicable to the points of delivery of TransCanada's pipeline system are as follows:

Saskatchewan Southern Delivery Area or SSDA

extends from a point on TransCanada's main pipeline at the Alberta- Saskatchewan border near Empress, Alberta to a point on TransCanada's main pipeline at the Saskatchewan-Manitoba border.

Manitoba Delivery Area or MDA

extends from a point on TransCanada's main pipeline at the Saskatchewan- Manitoba border to a point on TransCanada's pipeline at the Manitoba-Ontario border to a point on TransCanada's pipeline at the International Border near Emerson, Manitoba.

Western Delivery Area or WDA

extends from a point on TransCanada's pipeline at the Manitoba- Ontario border to a point on TransCanada's pipeline 24.99 kilometres east of TransCanada's Station 80 near Geraldton, Ontario.

Northern Delivery Area or NDA

extends from a point on TransCanada's pipeline 24.99 kilometres east of TransCanada's Station 80 near Geraldton, Ontario to a point on TransCanada's pipeline 23.09 kilometres south and east respectively of TransCanada's Station 116 near North Bay, Ontario.

Sault Ste. Marie Delivery Area or SSMDA

any point on TransCanada's Sault Ste. Marie pipeline.

North Central Delivery Area or NCDA

extends from a point on TransCanada's pipeline 23.09 kilometres south of TransCanada's Station 116 near North Bay Ontario, to a point on TransCanada's pipeline 0.50 kilometres south of TransCanada's Station 127 near Barrie Ontario,

provided that points of delivery to the Enbridge Gas Distribution Inc. Gas within this area are deemed for the purposes of this Tariff to be in the Central Delivery Area.

Central Delivery Area or CDA

extends from a point on TransCanada's pipeline 0.50 kilometres south of TransCanada's Station 127 near Barrie Ontario to a point on TransCanada's pipeline at the International Border near Niagara Falls, Ontario and to a point on TransCanada's pipeline 24.99 kilometres east of TransCanada's Station 134 near Bowmanville, Ontario.

Southwestern Delivery Area or SWDA

any point on TransCanada's St. Clair to Dawn pipeline.

Eastern Delivery Area or EDA

extends from a point on TransCanada's pipeline 24.99 kilometres east of TransCanada's Station 134 near Bowmanville, Ontario and from a point on TransCanada's North Bay Shortcut 23.09 kilometres east of TransCanada's Station 116 near North Bay, Ontario to a point on TransCanada's pipeline at the International Border near Philipsburg, Québec and to a point on the pipeline system of Trans Québec & Maritimes Pipeline Inc. near Québec City, Québec.

2. Toll Zones

TransCanada's toll zones for purposes of determining the toll applicable to any point of delivery on TransCanada's pipeline system are as follows:

Saskatchewan Zone or Zone S

includes all points in the Saskatchewan Southern Delivery Area.

Manitoba Zone or Zone M

includes all points in the Manitoba Delivery Area.

Western Zone or Zone W

includes all points in the Western Delivery Area.

Northern Zone or Zone N

includes all points in the Northern Delivery Area and the Sault Ste. Marie Delivery Area.

Eastern Zone or Zone E

includes all points in the North Central Delivery Area, the Central Delivery Area and the Eastern Delivery Area.

Southwest Zone or Zone SW

includes all points in the Southwestern Delivery Area.

XXI INCORPORATION IN TOLL SCHEDULES AND CONTRACTS

1. These General Terms and Conditions are incorporated in and are a part of all of TransCanada's Toll Schedules, Contracts and transportation service contracts.
2. These General Terms and Conditions are subject to the provisions of the National Energy Board Act or any other legislation passed in amendment thereto or substitution therefor.

XXII NOMINATIONS AND UNAUTHORIZED QUANTITIES

1. Nominations

For service required on any day under each of Shipper's transportation contracts (for the purposes of this Section XXII the "said Contract"), Shipper shall provide TransCanada with a nomination of the quantity of gas, expressed in GJ, it desires TransCanada to deliver at the delivery point ("Shipper's nomination") or Title Transfer pursuant to Section XXIV of these General Terms and Conditions. Unless otherwise provided under the applicable Toll Schedule or as outlined under this section in the Schedule of Nomination Times below, such nominations are to be provided in writing or EDI format, or by other electronic means, so as to be received by TransCanada's Gas Control Department in Calgary on or before 12:00 hours CCT on the day immediately preceding the day for which service is requested. Subject to the provisions of the applicable toll schedules and Sections XIV and XV of these General Terms and Conditions, TransCanada shall determine whether or not all or any portion of Shipper's nomination will be accepted.

In the event TransCanada determines that it will not accept such nomination, TransCanada shall advise Shipper, (on or before 14:00 hours CCT on the day immediately preceding the day for which service is requested), of the reduced quantity of gas, (if any) (the "quantity available") that TransCanada is prepared to deliver under the said Contract. Forthwith after receiving such advice from TransCanada but no later than 1 hour after receiving such notice on such day,

Shipper shall provide a revised nomination to TransCanada which shall be no greater than the quantity available. If such revised nomination is not provided within the time allowed as required above or such revised nomination is greater than the quantity available, then the revised nomination shall be deemed to be the quantity available. If the revised nomination (delivered within the time allowed as required above) is less than the quantity available, then such lesser amount shall be the revised nomination. That portion of a Shipper's nomination or revised nomination, which TransCanada shall accept for delivery shall be known as "Shipper's Authorized Quantity" which authorized quantity shall be limited, for firm services, to Shipper's Contract Demand and, for other services, to such quantity permitted by the provisions of the Contract.

Schedule of Nomination Times (CCT)

| Gas Day Time | Class of Service * | Effective 0900 Hours Next Gas Day |
|-------------------------|---------------------------|------------------------------------------------------------------|
| 12:00 | All Services | Faxed, EBB & EDI (EBB & EDI commencing on October 1, 1997) |

Please refer to FST Toll Schedule for appropriate times.

** Effective October 1, 1997 nominations for service must be received by TransCanada through its electronic bulletin board or EDI at the time specified pursuant to Section XXII of the General Terms and Conditions. TransCanada shall not accept nominations by fax unless TransCanada's electronic bulletin board and EDI systems are inoperative.

2. Definitions in Section XXII

In this Section XXII, the following terms shall be construed to have the following meanings:

- (a) "Total Allocated Quantity":
 - (i) for any receipt point, means the total quantity of gas which TransCanada determines has been received during any time period under all transportation service contracts with a Shipper; and

GENERAL TERMS and CONDITIONS

- (ii) for any delivery point or delivery area, means the total quantity of gas which TransCanada determines has been delivered during any time period under all transportation service contracts with a Shipper.
- (b) "Total Authorized Quantity" or "TAQ" for any day:
 - (i) for any receipt point, means the sum of the Shipper's Authorized Quantities under all transportation service contracts at that receipt point.
 - (ii) for any delivery point or delivery area, means the sum of the Shipper's Authorized Quantities under all transportation service contracts at a delivery point or for that delivery area.
- (c) "Daily Variance" for a Shipper at any receipt or delivery point or delivery area means the absolute difference between the Total Authorized Quantity and the Total Allocated Quantity.
- (d) "FT Daily Demand Charge" or "FTD" means the result when the Demand Toll for Canadian Firm Service to the Eastern Zone Toll, as set out in the List of Tolls, is multiplied by 12 and divided by the number of days in the Year.
- (e) "Average Authorized Quantity" or "AAQ" for a Shipper at any receipt or delivery point or delivery area means the average Total Authorized Quantity during the preceding 30 days.
- (f) "Cumulative Variance" is the absolute value accumulation of the daily differences between the Total Authorized Quantity and the Total Allocated Quantity for a Shipper at any delivery point, delivery area or receipt point.

3. Emergency Operating Conditions**(a) EOC Definition**

"Emergency Operating Conditions" ("EOC") means that TransCanada determines, in the exercise of its reasonable judgement, that its ability to fulfill its obligations under firm contracts is at risk due, in whole or in part, to Shipper variances during periods of extreme weather changes, and/or supply, market, pipeline interruptions, and TransCanada issues an EOC notice pursuant to subsection 3(b).

GENERAL TERMS and CONDITIONS

(b) EOC Notices

If TransCanada determines an EOC exists, TransCanada shall issue notice to all Shippers via High Priority Bulletin on its electronic bulletin board setting out the following information related to the EOC:

- i) EOC effective time, and
- ii) anticipated duration of the EOC, and
- iii) delivery points and delivery areas where EOC is in effect

In addition to such notice, TransCanada will use reasonable efforts to contact by phone those Shippers directly impacted by the EOC.

(c) EOC Effective Times

If TransCanada issues notice of EOC prior to 13:00 Central Clock Time (CCT), then the EOC takes effect on that day. If TransCanada issues notice of EOC after 13:00 CCT, then the EOC takes effect on the next day. The EOC will remain in effect until the operational condition has been remedied.

4. Daily Balancing Fee

On each day Shipper shall pay a "Daily Balancing Fee" equal to:

(Tier 1 Quantity times Tier 1 Fee); plus

(Tier 2 Quantity times Tier 2 Fee); plus

(Tier 3 Quantity times Tier 3 Fee); plus

(Tier 4 Quantity times Tier 4 Fee).

Where:

(a) Tier 1, 2, 3, 4 Fees and Quantities are set out in the following Table:

| | Tier 1 | Tier 2 | Tier 3 | Tier 4 |
|------------------|---------------------------------------------------------|---------------------------------------------------------|-----------------------------------------------------------|-----------------------------------------------------------|
| Minimum Quantity | Greater of: 2% of TAQ, or 2% of AAQ or 75 GJ | Greater of: 4% if TAQ, or 4% of AAQ, or 150 GJ | Greater of: 8% of TAQ, or 8% of AAQ, or 302 GJ | Greater of: 10% of TAQ, or 10% of AAQ, or 377 GJ |
| Maximum Quantity | Greater of: 4% of TAQ, or 4% of AAQ, or 150 GJ | Greater of: 8% of TAQ, or 8% of AAQ, or 302 GJ | Greater of: 10% of TAQ, or 10% of AAQ, or 377 GJ | ∞ (Infinity) |
| Standard Fee | 0.2 times FTD | 0.5 times FTD | 0.75 times FTD | 1.0 times FTD |
| EOC Draft Fee | 1.0 times Index | 1.25 times Index | 1.50 times Index | 2.0 times Index |
| EOC Pack Fee | 0 | 0 | 0 | 0 |

- (a) Quantity for each Tier equals that portion of the Daily Variance which is greater than the Minimum Quantity and less than the Maximum Quantity.
- (b) The applicable Fee for each Tier equals:
- (i) Standard Fee for days and locations where EOC are not in effect,
 - (ii) EOC Draft Fee for days and locations where EOC are in effect and where Shipper's Total Authorized Quantity is less than Shipper's Total Allocated Quantity, and
 - (iii) EOC Pack Fee for days and locations where EOC are in effect and where Shipper's Total Authorized Quantity is greater than Shipper's Total Allocated Quantity.
- (c) No Daily Balancing Fee is payable on the portion of a Daily Variance which is less than 75 GJ.
- (d) The Daily Balancing Fee is added to the bill for the month in which the day is included.

- (e) "Index" means the highest price of gas on the day among all receipt and delivery points on the TransCanada pipeline system as published by Platts Gas Daily or such other recognized industry publication.

5. Cumulative Balancing Fee

On each day Shipper shall pay a "Cumulative Balancing Fee" equal to:

(Tier 1 Quantity times Tier 1 Fee); plus

(Tier 2 Quantity times Tier 2 Fee).

Where:

- (a) Tier 1, 2 Fees and Quantities are set out in the following Table:

| | Tier 1 | Tier 2 |
|------------------|---------------------------------------------------------|---------------------------------------------------------|
| Minimum Quantity | Greater of: 4% of TAQ, or 4% of AAG, or 150 GJ | Greater of: 6% of TAQ, or 6% of AAG, or 225 GJ |
| Maximum Quantity | Greater of: 6% of TAQ, or 6% of AAG, or 225 GJ | ∞ (Infinity) |
| Standard Fee | 0.15 times FTD | 0.25 times FTD |
| EOC Draft Fee | 0.15 times FTD | 0.25 times FTD |
| EOC Pack Fee | 0 | 0 |

- (b) Quantity for each Tier equals that portion of the Cumulative Variance which is greater than the Minimum Quantity and less than the Maximum Quantity.
- (c) The applicable Fee for each Tier equals:
- (i) Standard Fee for days and locations where EOC are not in effect,

- (ii) EOC Draft Fee for days and locations where EOC are in effect and where Shipper's accumulated Total Authorized Quantity is less than Shipper's accumulated Total Allocated Quantity, and
- (iii) EOC Pack Fee for days and locations where EOC are in effect and where Shipper's accumulated Total Authorized Quantity is greater than Shipper's accumulated Total Allocated Quantity.
- (d) No Cumulative Balancing Fee is payable on the portion of an Absolute Cumulative Variance which is less than 150 GJ.
- (e) The Cumulative Balancing Fee is added to the bill for the month in which the day is included.
- (f) A Cumulative Balancing Fee is in addition to Daily Balancing Fees payable under subsection 4 of Section XXII, and an additional Cumulative Balancing Fee is payable on each day where there is an Absolute Cumulative Variance.

6. Payback Provisions

- (a) Shippers may reduce Cumulative Variances through nomination of "Payback Quantities" which shall be nominated and authorized in accordance with these General Terms and Conditions.

TransCanada is not obligated to provide additional transportation capacity to deliver Payback Quantities.

- (b) If, on any day, a Shipper nominates a Payback Quantity under sub-Section (d), and TransCanada is unable to deliver or receive a quantity ("Minimum Payback Quantity") equal to the lesser of:

- (i) Shipper's nominated Payback Quantities, or
- (ii) the greater of:
 - (a) two percent of the Total Authorized Quantity,
 - (b) two percent of the Average Authorized Quantity, and
 - (c) 75 GJ

then Shipper is relieved from the Cumulative Balancing Fee by a quantity ("Payback Relief Quantity") equal to the difference between:

- (iii) the Minimum Payback Quantity, and
- (iv) The level of Payback Quantities which TransCanada was able to deliver or receive.

The relief from Cumulative Balancing Fees shall apply for each day until TransCanada delivers or receives the Payback Relief Quantity. No Payback Relief will be granted as a result of TransCanada not authorizing a transportation service.

- (c) If TransCanada determines, in its sole discretion, that its ability to meet firm obligations is at risk due to Shipper variances, and after curtailment of all discretionary transportation services that are hindering TransCanada's ability to meet its firm obligations, TransCanada may, without further notice, adjust Shipper's nominations for any day in order to reduce Shipper's Cumulative Variance to zero.

7. Obligation to Balance Accounts

Payments of balancing fees under this Section XXII do not give Shipper the right to receive or deliver unauthorized quantities, or incur Cumulative or Daily Variances, nor shall payment of the balancing fees be a substitute for other remedies available to TransCanada.

8. Energy Imbalance Recovery

- (a) Cumulative energy imbalances that result from energy in transit, accumulated fuel imbalances and imbalances held under other applicable accounts, shall be recovered in the following manner:
 - (i) on the 20th Day of each month, TransCanada shall advise Shipper in writing of all cumulative energy imbalances attributed to Shipper arising up to the end of the 19th Day of such month and carried forward or arising from previous months, provided however that such cumulative energy imbalances for export delivery points referred to in sub-section 8(b) shall be the amount by which the cumulative energy imbalance at such points exceed 50 GJ;

- (ii) the cumulative energy imbalance reported to Shipper shall be aggregated at each applicable location from all of Shipper's Contracts, nomination groups and other applicable accounts;
- (iii) on or before the 3rd last Day of each month, Shipper may reduce the cumulative energy imbalances reported by TransCanada.
- (iv) The cumulative energy imbalance after giving effect to applicable offsetting transactions (the "Net Imbalance"), shall be determined on:
 - (A) the end of the 3rd last Day of such month if the cumulative energy imbalance is less than the cumulative energy imbalance on the 19th Day of such month; or
 - (B) the 19th Day of such month if the cumulative energy imbalance on the 3rd last Day of such month is greater than the energy balance on the 19th Day of such month.

The Net Imbalance shall be scheduled and recovered in equal amounts on each Day over the first 15 Days, or a lesser number of Days as mutually agreed to by Shipper and TransCanada, of next month (the "Recovery Period"). The amount of the Net Imbalance to be recovered each Day of the Recovery Period (the "Daily Imbalance Recovery") will be determined by TransCanada and verbally communicated to Shipper on the 2nd last Day of each month. Shipper shall nominate the Daily Imbalance Recovery on each Day of the Recovery Period as an "Imbalance Payback" under the Shipper account (nomination group) with the largest energy imbalance as determined by TransCanada based on the most recent monthly statements available.

- (vi) in nominating the Daily Imbalance Recovery, Shipper will ensure that all nominations remain in balance. Any nomination received from Shipper which does not include the required Daily Imbalance Recovery will, at TransCanada's sole discretion, be either rejected or forced to balance by TransCanada. TransCanada is authorized to curtail Shipper's gas supply and market, as necessary, to balance the nomination after accounting for the Daily Imbalance Recovery;
- (vii) where applicable, deliveries of the Daily Imbalance Recovery shall be the first deliveries made under the nomination on each Day of the Recovery Period; and

- (viii) any imbalance shall be deemed to have occurred and shall be held at the primary receipt point specified in the transportation service agreement.
- (b) Cumulative energy imbalances at export delivery points that result from rounding when converting between energy units used for daily scheduling purposes shall be subject to the following:
 - (i) Each Day Shipper shall be entitled to an energy imbalance of up to 5 GJ provided however, Shipper's cumulative energy imbalance at any time shall not exceed 50 GJ;
 - (ii) Shipper may reduce its cumulative energy imbalance on any Day by up to 10 GJ provided however, such reduction shall not result in the cumulative energy imbalance moving from a positive imbalance to a negative imbalance, or from a negative imbalance to a positive imbalance.

XXIII FINANCIAL ASSURANCES

1. **Financial Assurance for Performance of Obligations:** TransCanada may request that Shipper (or any assignee) at any time from time to time prior to and during service, provide TransCanada with an irrevocable letter of credit or other assurance acceptable to TransCanada, in form and substance satisfactory to TransCanada and in an amount determined in accordance with **sub-Section XXIII(3) hereof** (the "Financial Assurance").
2. **Failure to Provide Financial Assurance:** TransCanada may withhold the provision of new service until TransCanada has received a requested Financial Assurance.

Notwithstanding Section XVII, if Shipper fails to provide a requested Financial Assurance to TransCanada within four (4) Banking Days of TransCanada's request, TransCanada may upon four (4) Banking Days written notice immediately suspend any or all service being or to be provided to Shipper provided however that any such suspension shall not relieve Shipper from any obligation to pay any rate, toll, charge or other amount payable to TransCanada. If at any time during such suspension Shipper provides such Financial Assurance to TransCanada, TransCanada shall within two (2) Banking Days recommence such suspended service.

Notwithstanding Section XVII, if Shipper fails to provide such Financial Assurance during such suspension, TransCanada may, in addition to any other remedy that may be available to it, upon four (4) Banking Days written notice to shipper immediately:

- a) Terminate any or all service being or to be provided to Shipper; and
- b) Declare any and all amounts payable now or in the future by Shipper to TransCanada for any and all service to be immediately due and payable as liquidated damages and not as a penalty.

Any notice provided by TransCanada to Shipper to withhold, suspend or terminate service pursuant to **sub-Section XXIII(2) hereof** shall be filed concurrently with the NEB.

3. **Amount of Financial Assurance:** The maximum amount of Financial Assurance TransCanada may request from a Shipper (or assignee) shall be as determined by TransCanada an amount equal to:

- a) for the provision of all gas transportation and related services, other than such services referred to in **sub-Section XXIII(3)(b)**, the aggregate of all rates, tolls, charges or other amounts payable to TransCanada for a period of seventy (70) days. Provided however, the amount of the Financial Assurance for all rates, tolls and charges other than demand charges shall be based on the daily average of the actual charges billed for service for the preceding twelve (12) month period with the initial forecast to be provided by Shipper; and
- b) for the provision of any gas transportation and related services where TransCanada determines it must construct facilities and Shipper has executed the Financial Assurances Agreement defined in Section 4.4(c)(ii) of the Transportation Access Procedure, the aggregate of all rates, tolls, charges or other amounts payable to TransCanada for a period of seventy (70) days plus one (1) month for each remaining year of the term of such service, up to a maximum of twelve (12) months total.

Nothing in this Section XXIII shall limit Shipper's right to request the NEB to issue an order, under sub-section 71(2) of the National Energy Board Act, requiring TransCanada to receive, transport and deliver gas offered by Shipper for transmission, or to grant such other relief as Shipper may request under the circumstances, notwithstanding Shipper's default under this Section XXIII.

XXIV TITLE TRANSFERS

Shippers may request and TransCanada shall authorize Title Transfers subject to the following:

- a. TransCanada receives a nomination satisfactory to TransCanada from each Shipper that is a party to a Title Transfer;
- b. If TransCanada determines at any time that any title transfer account of a Shipper is out of balance, TransCanada may, without notice to the title transfer account holder, curtail transfers up to such amounts as TransCanada deems necessary to bring all affected title transfer accounts into balance. In so doing, TransCanada shall have no liability whatsoever to Shipper or any third party claiming through Shipper for any claims, actions or damages of any nature arising out of or in any way related to such curtailment

HV-97 SCHEDULE

| <u>Area</u> | <u>Heating Value</u> |
|-------------------------------------|----------------------|
| | MJ/m3 |
| CHIPPAWA | 37.77 |
| CORNWALL | 37.69 |
| EMERSON 1 | 37.68 |
| EMERSON 2 | 37.68 |
| EMPRESS | 37.73 |
| IROQUOIS-EXP. | 37.68 |
| NAPIERVILLE | 37.68 |
| NIAGARA FALLS | 37.75 |
| PARKWAY ENBRIDGE | 37.69 |
| PARKWAY UNION | 37.68 |
| PHILIPSBURG | 37.68 |
| ST-LAZARE | 37.69 |
| SABREVOIS | 37.69 |
| SPRUCE | 37.68 |
| ST. CLAIR | 37.72 |
| NCDA, UNION GAS LIMITED | 37.69 |
| CDA, ENBRIDGE GAS DISTRIBUTION INC. | 37.69 |
| CDA, UNION GAS LIMITED | 37.68 |
| EDA, UNION GAS LIMITED | 37.68 |
| EDA, GAZ METROPOLITAIN & CO. L.P. | 37.69 |
| EDA, KINGSTON PUBLIC UTILITIES COMM | 37.68 |
| EDA, ENBRIDGE GAS DISTRIBUTION INC. | 37.69 |
| MDA, CENTRA GAS MANITOBA INC | 37.68 |
| MDA, CENTRA TRANSMISSION HOLDINGS | 37.68 |
| MDA, GLADSTONE AUSTIN | 37.68 |
| NDA, UNION GAS LIMITED | 37.68 |
| NDA, GAZ METROPOLITAIN & CO. L.P. | 37.68 |
| NDA, TRANSCANADA POWER, L.P. | 37.68 |
| SSDA, CENTRA GAS MANITOBA INC | 37.67 |
| SSDA, TRANSGAS LTD. | 37.66 |
| SSMDA UNION GAS LIMITED. | 37.71 |
| SWDA, ENBRIDGE GAS DISTRIBUTION INC | 37.68 |
| SWDA, UNION GAS LIMITED | 37.71 |
| WDA, UNION GAS LIMITED | 37.68 |
| WDA, TRANSCANADA POWER, L.P. | 37.67 |

**STS Toll Schedule
Blackline Copy**

STORAGE TRANSPORTATION SERVICE

STS TOLL SCHEDULE

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3. MONTHLY BILL

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

(a) **Demand Charge**

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

(b) **Commodity Charge**

For each month of a Contract Year, the commodity charge payable shall be equal to the Commodity Toll multiplied by the total quantity delivered by TransCanada to Shipper hereunder at:

- (i.) the Storage Injection Point(s), if the STS Contracts specifies Storage Injection Point(s) located downstream of the Market Point, or
- (ii.) the Market Point, if the STS Contract specifies a Market Point located downstream of the Storage Withdrawal Point.

(c) **Delivery Pressure Charge**

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

(d) **Overrun Charge**

For excess deliveries made pursuant to sub-Section 2.3 hereof, Shipper shall, in addition to the commodity charge provided in sub-Section 3.1(b) hereof, pay to TransCanada a charge determined by multiplying the applicable Daily Demand Toll by the total of such excess deliveries for such month. For this purpose, the Daily Demand Toll shall be determined by multiplying the applicable Monthly Demand Toll by twelve (12) and dividing the resultant product by ~~three hundred and sixty-five (365)~~ the number of days in the Year.

(e) **Excess Withdrawal Charge**

- i) The "Daily Excess Withdrawal Quantity" shall mean, for any Day, the quantity by which Shipper's cumulative Daily Withdrawal Quantity, determined from the Date of Commencement (as defined in the STS Contract) exceeds the sum of the cumulative Daily Injection Quantity from the Date of Commencement, the cumulative Daily STFT Quantity from the Date of Commencement, the cumulative Daily IT Quantity from the Date of Commencement, and the cumulative Daily Diversion Quantity from the Date of Commencement, provided however:
 - a. for STS Contracts entered into before January 1, 2005, the cumulative Daily Withdrawal Quantity, the cumulative Daily Injection Quantity, the cumulative Daily STFT Quantity, the cumulative Daily IT Quantity, and the cumulative Daily Diversion Quantity shall each be deemed to be zero GJ effective April 1, 2003, April 1, 2004, or April 1, 2005 as elected in writing by Shipper to TransCanada. Shipper shall have deemed to have elected April 1, 2003 if TransCanada has not received such election by May 1, 2005; and
 - b. Shipper's cumulative Daily Withdrawal Quantity shall not include any Daily Excess Withdrawal Quantities from any previous day.

**STS Toll Schedule
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**STS toll Schedule
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STORAGE TRANSPORTATION SERVICE**STS TOLL SCHEDULE****INDEX**

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1. AVAILABILITY

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

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

1.2 Facilities Construction Policy

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

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

2. APPLICABILITY AND CHARACTER OF SERVICE

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

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

- (a) deliveries hereunder by TransCanada to Shipper on any day at the Storage Injection Point(s) shall not exceed the difference between the total of the Contract Demands under the FT Contracts and the total quantities delivered on such day to Shipper under the FT Contracts at the Market Point; and
 - (b) if there is more than one Storage Injection Point under Shipper's STS Contract and these Storage Injection Points are also included under any other Shippers' STS and/or STS-L Contracts, deliveries on any day to Shipper at each such Storage Injection Point shall be Shipper's pro rata share of the total STS and STS-L deliveries at each such Storage Injection Point for all STS and STS-L Shippers on such day determined on the basis of the fraction which Shipper's STS nomination bears to the total of the STS and STS-L nominations of all STS and STS-L Shippers, unless TransCanada, Shipper and all the other STS and STS-L Shippers at each such Storage Injection Point otherwise agree.
- 2.2 For the purpose of the application of the provisions of Sections II, III, and IV of the General Terms and Conditions to service hereunder:
- (a) when Shipper requests transportation service hereunder for delivery at the Storage Injection Point(s), the terms "delivery point", "receipt point", and "Shipper's Authorized

Quantity" in TransCanada's General Terms & Conditions shall mean herein, respectively, the 'Storage Injection Point(s)', 'the Market Point', and 'the quantity of gas which Shipper requests and TransCanada has agreed to deliver to the Storage Injection Point(s) subject to sub-Section 2.1 hereof (the "Daily Injection Quantity")';

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

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

- 2.3 Deliveries requested by Shipper hereunder in excess of Shipper's Contract Demand under the STS Contract shall only be made by TransCanada on a best efforts basis and TransCanada, in its sole discretion, may curtail or interrupt these excess deliveries and the corresponding Shipper's Authorized Quantities at any time.
- 2.4 Notwithstanding any other provision hereof, the Daily Injection Quantity shall be deemed to be delivered on such day at the Market Point, and Shipper shall pay for such quantities pursuant to the FT Contracts. Such payment shall be in addition to all payments hereunder.

3. MONTHLY BILL

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

(a) **Demand Charge**

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

(b) **Commodity Charge**

For each month of a Contract Year, the commodity charge payable shall be equal to the Commodity Toll multiplied by the total quantity delivered by TransCanada to Shipper hereunder at:

- (i.) the Storage Injection Point(s), if the STS Contracts specifies Storage Injection Point(s) located downstream of the Market Point, or
- (ii.) the Market Point, if the STS Contract specifies a Market Point located downstream of the Storage Withdrawal Point.

(c) **Delivery Pressure Charge**

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

(d) **Overrun Charge**

For excess deliveries made pursuant to sub-Section 2.3 hereof, Shipper shall, in addition to the commodity charge provided in sub-Section 3.1(b) hereof, pay to TransCanada a charge determined by multiplying the applicable Daily Demand Toll by the total of such excess deliveries for such month. For this purpose, the Daily Demand Toll shall be determined by multiplying the applicable Monthly Demand Toll by twelve (12) and dividing the resultant product by the number of days in the Year.

(e) **Excess Withdrawal Charge**

- i) The "Daily Excess Withdrawal Quantity" shall mean, for any Day, the quantity by which Shipper's cumulative Daily Withdrawal Quantity, determined from the Date of Commencement (as defined in the STS Contract) exceeds the sum of the cumulative Daily Injection Quantity from the Date of Commencement, the cumulative Daily STFT Quantity from the Date of Commencement, the cumulative Daily IT Quantity from the Date of Commencement, and the cumulative Daily Diversion Quantity from the Date of Commencement, provided however:
 - a. for STS Contracts entered into before January 1, 2005, the cumulative Daily Withdrawal Quantity, the cumulative Daily Injection Quantity, the cumulative Daily STFT Quantity, the cumulative Daily IT Quantity, and the cumulative Daily Diversion Quantity shall each be deemed to be zero GJ effective April 1, 2003, April 1, 2004, or April 1, 2005 as elected in writing by Shipper to TransCanada. Shipper shall have deemed to have elected April 1, 2003 if TransCanada has not received such election by May 1, 2005; and
 - b. Shipper's cumulative Daily Withdrawal Quantity shall not include any Daily Excess Withdrawal Quantities from any previous day.

Where:

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

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

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

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

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

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

- ii) For each month Shipper shall pay to TransCanada an excess withdrawal charge as follows:
 - a) If the STS Contract specifies a Storage Withdrawal Point located downstream of the Market Point, the excess withdrawal charge shall be:

- the total Daily Excess Withdrawal Quantity for such month; multiplied by
 - 1.25 x 100% load factor FT Toll from the Storage Withdrawal Point to the Market Point; or
- b) If the STS Contract specifies a Storage Withdrawal Point located upstream of the Market Point, the excess withdrawal charge shall be:
- total Daily Excess Withdrawal Quantity for such month; multiplied by
 - the difference between 1.25 x 100% load factor FT Toll from the Storage Withdrawal Point to the Market Point and the 100% load factor STS Toll,

(f) Fuel

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

4. MINIMUM BILL

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

5. RENEWAL RIGHTS

- 5.1 Pursuant to any Contract into which this STS Toll Schedule is incorporated and which Contract has been determined by TransCanada to be serving a long term market, and subject to the following conditions, Shipper shall have the option (the "Renewal Option") of extending the existing term (the "Existing Term") of the Contract for a period of no less than one (1) year (the "Renewal Term") and revising the Contract Demand to a level no greater than the Contract Demand set out in the Contract provided that the following conditions are met:
- (a) TransCanada receives written notice from Shipper of Shipper's election to exercise the Renewal Option which sets out the term and Contract Demand of such renewal (the "Renewal Provisions" no less than six (6) months before the termination date which would otherwise prevail under the Contract; and

- (b) Shipper supplies TransCanada at the time of such notice with evidence satisfactory to TransCanada that Shipper will meet the availability provisions of the STS Toll Schedule in respect of the Renewal Provisions prior to the commencement of the Renewal Term.

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

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

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

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

6. CONVERSION RIGHTS

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

- (a) Shipper shall provide TransCanada with at least 60 days of written notice prior to the requested conversion date, which shall be the first day of a calendar month;
- (b) Shipper shall execute an STS-L Contract and the Shipper's STS Contract shall terminate on the Date of Commencement of the STS-L Contract;

(c) the aggregate Contract Demand, Storage Injection Point(s), Storage Withdrawal Point, and Market Point specified in Shipper's STS-L Contract shall be the same as those specified in the Shipper's STS Contract(s); and

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

7. MISCELLANEOUS PROVISIONS

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

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

Tolls Task Force



2007 TOLLS TASK FORCE ISSUE

| | |
|--------------------------------------------------|-------------------------------------------|
| Date Accepted As Issue: August 1, 2007 | Resolution: 10.2007 |
| Date Issue Originated: August 1, 2007 | Sheet Number: 1 of 1 |
| Issue Originated By: TransCanada | |
| Individual to Contact: Rob Whitmore | Telephone Number (403) 920-7161 |

ISSUE: FT-SN 2008 Toll

RESOLUTION

The TTF agrees to the FT-SN toll being set at 110% of the 100% load factor FT toll for 2008.

BACKGROUND

In its RH-1-2006 Reasons for Decision the National Energy Board directed TransCanada to annually recalculate the opportunity cost of the foregone discretionary revenue that can be attributed to the FT-SN toll. The Board also expressed its preference that this process be done in consultation with the TTF. TransCanada has recalculated the foregone discretionary revenues for the year 2006 and has updated the historical 5 year table of values as listed below.

Discretionary Revenue Calculation (Percentage Impact on EZ toll)

| 2002 | 2003 | 2004 | 2005 | 2006 |
|------|------|------|------|------|
| 3.2% | 9.4% | 6.6% | 7.5% | 4.7% |

TransCanada wishes to discuss the FT-SN toll premium with the TTF with the intention of setting the toll prior to filing for 2008 Final tolls.

VOTING RESULTS:

The above Resolution was approved by an unopposed resolution at the October 3rd TTF meeting in Calgary.

Tolls Task Force



| 2007 TOLLS TASK FORCE ISSUE | |
|--------------------------------------------------|-------------------------------------------|
| Date Accepted As Issue: August 1, 2007 | Resolution: 11.2007 |
| Date Issue Originated: August 1, 2007 | Sheet Number: 1 of 1 |
| Issue Originated By: TransCanada | |
| Individual to Contact: Rob Whitmore | Telephone Number (403) 920-7161 |

ISSUE: Demand Toll Tariff Amendment

RESOLUTION

The TTF agrees to amend the Daily Demand Toll and the Delivery Pressure Daily Demand Toll Tariff language to take into account leap years.

BACKGROUND

The Mainline Tariff currently defines that the Daily Demand Toll and the Delivery Pressure Daily Demand Toll both be calculated by multiplying the respective charges by 12 months and dividing the result by 365 days. In a leap year (e.g. 2008) there are actually 366 days over which service is offered and therefore the daily demand charges should be spread across 366 days. The proposal is to change the tariff language to reflect the fact that the demand charges should be spread across the appropriate number of days in each year instead of hard coding the calculation to 365 days.

VOTING RESULTS:

The above Resolution was approved by an unopposed resolution at the October 3rd TTF meeting in Calgary.

Tolls Task Force



2007 TOLLS TASK FORCE

REPORT NO. 6

The 2007 Tolls Task Force is filing its sixth report together with two Resolutions approved by unopposed resolution at the Tolls Task Force meeting in Calgary on October 3rd, 2007 as follows:

- 10.2007 FT-SN 2008 Toll
- 11.2007 Demand Toll Tariff Amendment

The Issue Sheets for the above Resolutions are included as background to the issues and outline the purpose of the Resolutions.

This report is respectfully submitted on behalf of the 2007 Tolls Task Force, this 5th of October, 2007.

H. Poole
Chair, Tolls Task Force

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REPORT NO.

| | |
|---|--------------------------------|
| 1 | Report date January 11, 2007 |
| 2 | Report date February 12, 2007 |
| 3 | Report date March 12, 2007 |
| 4 | Report date July 9, 2007 |
| 5 | Report date September 10, 2007 |
| 6 | Report date October 5, 2007 |

PROCEDURES

TOLLS TASK FORCE ROSTER

RESOLUTIONS

| | |
|---------|--------------------------------------------------------------------------------------------------------------------------------------------|
| 01.2007 | Conditioned Bids for STFT |
| 02.2007 | A Risk Alleviation Mechanism (RAM) Pilot for Storage Transportation Service (STS-RAM) and Storage Transportation Service Linked (STSL-RAM) |
| 03.2007 | FT-RAM Pilot Extension |
| 04.2007 | Post 2006 Tolls and Tariff Settlement ¹ |
| 05.2007 | Uniform Hourly Flow |

¹ To be filed under separate cover

Tolls Task Force



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| 06.2007 | Amendment to 2007 Interim Toll ¹ |
| 07.2007 | <i>Pro Forma</i> Contract Clean-up |
| 08.2007 | Creation of Tariff Language for RAM Pilot for STS and STS-L |
| 09.2007 | Deposits for New and Existing Capacity Open Season Bids |
| 10.2007 | FT-SN 2008 Toll |
| 11.2007 | Demand Toll Tariff Amendment |