

Foothills has proposed several amendments to the Foothills' Gas Transportation Tariff – Phase I (Tariff) in order to convert transportation contracts to an energy basis at the delivery point. The following Tariff amendments are proposed to be effective on April 1, 2006. This summary has been provided for information only and is not intended to form part of the Tariff.

Summary of Tariff Amendments

1. As necessary throughout the document, 'volume' will be replaced by 'quantity' to reflect change from volume based contracting to energy based contracting.
2. **Table of Effective Rates**
 - (a) All demand and commodity rates changed to reflect energy basis (\$/GJ/km/Month or \$/GJ/km)
3. **Capacity Allocation Procedures**
 - (a) All references to Maximum Daily Receipt Quantity changed to reflect Maximum Daily Delivery Quantity as a result of converting contracts to a delivery basis.
4. **Rate Schedule T-1, Firm Service**
 - (a) Subsection 3.1 [Forward Haul Service] –amended to reflect delivery nomination and associated receipt of gas from Shipper as a result of converting contracts to a delivery basis.
 - (b) Subsection 3.2 [Backhaul Service] –amended to reflect delivery nomination and associated receipt of gas from Shipper as a result of converting contracts to a delivery basis.
 - (c) Subsection 7.2 [Receipt and Delivery Obligations] – amended to reflect delivery contracting including Maximum Daily Delivery Quantity and receipt points associated with each delivery point.
 - (d) Subsection 7.3 [Daily Gas Nominations] – amended to reflect delivery nomination and associated receipt point nomination.
 - (e) Subsection 8.3 [Allocation of Gas Received] – amended to reflect delivery contracting.
 - (f) Subsection 9.1 [General] – amended to reflect delivery contracting.
 - (g) Subsection 9.2 [Receipt Deficiency] - amended to reflect delivery contracting.
 - (h) Subsection 9.3 [Make-Up Gas] - amended to reflect delivery contracting.
 - (i) Subsection 9.4 [Overrun Gas] - amended to reflect delivery contracting.
 - (j) Subsection 9.5 [Allocation of Service] - amended to reflect delivery contracting.
 - (k) Subsection 9.6 [Billing Adjustment] – amended to reflect energy basis and delivery contracting for Billing Abatement or Billing Abatement Gas Transportation Payment.
 - (l) Subsection 9.7 [Exception] - amended to reflect delivery contracting.
 - (m) All references to Maximum Daily Receipt Quantity changed to reflect Maximum Daily Delivery Quantity as a result of converting contracts to a delivery basis.
5. **Rate Schedule STFT, Short Term Firm Transportation Service**

Foothills Pipe Lines Ltd.

- (a) Section 3 [Service Description] –amended to reflect delivery nomination and associated receipt.
- (b) Subsection 7.3 [Daily Gas Nominations] – amended to reflect delivery nomination and associated receipt point nomination.
- (c) Subsection 8.3 [Allocation of Gas Received] - amended to reflect delivery contracting.
- (d) All references to Maximum Daily Receipt Quantity changed to reflect Maximum Daily Delivery Quantity as a result of converting contracts to a delivery basis.

6. Rate Schedule OT-1, Overrun Service

- (a) Subsection 3.2 [Monthly Commodity Charge] –amended to reflect energy basis for contracting.
- (b) All references to Maximum Daily Receipt Quantity changed to reflect Maximum Daily Delivery Quantity as a result of converting contracts to a delivery basis.

7. Rate Schedule SGS-1, Small General Service

- (a) Section 3 [Service Description] –amended to reflect delivery nomination and associated receipt.
- (b) Subsection 6.2 [Receipt and Delivery Obligations] – amended to reflect delivery contracting and associated receipt quantities.
- (c) Subsection 6.3 [Daily Gas Nominations] - amended to reflect delivery nomination and associated receipt point nomination.
- (d) Subsection 7.2 [Monthly Commodity Charge] – amended to reflect energy based contracting.
- (e) All references to Maximum Daily Receipt Quantity changed to reflect Maximum Daily Delivery Quantity as a result of converting contracts to a delivery basis.

8. Rate Schedule IT, Interruptible Service

- (a) Subsection 4.2 [Receipt and Delivery Obligations] - amended to reflect delivery contracting.
- (b) Subsection 4.3 [Daily Gas Nominations] – amended to reflect delivery nomination and associated receipt point nomination.
- (c) Subsection 5.2 [Monthly Commodity Charge] – amended to reflect energy based contracting.
- (d) All references to Maximum Daily Receipt Quantity changed to reflect Maximum Daily Delivery Quantity as a result of converting contracts to a delivery basis.

9. General Terms and Conditions

- (a) Section 1 [Definitions]
 - a. 1.16 [Daily Receipt Quantity] – deleted.
 - b. 1.18 [Delivery Point] – deleted reference to Appendix B.
 - c. 1.28 [GJ] – added definition
 - d. 1.34 [Line Pack Change] – amended to reflect energy basis.
 - e. 1.35 [Line Pack Requirements] – amended to reflect energy basis.

- f. 1.37 [Maximum Daily Receipt Quantity] – amended to Maximum Daily Delivery Quantity to reflect demand contracting.
- (b) Subsection 3.7 [Unit of Measurement] – amended to reflect energy based contracting.
- (c) Subsection 6.5 [Interruptions or Reductions in Service] – amended to reflect energy based contracting and delivery based contracting.
- (d) Subsection 8.3 [Allocation] – amended to reflect delivery based contracting.
- (e) Subsection 8.5 [Provision of Line Pack Gas for Zone 8] – amended to reflect delivery based contracts.
- (f) Subsection 8.6 [Return of Line Pack Gas for Zone 8] – amended to reflect energy based contracts.
- (g) All references to Maximum Daily Receipt Quantity changed to reflect Maximum Daily Delivery Quantity as a result of converting contracts to a delivery basis.

10. Service Agreement, T-1

- (a) Article 1 [Scope of Agreement] – amended to reflect delivery based contracts.
- (b) Appendix A – Amended to reflect energy based contracts.
- (c) Appendix A – Amended to include both receipt and delivery point descriptions.
- (d) Appendix B – Deleted.
- (e) All references to Maximum Daily Receipt Quantity changed to reflect Maximum Daily Delivery Quantity as a result of converting contracts to a delivery basis.

11. Service Agreement, STFT

- (a) Article 1 [Scope of Agreement] – amended to reflect delivery based contracts.
- (b) Appendix A – Amended to reflect energy based contracts.
- (c) All references to Maximum Daily Receipt Quantity changed to reflect Maximum Daily Delivery Quantity as a result of converting contracts to a delivery basis.

12. Service Agreement, SGS-1

- (a) Article 1 [Scope of Agreement] – amended to reflect delivery based contracts.
- (b) Appendix A – Amended to reflect energy based contracts.
- (c) Appendix A – Amended to include both receipt and delivery point descriptions.
- (d) Appendix B – Deleted.
- (e) All references to Maximum Daily Receipt Quantity changed to reflect Maximum Daily Delivery Quantity as a result of converting contracts to a delivery basis.

13. Service Agreement, Interruptible Service

- (a) Article 1 [Scope of Agreement] – amended to reflect delivery based contracts.
- (b) Appendix A – Amended to reflect energy based contracts.
- (c) Appendix A – Amended to include both receipt and delivery point descriptions.
- (d) Appendix B – Deleted.
- (e) All references to Maximum Daily Receipt Quantity changed to reflect Maximum Daily Delivery Quantity as a result of converting contracts to a delivery basis.

General Updates

The remaining amendments are intended to be “housekeeping” in nature.

1. Amended the Effective date in the footer of impacted sections.
2. Amended Table of Contents as required.
3. Renumbered sections and references as required.

TABLE OF EFFECTIVE RATES

1. Rate Schedule T-1, Firm Service

	Demand Rate (\$/10 ³ m ³ GJ/Km/Month)
Zone 6	0.234903 <u>0.007568</u>
Zone 7	0.270816 <u>0.007675</u>
Zone 8	0.344493 <u>0.009474</u>
Zone 9	0.294375 <u>0.010215</u>

2. Rate Schedule OT-1, Overrun Service

	Commodity Rate (\$/10 ³ m ³ GJ/Km)
Zone 6	0.008495 <u>0.000274</u>
Zone 7	0.009794 <u>0.000278</u>
Zone 8	0.012458 <u>0.000343</u>

3. Rate Schedule IT, Interruptible Service

	Commodity Rate (\$/10 ³ m ³ GJ/Km)
Zone 9	0.010646 <u>0.000369</u>

CAPACITY ALLOCATION PROCEDURES**1. GENERAL**

- 1.1** The purpose of these Capacity Allocation Procedures is to establish the procedures by which a potential Shipper requesting firm service, or an existing Shipper requesting an increase in Maximum Daily ~~Receipt~~Delivery Quantity, or an existing Shipper who does not have renewal rights pursuant to section 10 of Rate Schedule T-1, Firm Service (all hereinafter referred to as “Prospective Shipper”) shall each be afforded the rights to obtain firm service under Rate Schedule T-1, Firm Service or Rate Schedule STFT, Short Term Firm Transportation Service.
- 1.2** In Zones 6, 7 and 8 of Company’s system, Available Capacity will be offered sequentially by date and time to Prospective Shippers in the queue until the capacity is fully committed. In Zone 9, Available Capacity, STFT Capacity and service on new facilities will be offered to successful Bidders in a bidding process (an “Open Season”) as outlined in section 4.
- 1.3** When new facilities are required to meet the requests for service by Prospective Shippers and such Prospective Shippers have met or have entered into binding agreements to meet the criteria in section 5, Company will, in a timely manner, apply for and, if approved and subject to obtaining the necessary financing, construct such facilities.
- 1.4** Subject to the procedure set out in subsection 3.3, Prospective Shipper’s position in the queue shall not be affected by the volume, date of commencement of service, term of service or distance along Company’s transportation system the gas is to be transported.
- 1.5** Company will make available to any party, upon request, a copy of the current firm service queue in Zones 6, 7 and 8 which will contain the following information:
- (a) The name of each Prospective Shipper in the queue;
 - (b) The position in the queue of each Prospective Shipper;
 - (c) The date Prospective Shipper’s request for service was received by Company;

- (d) The Maximum Daily ~~Receipt-Delivery~~ Quantity of gas to be transported for each Prospective Shipper; and
- (e) The term of service, including the commencement and termination dates for each Prospective Shipper.

1.6 Positions in the queue are not transferable or assignable to any person.

2. APPLICABILITY

Subject to section 10 of Rate Schedule T-1, Firm Service, these Capacity Allocation Procedures are applicable to all requests by Prospective Shipper for firm service under Rate Schedule T-1, Firm Service and Rate Schedule STFT, Short Term Firm Transportation Service.

3. PROCEDURES FOR ZONES 6, 7 AND 8

3.1 General

3.1.1 There will be a single queue for Prospective Shippers requesting firm service under Rate Schedule T-1, Firm Service for Zones 6, 7 and 8 of Company's transportation system.

3.1.2 To enter the queue, Prospective Shipper shall make a request in writing ("Request for Service") to Company stating:

- (a) The name, address and authorized representative of Prospective Shipper;
- (b) The proposed Maximum Daily ~~Receipt-Delivery~~ Quantity;
- (c) The term for which firm service is requested, including the commencement and termination dates; and

(d) The proposed Receipt and Delivery Points.

3.1.3 Prospective Shippers will be accepted into the queue in the order of the date and time that a Request for Service containing all of the information set out in subsection 3.1.2 is received by Company. Company's determination shall be final both as to the date and time the Request for Service is received by Company and as to whether a Request for Service contains all of the information set out in subsection 3.1.2. Company will, within 10 days of receipt of Shipper's request, notify Prospective Shipper in writing of either the date and time of its acceptance into the queue or any deficiency required to be remedied prior to acceptance into the queue.

3.2 Available Capacity

Where Company determines that Available Capacity is available in Zones 6, 7 or 8, Company shall offer to Prospective Shipper in the queue a portion of the Available Capacity equal to the lesser of the balance of the Available Capacity remaining, after taking into consideration offers to be made to Prospective Shippers having a higher priority in the queue, and the Maximum Daily ~~Receipt-Delivery~~ Quantity set forth in such Prospective Shipper's Request for Service, and shall include with such offer, within 10 days of the notification of acceptance into the queue set out in subsection 3.1.3, copies of a Precedent Agreement for execution by such Prospective Shipper. Company's offer is subject to the terms and conditions set forth in the Precedent Agreement. Prospective Shipper may accept Company's offer by completing, duly executing and returning to Company all copies of the Precedent Agreement, incorporating only such amendments as may have been made with Company's prior agreement, within 60 days of the date such Prospective Shipper receives an offer of Available Capacity from Company. The failure by Prospective Shipper to return all copies of the Precedent Agreement fully executed by Prospective Shipper within the time limited above shall be deemed to be a rejection by Prospective Shipper of Company's offer. In the event that Prospective Shipper rejects or is deemed to have rejected Company's offer of Available Capacity, such Prospective Shipper will be removed from the queue unless acceptance of Company's offer would

4. PROCEDURES FOR ZONE 9

4.1 Available Capacity

Where Company determines that Available Capacity is available in Zone 9, an Open Season process will be used to allocate capacity. Company will use reasonable efforts to adhere to the following procedures in conducting an Open Season:

- 4.1.1** Company will provide public notice of Available Capacity through recognized industry publications. Company will specify the available volume, available receipt and delivery points, commencement date and, where applicable, termination date of such service. The bid notice may also identify the procedure for handling credit issues.
- 4.1.2** Within the period specified by Company in the notice, Bidder will advise Company in writing of its bid, which will include the desired Maximum Daily ~~Receipt~~Delivery Quantity, receipt and delivery points, the commencement date if later than the term posted by Company, and the termination date, for a minimum term of one year.
- 4.1.3** All bids shall be final upon the close of the bid period. However, bids may be withdrawn until the end of the 7th business day following the close of the bid period whereupon Company will conduct its bid evaluation.
- 4.1.4** Bids will be evaluated on the basis of net present value per unit being the current T-1 Rate over the term and distance specified by the Bidder in the bid and using an appropriate discount rate. The Available Capacity will be awarded to the bid with the highest net present value per unit. Any unallocated capacity will be awarded to the bid with the next highest net present value and so on. If the net present values of two or more bids are equal, Company will award the Available Capacity to the bid with the earliest start date.
- 4.1.5** In the event a tie cannot be broken, Company will offer tied Bidders each a pro rata share of the Available Capacity in respect of which a tie exists. Bidders may

- (a) Prospective Shippers shall submit a completed and unedited Appendix A to Service Agreement, Short Term Firm Transportation Service in accordance with the terms of such Open Season as posted by Company pursuant to 4.2.1;
- (b) Prospective Shippers' bids shall be irrevocable and must be received by Company by 11:00 hours CCT on the closing date of such Open Season;
- (c) No deposit is required to accompany the Prospective Shipper's bid;
- (d) A Prospective Shipper and/or its affiliate(s), either together or individually, shall not submit a bid for a quantity greater than the available service under Rate Schedule STFT, Short Term Firm Transportation Service being offered or submit multiple bids where the aggregate Maximum Daily ~~Receipt~~ Delivery Quantity of the multiple bids exceeds the available service under Rate Schedule STFT, Short Term Firm Transportation Service being offered; and
- (e) Company shall not be obligated to accept any bid if the Prospective Shipper has not met any of the criteria set forth in section 4.2.

4.2.3 Subject to subsection 4.2.4, service under Rate Schedule STFT, Short Term Firm Transportation Service shall be awarded to Prospective Shippers, whose bids are accepted by Company, as follows:

- (a) Company shall rank the bids in descending priority, based on the product of the STFT Bid Price and the requested term as established by the requested Service Availability Date and requested Service Termination Date (where the higher product shall have the higher priority);
- (b) Subject to subsection 4.2.3(d), Company shall award service under Rate Schedule STFT, Short Term Firm Transportation Service to the bids in sequential order, based on the priority established pursuant to subsection 4.2.3(a), until all the bids have been processed or until all available service

under Rate Schedule STFT, Short Term Firm Transportation Service has been awarded;

- (c) Subject to subsection 4.2.3(d), if two or more bids have the same priority and the available service under Rate Schedule STFT, Short Term Firm Transportation Service is not sufficient to provide the combined requested service, then the available service under Rate Schedule STFT, Short Term Firm Transportation Service shall be awarded to such bids on a pro rata basis based on the Maximum Daily ~~Receipt~~Delivery Quantity specified in each bid;
- (d) If the service under Rate Schedule STFT, Short Term Firm Transportation Service to be awarded to a bid as determined by Company in either subsection 4.2.3(b) or subsection 4.2.3(c) is less than the Minimum Daily ~~Receipt~~Delivery Quantity specified in such bid, that bid shall be deemed to be rejected by Company and no service under Rate Schedule STFT, Short Term Firm Transportation Service will be awarded to such bid. The remaining available service under Rate Schedule STFT, Short Term Firm Transportation Service shall continue to be awarded sequentially to the remaining bids based on the priority established pursuant to subsection 4.2.3(a), until all the bids have been processed or until all available service under Rate Schedule STFT, Short Term Firm Transportation Service has been awarded; and
- (e) Company shall be deemed to have accepted the bids of Prospective Shippers when Company awards service under Rate Schedule STFT, Short Term Firm Transportation Service to such Prospective Shippers. Company shall notify such Prospective Shippers who have been awarded service under Rate Schedule STFT, Short Term Firm Transportation Service within one business day after the closing date for such Open Season.

required for service through the New Facilities pursuant to subsection 3.3.1 hereof.

- 4.3.3** Within the period specified by Company in the notice, Bidder will advise Company of its bid which will include desired Maximum Daily ~~Receipt~~-Delivery Quantity, anticipated receipt and delivery points, desired commencement date of such service, and desired Service Agreement term by executing and returning the Precedent Agreement.
- 4.3.4** Bids will be evaluated by Company on the basis of net present value per unit being the current T-1 Rate over the term and distance specified by the Bidder in the bid and using an appropriate discount rate. The capacity will be awarded to the bid with the highest net present value per unit. Any unallocated capacity will be awarded to the bid with the next highest net present value and so on.
- 4.3.5** In the event of a tie, Company will offer tied Bidders each a pro rata share of the capacity. Bidders may accept or decline the pro rata share within a specified period designated by Company in the offer. If Bidder does not accept a pro rata share of the capacity, the pro rate share will go to the next highest net present value.
- 4.3.6** For bids which are accepted, Company will execute and return the Precedent Agreement to Bidder. For bids that are rejected, Company will advise Bidder that the bid was not accepted.
- 4.3.7** If a volume was initially specified by Company in accordance with subsection 4.2.1 and if Company determines, in its sole discretion, that a change in expansion capacity is warranted, Company will amend the expansion accordingly.
- 4.3.8** Company will execute the Precedent Agreement and apply to the appropriate regulatory authorities for the necessary approvals to construct the expansion facilities. If for any reason approval is not granted, Company will notify all successful bidders.

- (a) The receipt of gas ~~nominated by~~ from Shipper (or for Shipper's account) at each Forward Haul Receipt Point as specified in the Service Agreement, Firm Service;
- (b) The transportation of gas by Company through the transportation system, described in section 6 hereof; and
- (c) The delivery by Company ~~of gas to~~ Shipper of gas nominated by Shipper (or for Shipper's account) at each Forward Haul Delivery Point specified in the Service Agreement, Firm Service.

3.2 Backhaul Service

Backhaul service rendered by Company for Shipper under this Rate Schedule T-1, Firm Service consists of:

- (a) The receipt of gas ~~nominated by~~ from Shipper (or for Shipper's account) at each Backhaul Receipt Point as specified in the Service Agreement, Firm Service;
- (b) The delivery by Company ~~of gas to~~ Shipper (or for Shipper's account) of gas nominated by Shipper at each Backhaul Delivery Point specified in the Service Agreement, Firm Service; and
- (c) Is subject to subsection 7.2.4.

4. SERVICE AGREEMENT

This Rate Schedule T-1, Firm Service is subject to all terms, conditions, stipulations and provisions of the Service Agreements, Firm Service.

5. GENERAL TERMS AND CONDITIONS

Foothills Pipe Lines (Sask.) Ltd.	9	From the Alberta/ Saskatchewan border near Empress, Alberta to the Saskatchewan/U.S. border near Monchy, Saskatchewan.	258.97
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7. CHARACTER OF SERVICE

7.1 Firm Service

Gas transported by Company for Shipper under this Rate Schedule T-1, Firm Service shall not be subject to curtailment or interruption except as provided in subsection 7.2.4 herein and in the General Terms and Conditions of this Gas Transportation Tariff.

7.2 Receipt and Delivery Obligations

7.2.1 At each ~~Receipt-Delivery~~ Point, Company and Shipper shall establish the Maximum Daily ~~Receipt-Delivery~~ Quantity and shall specify the portion of such Maximum Daily ~~Receipt-Delivery~~ Quantity to be ~~delivered-received at to~~ each ~~Delivery-Receipt~~ Point. The aforementioned Maximum Daily ~~Receipt-Delivery~~ Quantity and portions thereof shall be specified in Appendix A to the Service Agreement, Firm Service.

7.2.2 At each Delivery Point, identified in Appendix ~~B-A~~ to the Service Agreement, Firm Service, Company is obligated to deliver to Shipper a daily quantity of gas which has an aggregate energy content of all gas received from Shipper at each Receipt Point destined for such Delivery Point, less Shipper's share of the sum for each Zone the energy content of:

- (a) Company Use Gas; and
- (b) Line Pack Changes except in Zone 6, Zone 7 and Zone 9 where Company owns Line Pack

used in the transportation of such gas on such day.

Shipper's share shall be calculated pursuant to section 8 of the General Terms and Conditions of this Gas Transportation Tariff.

7.2.3 Notwithstanding subsection 7.2.2 herein, Shipper shall not be allocated a share of Company Use Gas in respect of Backhaul service.

7.2.4 Company will provide Backhaul service under this Rate Schedule T-1, Firm Service to Shipper on Zone 9 only in circumstances where such service is requested by Shipper and, in Company's judgement, there is sufficient quantity of gas being received into Company's system to enable such service to be provided.

7.3 Daily Gas Nominations

7.3.1 Shipper shall advise Company, in writing, of the total daily quantity of gas nominated by it for each ~~Receipt-Delivery~~ Point. Such total daily quantity of gas shall not, subject to Article 1.2 of Shipper's Service Agreement, Firm Service, exceed the Maximum Daily ~~Receipt-Delivery~~ Quantity for each such ~~Receipt-Delivery~~ Point.

7.3.2 Out of such total daily quantity of gas nominated for each ~~Receipt-Delivery~~ Point, Shipper shall advise Company of the daily quantity of gas nominated by it for transportation ~~to-from~~ each ~~Delivery-Receipt~~ Point.

7.3.3 Shipper may provide its nomination through written confirmations received by Company from a downstream carrier. Company shall rely on such confirmations received from downstream carrier to determine Shipper's nomination quantities at ~~receipt-Delivery~~ Points. For certainty, this would include Shipper's written confirmation received by Company from Northern Border.

8. CHARGE FOR SERVICE

The rate used in calculating Shipper's monthly bill for Service under Rate Schedule T-1, Firm Service in the Zone is the T-1 Rate.

8.1 Shipper's Obligation to Pay

Shipper shall be obligated to pay to Company in respect of each Billing Month, a charge for services rendered hereunder being the aggregate of Shipper's monthly demand charges determined in accordance with subsection 8.2 hereof. Shipper's obligation to pay is not subject to any adjustment or abatement under any circumstances except as specifically provided for in section 9 hereof, and such obligation shall be billed by Company to Shipper in accordance with section 5 of the General Terms and Conditions of this Gas Transportation Tariff.

8.2 Monthly Demand Charge

Shipper's monthly demand charge for a Billing Month shall be the product of:

- (a) Shipper's Maximum Daily ~~Receipt~~Delivery Quantity as indicated on Schedule A to Shipper's Service Agreement, Firm Service for such billing month;
- (b) the distance in kilometers each such quantity is to be transported through the Zone; and
- (c) the T-1 Rate for the Zone.

8.3 Allocation of Gas ~~Received~~Delivered

Notwithstanding any other provision of this Rate Schedule T-1, Firm Service, and any Service Agreement or the General Terms and Conditions of this Gas Transportation Tariff, and without regard to how gas may have been nominated, the aggregate quantity of gas ~~received from~~delivered to a Shipper at the ~~Receipt~~Delivery Point during any Billing Month shall be allocated for billing purposes as follows:

- (a) first to service to Shipper under Rate Schedule STFT, Short Term Firm Transportation Service to a maximum of the aggregate Maximum Daily ~~Receipt~~Delivery Quantity for such ~~Receipt~~Delivery Point under such Rate Schedule STFT, Short Term Firm Transportation Service;

- (b) second to service to Shipper under Rate Schedule T-1, Firm Service to a maximum of the aggregate Maximum Daily ~~Receipt-Delivery~~ Quantity for such ~~Receipt-Delivery~~ Point under Rate Schedule T-1, Firm Service; and
- (c) third, for Zone 9 to service to Shipper under Rate Schedule IT, Interruptible Service and for Zone 6, Zone 7 and Zone 8 to Shipper under Rate Schedule OT-1, Overrun Service.

8.4 Charge for Over-Run Gas in Zone 9

In the event that Company determines, in respect of a Billing Month, that Shipper has tendered for transportation, and Company has transported for Shipper, a quantity of gas in excess of the Maximum Daily ~~Receipt-Delivery~~ Quantity as indicated on Appendix A of Shipper's Service Agreement, Firm Service, Shipper shall pay Company an amount equal to the product of a quantity of gas equal to such excess and the IT Rate for Service under Rate Schedule IT, Interruptible Service.

8.5 Accounting

Company shall maintain books of account in accordance with the requirements of the National Energy Board and, to the extent not inconsistent with such requirements, in accordance with generally accepted accounting principles in Canada.

9. FAILURE TO ~~ACCEPT-DELIVER~~ GAS

9.1 General

If Company shall, in any billing month, fail for any reason to ~~take receipt from~~ make delivery to any Shipper of the whole or any portion of the quantity of gas nominated by such Shipper ~~to~~ from Company in accordance with such Shipper's Service Agreement, Firm Service, such Shipper's obligation to pay Company pursuant to section 8 of Rate Schedule T-1, Firm Service shall be subject only to the adjustments expressly provided in this section 9.

9.2 Receipt-Delivery Deficiency

If, in any day in any month, Company is unable to ~~receive from~~delivery to Shipper, any portion of the gas nominated by Shipper ~~to from~~ Company, for such day, pursuant to Article 1.1 of Shipper's Service Agreement, Firm Service, such portion shall be Shipper's "Receipt-Delivery Deficiency" for such day.

Receipt-Delivery Deficiencies arising in a billing month shall be discharged to the extent of gas ~~received-delivered~~ by Company ~~from to~~ Shipper pursuant to Article 1.2 of Shipper's Service Agreement, Firm Service on any day during such billing month whether before or after the day on which any such deficiency arose. To the extent not so discharged, Receipt-Delivery Deficiencies shall be discharged only by the ~~receipt~~delivery of Make-Up Gas in subsequent billing months.

9.3 Make-Up Gas

"Make-Up Gas" is Receipt-Delivery Deficiencies which may be made up in the following month(s). If, in any billing month, the quantity of gas ~~received-delivered to Shipper~~ by Company ~~from Shipper~~ pursuant to Article 1.2 of Shipper's Service Agreement, Firm Service exceeds the aggregate of Shipper's Receipt-Delivery Deficiencies arising in that billing month, the excess shall be Make-Up Gas to the extent of undischarged Shipper's Receipt-Delivery Deficiencies arising in prior billing months.

Service in respect of gas ~~received-delivered~~ pursuant to Article 1.2 of Shipper's Service Agreement, Firm Service and applied to the discharge of Receipt-Delivery Deficiencies shall be deemed to have been provided under this subsection 9.2.

9.4 Overrun Gas

If, in any billing month in Zones 6, 7 or 8, the quantity of gas ~~received-delivered to Shipper~~ by Company ~~from Shipper~~ pursuant to Article 1.2 of Shipper's Service Agreement, Firm Service exceeds the quantity of Make-Up Gas such balance shall be overrun gas and shall be governed by Rate Schedule OT-1, Overrun Service.

9.5 Allocation of Service

If Company is on any day required to allocate service pursuant to Article 1.2 of the Service Agreements, Firm Service of two or more Shippers, Company shall give priority in such allocation to quantities of gas desired to be tendered in respect to ~~Receipt~~ Delivery Deficiencies to the extent, in the case of each such Shipper, of its undischarged ~~Receipt~~ Delivery Deficiencies on such day.

9.6 Billing Adjustment

Each billing month Company shall, if applicable, provide a credit to Shipper (“Billing Abatement”) in accordance with subsection 9.6.1 herein or require a payment from Shipper (“Make-Up Gas Transportation Payment”) in accordance with subsection 9.6.2 herein.

9.6.1 If, in any billing month the quantity of gas ~~received~~ delivered by Company ~~from~~ to Shipper is less than 90% of the sum for such month of all quantities of gas nominated by Shipper ~~to~~ from Company at all ~~Receipt~~ Delivery Points pursuant to Article 1.1 of Shipper’s Service Agreement, Firm Service, Shipper shall be entitled to a Billing Abatement in respect of such billing month which shall be determined as follows:

$$BA = RD \times CR$$

Where:

BA is Shipper’s Billing Abatement in dollars for such billing month.

RD is the difference between the sum of all quantities of gas nominated by Shipper to Company in such billing month at all ~~Receipt~~ Delivery Points and the total quantity of gas actually ~~taken receipt of~~ delivered by Company ~~from~~ to Shipper during such billing month.

CR is \$0.~~50~~ 01 per ~~10³ m³~~ GJ.

9.6.2 If, in any billing month, the quantity of gas ~~received~~ delivered to Shipper by Company ~~from Shipper~~ is less than the quantity of gas nominated by Shipper ~~to~~ from Company in such billing month pursuant to Article 1 of Shipper's Service Agreement, Firm Service, and such deficiency is less than 10% of the gas so nominated, Make-Up Gas ~~received~~ delivered in any subsequent billing month by Company ~~from to~~ Shipper shall, to the extent of the quantity of such deficiency ("No Billing Abatement Gas") not be subject to any payment pursuant to this subsection 9.6, and, for such purposes, No Billing Abatement Gas shall be deemed to be ~~received~~ delivered by Company ~~from to~~ Shipper before other Make-Up Gas.

To the extent that Make-Up Gas ~~received~~ delivered by Company ~~from to~~ Shipper in any billing month relates to gas for which Shipper has received a Billing Abatement ("Billing Abatement Gas"), Shipper shall be obligated to pay to Company for transportation of such Billing Abatement Gas, an amount to be determined as follows:

$$\text{BAGTP} = \text{BAG} \times \text{CR}$$

Where:

BAGTP is Shipper's Billing Abatement Gas Transportation Payment in dollars for such billing month.

BAG is the quantity of Shipper's Billing Abatement Gas transported in such billing month.

CR is \$0.~~50~~01 per ~~10³ m³~~ GJ.

Each amount determined pursuant to the foregoing subsections 9.6.1 and 9.6.2 shall be reflected in an invoice to Shipper as provided in section 5 of the General Terms and Conditions of this Gas Transportation Tariff.

9.7 Exception

Subsections 9.2 through 9.6 hereof shall not apply to any failure of Company to ~~take receipt from~~ make delivery to Shipper of any gas nominated by Shipper pursuant to Shipper's Service Agreement, Firm Service if such failure is caused or contributed to by the failure of Shipper to, or to be able to, deliver to or take delivery from Company of such gas, or by any other action of Shipper or Persons acting on its behalf which causes or contributes to such a failure by Company.

10. RENEWAL RIGHTS**10.1 Availability**

Shippers to whom renewal rights are available, shall have the option ("Renewal Option") of extending the existing term of the Service Agreement, Firm Service with respect to all or, if Company agrees, a portion of Shipper's firm capacity rights beyond the primary term specified in the Service Agreement, Firm Service provided that:

- (a) Shipper has at any time in the past executed a Service Agreement, Firm Service containing a term of at least five consecutive years; such Service Agreement, Firm Service or any extensions or amendments thereto or any amended Service Agreement, Firm Service executed in replacement or in substitution therefore, has not terminated prior to the exercise of the renewal rights granted herein;
- (b) Shipper is not in default with respect to any of its obligations under its Service Agreement(s), Firm Service;
- (c) If requested by Company, Shipper has provided Financial Assurances in accordance with subsection 5.8.1 of the General Terms and Conditions of this Gas Transportation Tariff; and
- (d) Shipper provides Company, at the time the notice referred to in subsection 10.2.1 or 10.2.3 hereof is provided to Company, evidence satisfactory to Company that

RATE SCHEDULE STFT
SHORT TERM FIRM TRANSPORTATION SERVICE

1. AVAILABILITY

This Rate Schedule STFT, Short Term Firm Transportation Service is available to any Shipper in Zone 9 which has:

- (a) Satisfied all applicable requirements as set forth in the Capacity Allocation Procedures and subsection 5.8 of the General Terms and Conditions of this Gas Transportation Tariff; and
- (b) Executed a Service Agreement, Short Term Firm Transportation Service with Company, for a minimum term of 7 days and up to a maximum term of one year less one day and shall end on the last day of a month.

2. APPLICABILITY

This Rate Schedule STFT, Short Term Firm Transportation Service shall apply to all transportation services under Shipper's Service Agreement, Short Term Firm Transportation Service, as of the Billing Commencement Date, whether or not gas is actually transported.

3. SERVICE DESCRIPTION

Service rendered by Company for Shipper under this Rate Schedule STFT, Short Term Firm Transportation Service consists of:

- (a) The receipt of gas ~~nominated by~~from Shipper (or for Shipper's account) at the Receipt Point as specified in the Service Agreement, Short Term Firm Transportation Service;

- (b) The transportation of gas by Company through the transportation system, described in section 6 hereof; and
- (c) The delivery by Company ~~of gas~~ to Shipper (or for Shipper's account) of gas nominated by Shipper at the Delivery Point specified in the Service Agreement, Short Term Firm Transportation Service.

4. SERVICE AGREEMENT

This Rate Schedule STFT, Short Term Firm Transportation Service is subject to all terms, conditions, stipulations and provisions of the Service Agreements, Short Term Firm Transportation Service.

5. GENERAL TERMS AND CONDITIONS

This Rate Schedule STFT, Short Term Firm Transportation Service is subject to all terms, conditions, stipulations and provisions of the General Terms and Conditions of this Gas Transportation Tariff.

6. SUBSIDIARY COMPANIES AND ZONES

6.1 General

Company's transportation system consists of operating segments with each segment operated by a Subsidiary Company. Company and Subsidiary Companies have entered into transportation agreements for provision of transportation services by Subsidiary Companies for Company. Copies of the applicable transportation agreements are attached hereto as Supplements I through III. Each Subsidiary Company shall divide its segment into one or more Zones as defined in Schedule I, Annex II of the Northern

7. CHARACTER OF SERVICE

7.1 Short Term Firm Transportation Service

Gas transported by Company for Shipper under this Rate Schedule STFT, Short Term Firm Transportation Service shall not be subject to curtailment or interruption except as provided in the General Terms and Conditions of this Gas Transportation Tariff.

7.2 Delivery Obligation

At the Delivery Point, identified in Appendix A to the Service Agreement, Short Term Firm Transportation Service, Company is obligated to deliver to Shipper a daily quantity of gas which has an aggregate energy content of all gas received from Shipper at the Receipt Point, less Shipper's share for Zone 9 of the energy content of Company Use Gas used in the transportation of such gas on such day.

Shipper's share shall be calculated pursuant to section 8 of the General Terms and Conditions of this Gas Transportation Tariff.

7.3 Daily Gas Nominations

7.3.1 Shipper shall advise Company, in writing, of the total daily quantity of gas nominated by it for the ~~Receipt~~Delivery Point. Such total daily quantity of gas shall not, subject to Article 1.2 of Shipper's Service Agreement, Short Term Firm Transportation Service, exceed the Maximum Daily ~~Receipt~~Delivery Quantity for each such ~~Receipt~~Delivery Point.

7.3.2 Shipper may provide its nomination through written confirmations received by Company from a downstream carrier. Company shall rely on such confirmations received from downstream carrier to determine Shipper's nomination quantities at ~~receipt~~Delivery pPoints. For certainty, this would include Shipper's written confirmation received by Company from Northern Border.

7.4 Backhauls

Shipper's monthly demand charge for a Billing Month shall be the product of:

- (a) Shipper's Maximum Daily ~~Receipt~~Delivery Quantity as indicated on Appendix A to Shipper's Service Agreement, Short Term Firm Transportation Service for such Billing Month;
- (b) the distance in kilometers such quantity is to be transported through Zone 9;
- (c) the T-1 Rate for Zone 9; and
- (d) Shipper's STFT Bid Price, as indicated on Appendix A to Shipper's Service Agreement, Short Term Firm Transportation Service.

8.3 Allocation of Gas Received

Notwithstanding any other provision of this Rate Schedule STFT, Short Term Firm Transportation Service, and any Service Agreement or the General Terms and Conditions of this Gas Transportation Tariff, and without regard to how gas may have been nominated, the aggregate quantity of gas ~~received from~~delivered to a Shipper at the ~~Receipt~~Delivery Point during any Billing Month shall be allocated for billing purposes as follows:

- (a) first to service to Shipper under this Rate Schedule STFT, Short Term Firm Transportation Service to a maximum of the aggregate Maximum Daily ~~Receipt~~Delivery Quantity for such ~~Receipt~~Delivery Point under such Rate Schedule STFT, Short Term Firm Transportation Service;
- (b) second to service to Shipper under Rate Schedule T-1, Firm Service to a maximum of the aggregate Maximum Daily ~~Receipt~~Delivery Quantity for such ~~Receipt~~Delivery Point under Rate Schedule T-1, Firm Service; and
- (c) third to service to Shipper under Rate Schedule IT, Interruptible Service.

8.4 Charge for Over-Run Gas

In the event that Company determines, in respect of a Billing Month, that Shipper has tendered for transportation, and Company has transported for Shipper, a quantity of gas in excess of the Maximum Daily ~~Receipt~~-Delivery Quantity as indicated on Appendix A of Shipper's Service Agreement, Short Term Firm Transportation Service, Shipper shall pay Company an amount equal to the product of a quantity of gas equal to such excess and the IT Rate for Service under Rate Schedule IT, Interruptible Service.

RATE SCHEDULE OT-1
OVERRUN SERVICE**1. AVAILABILITY**

This Rate Schedule OT-1, Overrun Service is available in Zones 6, 7 and 8 only, to any Shipper under its Service Agreement, Firm Service.

2. APPLICABILITY AND CHARACTER OF SERVICE

This Rate Schedule OT-1, Overrun Service shall apply to overrun transportation service pursuant to Article 1.2 of Shipper's Service Agreement and subsection 9.3 of Rate Schedule T-1, Firm Service, other than service which, by the terms of subsection 9.1 and 9.2 of Rate Schedule T-1, Firm Service, is deemed to be provided under said subsections.

3. CHARGE FOR SERVICE

The rate used in calculating Shipper's monthly bill for service under Rate Schedule OT-1, Overrun Service in the Zone is the OT-1 Rate.

3.1 Shipper's Obligation to Pay

Shipper shall be obligated to pay to Company in respect of each Billing Month, a charge for services rendered hereunder being the aggregate of Shipper's monthly commodity charges determined in accordance with subsection 3.2 hereof. Shipper's obligation to pay is not subject to any adjustment or abatement under any circumstances and such obligation shall be billed by Company to Shipper in accordance with section 5 of the General Terms and Conditions of this Gas Transportation Tariff.

3.2 Monthly Commodity Charge

Shipper shall pay to Company, for each ~~cubic metre~~GJ of gas ~~received~~delivered by

Company ~~from to~~ Shipper to which this Rate Schedule OT-1, Overrun Service is applicable, an amount equal to Shipper's OT-1 Rate in the Zone multiplied by the distance in kilometers such ~~volume-quantity~~ of gas is transported in the Zone for the Billing Month in which such gas is received; provided that if Shipper on any day of any Billing Month does not tender all or a portion ("Tender Deficiency") of such Shipper's Daily ~~Receipt-Delivery~~ Quantity, then for those days no payment shall be due to Company under this Rate Schedule OT-1, Overrun Service in respect of gas ~~received~~ delivered by Company pursuant to Article 1.2 of Shipper's Service Agreement and which is governed by this Rate Schedule OT-1, Overrun Service, on any other day during such Billing Month and the immediately following Billing Month, up to the undischarged amount of such Tender Deficiency.

4. GENERAL TERMS AND CONDITIONS

This Rate Schedule OT-1, Overrun Service is subject to all terms, conditions, stipulations and provisions of the General Terms and Conditions of this Gas Transportation Tariff as updated from time to time.

RATE SCHEDULE SGS-1
SMALL GENERAL SERVICE**1. AVAILABILITY**

This Rate Schedule SGS-1, Small General Service is available to Transgas Limited (herein referred to as “Shipper”) upon execution by Shipper of a Service Agreement, Small General Service for the transportation by Company of gas to be sold to customers on a farm or in small communities or, to a customer that distributes to customers on farms or in small communities, provided that:

- (a) The gas is being ultimately consumed primarily for residential and commercial space heating purposes; and
- (b) Such customers are not being served under any other gas transportation agreement between Shipper and Company.

2. APPLICABILITY

This Rate Schedule SGS-1, Small General Service shall apply to the transportation service under Shipper’s Service Agreement, Small General Service.

3. SERVICE DESCRIPTION

Service rendered by Company for Shipper under this Rate Schedule SGS-1, Small General Service consists of:

- (a) The receipt of gas ~~nominated by~~from Shipper (or for Shipper’s account) at each Receipt Point as specified in the Service Agreement, Small General Service;

- (b) The transportation of gas by Company in its facilities between the Alberta/Saskatchewan border near Empress to the Saskatchewan/ United States border near Monchy (“Zone 9”); and
- (c) The delivery by Company ~~of gas~~ to Shipper of gas nominated by Shipper at each Delivery Point specified in the Service Agreement, Small General Service.

4. SERVICE AGREEMENT, SMALL GENERAL SERVICE

This Rate Schedule SGS-1, Small General Service is subject to all terms, conditions, stipulations and provisions of the Service Agreement, Small General Service.

5. GENERAL TERMS AND CONDITIONS

This Rate Schedule SGS-1, Small General Service is subject to all terms, conditions, stipulations and provisions of the General Terms and Conditions of this Gas Transportation Tariff as may be amended from time to time, with the exception of sections 8.6, 8.7 and 16.

6. CHARACTER OF SERVICE

6.1 Small General Service

Gas transported by Company for Shipper under this Rate Schedule SGS-1, Small General Service shall not be subject to curtailment or interruption except as provided in the General Terms and Conditions of this Gas Transportation Tariff.

6.2 Receipt and Delivery Obligations

6.2.1 At each ~~Receipt-Delivery~~ Point, Company and Shipper shall establish the Maximum Daily ~~Receipt-Delivery~~ Quantity and shall specify the portion of such Maximum Daily ~~Receipt-Delivery~~ Quantity to be ~~delivered to~~ received at each ~~Delivery-Receipt~~ Point. The aforementioned Maximum Daily ~~Receipt-Delivery~~ Quantity and portions thereof shall be specified in Appendix A to the Service Agreement, Small General Service.

6.2.2 At each Delivery Point, identified in Appendix ~~B-A~~ to the Service Agreement, Small General Service, Company is obligated to deliver to Shipper a daily quantity of gas which has an aggregate energy content of all gas received from Shipper at each Receipt Point destined for such Delivery Point, less Shipper's share of the energy content of Company Use Gas used in the transportation of such gas on such day.

6.2.3 For the purpose of calculating Shipper's share of Company Use Gas pursuant to subsection 8.4 of the General Terms and Conditions of this Gas Transportation Tariff, all of Shipper's quantities received into Zone 9 shall be deemed to have been transported 1/2 of the total distance in Zone 9 (130 km).

6.3 Daily Gas Nominations

6.3.1 Shipper shall advise Company of the total daily quantity of gas nominated by it for each ~~Receipt-Delivery~~ Point. Such total daily quantity of gas shall not, subject to Article 1.2 of Shipper's Service Agreement, Small General Service, exceed the Maximum Daily ~~Receipt-Delivery~~ Quantity for each such ~~Receipt-Delivery~~ Point.

6.3.2 Out of such total daily quantity of gas nominated for each ~~Receipt-Delivery~~ Point, Shipper shall advise Company of the daily quantity of gas nominated by it for transportation ~~to~~ from each ~~Delivery-Receipt~~ Point.

7. CHARGE FOR SERVICE

The rate used in calculating Shipper's monthly bill for service under this Rate Schedule SGS-1, Small General Service is the T-1 Rate in Zone 9.

7.1 Shipper's Obligation to Pay

Shipper shall be obligated to pay to Company in respect of each Billing Month, a charge for services rendered hereunder being the aggregate of Shipper's monthly commodity charges determined in accordance with subsection 7.2 hereof. Shipper's obligation to pay is not subject to any adjustment or abatement under any circumstances and such obligation shall be billed by Company to Shipper in accordance with section 5 of the General Terms and Conditions of this Gas Transportation Tariff.

7.2 Monthly Commodity Charge

Shipper's monthly commodity charge for a Billing Month shall be the product of:

- (a) the actual ~~volume~~ quantity of gas ~~received~~ delivered by Company from Shipper under Rate Schedule SGS-1, Small General Service during such month;
- (b) 1/2 the total distance in Zone 9 (130 km); and
- (c) the T-1 Rate.

4. CHARACTER OF SERVICE

4.1 Interruptible Service

Gas transported by Company for Shipper under this Rate Schedule IT, Interruptible Service shall be subject to curtailment or interruption, at any time, and from time to time, when Company estimates in its sole judgment, that service hereunder would in any way interfere with or restrict Company's ability to provide service pursuant to Rate Schedule SGS-1, Small General Service, Rate Schedule T-1, Firm Service, Rate Schedule STFT, Short Term Firm Transportation Service or to other Shippers pursuant to Rate Schedule IT, Interruptible Service. Company shall not be obligated to construct additional facilities for the purpose of providing the interruptible service hereunder.

4.2 Receipt and Delivery Obligations

4.2.1 At each ~~Receipt-Delivery~~ Point identified in Appendix A to the Service Agreement, Interruptible Service shipper may nominate a daily quantity of gas for interruptible service, subject to the provisions of subsection 4.3.

4.2.2 At each Delivery Point identified in Appendix ~~B-A~~ to the Service Agreement, Interruptible Service, Company is obligated to deliver to Shipper a daily quantity of gas which has an aggregate energy content of all gas received from Shipper and accepted by Company at each Receipt Point destined for such Delivery Point, less Shipper's share of the energy content of Company Use Gas used in the transportation of such gas on such day.

Shipper's share shall be calculated pursuant to section 8 of the General Terms and Conditions of this Gas Transportation Tariff.

4.2.3 Notwithstanding subsection 4.2.2 herein, for any service provided hereunder where the Delivery Point is upstream of the Receipt Point, Shipper shall not be allocated a share of Company Use Gas in respect of such Backhaul service.

4.3 Daily Gas Nominations

4.3.1 Shipper shall advise Company, from time to time as required by Company, of the daily quantity of gas to be transported under Rate Schedule IT, Interruptible Service pursuant to subsection 4.1, for each ~~Receipt-Delivery~~ Point to be transported on an interruptible basis ~~to from~~ the ~~Delivery-Receipt~~ Point.

Shipper shall deliver such ~~volumes-quantities~~ at the Receipt Point at hourly rates of flow as nearly constant as possible and shall take delivery at the Delivery Point at hourly rates of flow as nearly constant as possible.

4.3.2 Departures from scheduled daily deliveries shall be kept to a minimum permitted by operating conditions.

4.3.3 If on any day Shipper fails to deliver to the Receipt Point, or accept at the Delivery Point, the gas nominated pursuant to subsection 4.3.1 herein, Company shall be entitled to curtail further receipts of gas from Shipper until the ~~volume~~ quantity delivered at the Receipt Point balances with the ~~volume-quantity~~ delivered at the Delivery Point.

Without limiting Company's rights as set forth above, Company will use reasonable efforts to implement other operational procedures including:

- (a) The notification of Shipper with an imbalance of other Shippers with positive or negative inventory in order that, by exchange, inventories may be brought to zero balance; and
- (b) In the event that, at the end of a given month, Shipper is in a positive or negative imbalance position, such imbalance will be carried forward as Shipper's inventory for a period of up to the term of Shipper's Service Agreement, Interruptible Service.

4.3.4 Shipper may provide its nomination through written confirmations received by Company from a downstream carrier. Company shall rely on such confirmations

received from downstream carrier to determine Shipper's Nomination quantities at ~~receipt~~ Delivery pPoints. For certainty, this would include Shipper's written confirmation received by Company from Northern Border.

5. CHARGE FOR SERVICE

The rate used in calculating Shipper's monthly bill for service under Rate Schedule IT, Interruptible Service in the Zone is the IT Rate.

5.1 Shipper's Obligation to Pay

Shipper shall be obligated to pay to Company in respect of each Billing Month, a charge for services rendered hereunder being the aggregate of Shipper's monthly commodity charges determined in accordance with subsection 5.2 hereof. Shipper's obligation to pay is not subject to any adjustment or abatement under any circumstances and such obligation shall be billed by Company to Shipper in accordance with section 5 of the General Terms and Conditions of this Gas Transportation Tariff.

5.2 Monthly Commodity Charge

Shipper's monthly commodity charge for a Billing Month shall be the product of:

- (a) the actual ~~volume-quantity~~ of gas ~~received~~ delivered to Shipper by Company ~~from Shipper~~ under Rate Schedule IT, Interruptible Service during such month;
- (b) the distance in kilometers such ~~volume-quantity~~ of gas is transported, or in the case of Backhaul is deemed to be transported through the Zone; and
- (c) the IT Rate.

5.3 Allocation of Gas Received

Notwithstanding any other provision of this Rate Schedule IT, Interruptible Service, and any Service Agreement or the General Terms and Conditions of this Gas Transportation

Tariff, and without regard to how gas may have been nominated, the aggregate quantity of gas ~~received from~~delivered to a Shipper at the ~~Receipt~~Delivery Point during any Billing Month shall be allocated for billing purposes as follows:

- (a) first to service to Shipper under Rate Schedule STFT, Short Term Firm Transportation Service to a maximum of the aggregate Maximum Daily ~~Receipt~~Delivery Quantity for such ~~Receipt~~Delivery Point under such Rate Schedule STFT, Short Term Firm Transportation Service;
- (b) second to service to Shipper under Rate Schedule T-1, Firm Service to a maximum of the aggregate Maximum Daily ~~Receipt~~Delivery Quantity for such ~~Receipt~~Delivery Point under Rate Schedule T-1, Firm Service; and
- (c) third to service to Shipper under this Rate Schedule IT, Interruptible Service.

6. GENERAL TERMS AND CONDITIONS

The General Terms and Conditions of this Gas Transportation Tariff as may be amended from time to time, are applicable to this Rate Schedule IT, Interruptible Service and are hereby made a part hereof with the exception of sections 5.6, 8.6, 8.7 and 16. If there is any conflict between the provisions of this Rate Schedule IT, Interruptible Service and the General Terms and Conditions of this Gas Transportation Tariff, the provisions of this Rate Schedule IT, Interruptible Service shall prevail.

capacity, not required by Company in order to comply with its obligations under Service Agreements with other Shippers, to receive gas at Shipper's Receipt Point(s) and to make related deliveries of gas to Shipper's Delivery Point(s), all in accordance with the provisions of Shipper's Service Agreement.

- 1.6** "Billing Month" shall mean the period beginning at 09:00 CCT on the first day of the month and ending at 09:00 CCT, on the first day of the next succeeding month.
- 1.7** "Calendar Year" shall mean the period from 09:00 CCT on January 1st to 09:00 CCT on January 1st of the next succeeding year.
- 1.8** "Canadian Segments" shall mean those sections of the ANGTS, geographically located in Canada, and which are owned, operated and managed by a specific Subsidiary Company of Company.
- 1.9** "Capacity Allocation Procedures" shall mean the procedure established by Company describing how a Prospective Shipper shall be afforded the rights to obtain firm service under Rate Schedule T-1, Firm Service or Rate Schedule STFT, Short Term Firm Transportation.
- 1.10** "CCT" shall mean Central Clock Time.
- 1.11** "Company Use Gas" shall mean for any period the total ~~volume~~ quantity of gas used by Company in its gas transmission operations, as determined by Company, including but not limited to gas used as fuel or for testing plus any measurement variance as determined by Company.
- 1.12** "Company Use Gas Rate" shall mean the rate set by Company from time to time pursuant to section 8.4 of these General Terms and Conditions.
- 1.13** "Company's Cost of Service" shall mean, relative to a Calendar Year, the sum of the amounts determined as the Zone Cost of Service for each of Company's Zones.
- 1.14** "Contract Year" shall mean the period beginning at 09:00 CCT, on Company's Billing Commencement Date and ending at 09:00 CCT on the next succeeding November 1st

(provided, however, in the event that such period is less than six calendar months then the first Contract Year shall not end until 09:00 CCT on the second succeeding November 1st and thereafter each period of 12 consecutive calendar months beginning at 09:00 CCT, on November 1st of each year and ending at 09:00 CCT, on the anniversary of such day in the next succeeding Calendar Year.

1.15 “Cubic metre of gas” or “m³” shall mean that quantity of gas which, at a temperature of 15 °C and at a pressure of 101.325 kPa occupies one cubic metre.

~~1.16 “Daily Receipt Quantity” shall mean, relative to a Receipt Point for any day, the maximum volume of gas that Company, subject to the provisions of this Gas Transportation Tariff, is obligated to accept from Shipper and that Shipper may deliver to Company at such Receipt Point for transportation through Company’s transportation system, and shall be expressed in cubic metres per day, at the gross heating value of gas at such Receipt Point.~~

~~The Daily Receipt Quantity shall be the product of Shipper’s Maximum Daily Receipt Quantity for such Receipt Point and the planned maintenance and scheduled down time factor shown as a percentage in the following table for the month in which such day occurs.~~

<u>Month</u>	<u>Percentage</u>
January	100
February	100
March	100
April	100
May	100
June	100
July	100
August	100
September	100
October	100

November	100
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December	100
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- 1.16** “Day” shall mean a period of 24 consecutive hours, beginning and ending at 09:00 CCT. The reference date for any day shall be the date of the beginning of such day.
- 1.17** “°C” shall mean degrees Celsius as defined by The International System of Units (SI).
- 1.18** “Delivery Point” shall mean relative to Shipper one of the Delivery Points shown in Appendix A ~~or B~~ to such Shipper’s Service Agreement for delivery of gas to such Shipper.
- 1.19** “Existing Term” shall have the meaning ascribed to it as set out in subsection 10.2 of Rate Schedule T-1, Firm Service.
- 1.20** “Financial Assurance” shall have the meaning ascribed to it as set out in subsection 5.8 of these General Terms and Conditions.
- 1.21** “First Billing Month” shall mean relative to Shipper the billing month in which such Shipper’s Billing Commencement Date occurs.
- 1.22** “Foreign Exchange Rate” shall mean for any day that rate for the currency in question as published at 12:00 Eastern Standard Time, by the Bank of Canada in the City of Ottawa.
- 1.23** “Forward Haul” shall mean service where gas delivered at Shipper’s Forward Haul Delivery Point is received into Company’s facilities at Shipper’s Forward Haul Receipt Point located upstream of Shipper’s Forward Haul Delivery Point.
- 1.24** “Gas” shall mean natural gas, manufactured, artificial or synthetic gas, or any mixture or combination thereof.
- 1.25** “Gas Plant In Service” shall mean the original cost of the gas plant of Company excluding plant that is entirely distinct from and is not operated in connection with the gas transportation service provided pursuant to this Gas Transportation Tariff.

1.26 “Gas Transportation Tariff” shall mean the compilation on file with the National Energy Board of Company’s rate schedules, General Terms and Conditions and related Service Agreements with Shipper as in effect from time to time.

1.27 “General Terms and Conditions” shall mean, at any time, these General Terms and Conditions as amended or supplemented from time to time.

1.28 “GJ” shall mean 10^9 Joules.

1.281.29 “Gross heating value” shall mean the total Joules obtained by complete combustion at constant pressure of one cubic metre of gas with air, the gas to be free of all water vapour and the temperature of the gas, air and products of combustion to be at standard temperature and all water formed by the combustion reaction to be condensed to the liquid state.

1.291.30 “IT Rate” shall mean the IT Rate in the Table of Effective Rates which has been set by the Company for service under Rate Schedule IT, Interruptible Service.

1.301.31 “J” shall mean Joule(s), the base unit for energy as defined by The International System of Units (SI).

1.311.32 “km” shall mean kilometre(s) as defined by The International System of Units (SI).

1.321.33 “kPa” shall mean kilopascal(s) of pressure.

1.331.34 “Leave to Open” shall mean that a leave has been granted under Part III of the National Energy Board Act to Company to open the pipeline.

1.341.35 “Line Pack Change” shall mean for any period the difference between the total ~~volume~~ quantity of line pack gas contained in a Zone of Company’s pipeline at the beginning and end of such period, as computed by Subsidiary Company.

1.351.36 “Line Pack Requirements” for any Zone at any time shall mean that ~~volume~~ quantity of gas which is calculated by Subsidiary Company as the total ~~volume~~ quantity

quantity of gas required as line pack for the efficient operation of its pipeline in such Zone.

1.361.37 “Make-Up Gas” shall have the meaning ascribed to it as set out in subsection 9.2 3 of the Rate Schedule T-1, Firm Service.

1.371.38 “Maximum Daily ~~Receipt~~ Delivery Quantity” shall mean relative to a ~~Receipt~~ Delivery Point of Shipper for any day the ~~volume~~ quantity of gas, as specified in Appendix A to such Shipper’s Service Agreement.

1.381.39 “mg” shall mean milligram(s) as defined by The International System of Units (SI).

1.391.40 “Minimum Term” shall have the meaning ascribed to it as set out in subsection 3.3.1 of the Capacity Allocation Procedures.

1.401.41 “Month” shall mean a period of time beginning at 09:00 CCT on the first day of a calendar month and ending at 09:00 CCT on the first day of the next calendar month.

1.411.42 “National Energy Board” or “NEB” or “Board” shall mean the National Energy Board of Canada or any other tribunal which may hereafter exercise the functions now exercised by that Board with respect to the regulation of gas pipelines.

1.421.43 “New Facilities” shall have the meaning ascribed to it as set out in subsection 3.3.1 of the Capacity Allocation Procedure.

1.431.44 “Northern Pipeline” shall have the same meaning as is ascribed to “pipeline” in section 2(1) of the Northern Pipeline Act.

1.441.45 “OT-1 Rate” shall mean the OT-1 Rate in the Table of Effective Rates which has been set by the Company for service under Rate Schedule OT-1, Overrun Service.

1.451.46 “Operating Agreement” shall mean an agreement between Subsidiary Company and any Person under which such Person undertakes to provide services to facilitate

1.731.74 “Shippers” shall mean, at any time, the Persons which have entered into Service Agreements with Company which are then in effect; and “Shipper” shall mean one of such Persons.

1.741.75 “STFT Bid Price” shall mean the STFT Bid Price on Appendix A to Shipper’s Service Agreement, Short Term Firm Transportation Service, expressed as a percentage of the T-1 Rate and such percentage shall be a minimum of 100%.

1.751.76 “STFT Capacity” shall mean pipeline capacity on Zone 9 of Company’s gas transportation system that is or will become available on a short term basis without construction of New Facilities, as determined by Company from time to time.

1.761.77 “Subsidiary Company” shall mean Company’s subsidiary companies as described in the Northern Pipeline Act and include: Foothills Pipe Lines (South Yukon) Ltd., Foothills Pipe Lines (North Yukon) Ltd., Foothills Pipe Lines (North B.C.) Ltd., Foothills Pipe Lines (Alta.) Ltd., Foothills Pipe Lines (South B.C.) Ltd., and Foothills Pipe Lines (Sask.) Ltd.

1.771.78 “10³m³” shall mean 1,000 cubic metres of gas determined on the measurement set forth in section ~~1.14~~15 above.

1.781.79 “T-1 Rate” shall mean the T-1 Rate in the Table of Effective Rates which has been set by the Company for service under Rate Schedule T-1, Firm Service.

1.791.80 “Table of Effective Rates” shall mean the Table of Effective Rates setting the rates, tolls and charges that has been set by the Company to be imposed, observed or followed by the Company.

1.801.81 “Zone” shall mean any one of the Zones described in subsection 6.2 of the Rate Schedule T-1, Firm Service into which Company’s transportation system has been divided for rate making purposes.

1.811.82 “Zone Cost of Service” shall mean the amount determined pursuant to subsection 5.7 of these General Terms and Conditions.

3.3 Calibration

The accuracy of Company's measuring equipment shall be verified at such intervals as the installed equipment may practically require. Advance notice of the time and nature of each test shall be given to allow Shipper a reasonable amount of time to arrange for a representative to observe the test and any adjustments resulting from such tests. If, after notice, Shipper fails to have a representative present, the results of the test shall nevertheless be considered accurate until the next test.

3.4 Correction

If, as a result of any such tests any of the measuring equipment is found to be out of service, or registering inaccurately, it shall be adjusted at once to read as accurately as possible. If such equipment is out of service or inaccurate by more than 2%, the previous readings of such equipment shall be corrected to zero error for a period agreed upon, or if not so agreed upon, for a period of 16 days or 1/2 of the elapsed time since the last test, whichever is shorter. The ~~volume~~ quantity of gas delivered during such period shall be determined by Company using one of the following three methods which in the opinion of Company will provide the best results:

- (a) By using the data recorded by any check measuring equipment if installed and accurately registering; or
- (b) By correcting the error if ascertainable by calibration test or mathematical calculation; or
- (c) By estimating the quantity delivered based upon deliveries under similar conditions during a period when the equipment was registering accurately.

3.5 Expense of Special Tests

If Shipper requests a special test of the accuracy of any measuring equipment and upon testing the equipment the inaccuracy of the equipment is found to be less than 2%, Shipper shall bear the expense of the special test.

3.6 Inspection of Equipment and Records

Shipper or Shipper's agent shall have the right to inspect measuring equipment installed or furnished by Company and the charts and other measurement or test data of Company at all times during normal business hours, but the reading, calibration and adjustment of such equipment and changing of the charts shall be done only by Company or Company's agent.

3.7 Unit of Measurement

The unit of volume for purposes of measurement shall be 10^3m^3 . The unit of quantity for purposes of measurement shall be GJ.

3.8 Applicable Procedures

All measurements, calculations, and procedures used in determining the ~~volume~~ quantity delivered at any point shall be in accordance with GIA and all applicable regulations issued pursuant thereto. Provided, however, that correction for deviations from Boyle's Law shall be determined from data contained in Report No. 8 as published by the American Gas Association, or the latest revision thereof acceptable to Company and Shipper.

3.9 Atmospheric Pressure

For the purposes of measurement, the atmospheric pressure, at any Receipt Point or Delivery Point, shall be established by a recognized formula applied to the nearest 0.1 kPa increment and deemed to be a constant for that point.

3.10 Gas Characteristics

The gas characteristics, including gross heating value, specific gravity, and nitrogen and carbon dioxide content, of the gas tendered by Shipper to Company for transportation or delivered by Company at the Delivery Point shall be determined, where applicable, by continuous recording equipment, approved for this use under the provisions of the GIA,

- (b) A schedule of the total annual amounts by Zone, as allocated to each Zone by Subsidiary Companies in accordance with their Gas Transportation Tariffs with Company of such repayments and/or payments unconditionally required by the terms of such U.S. Pay Securities to be made in United States dollars; and
- (c) The depository where Company desires to receive that part of the said monthly charge which is to be paid by Shipper to Company in United States dollars, if this depository is different than that designated in subsection 5.2 hereof.

The amount of United States dollars to be so paid monthly, in respect of each Zone Shipper utilizes, shall be Shipper's pro rata share of the product of the Maximum Daily ~~Receipt~~ Delivery Quantity and the distance such gas is to be transported through the Zone multiplied by 1/12 of the appropriate Zone amount of United States dollars set forth in the schedule referred to in subsection 5.6(b) above for the year in which Shipper's payment hereunder is due.

5.7 Zone Cost of Service

5.7.1 Company's Administrative Charge

For each Calendar Year, Company shall determine an administrative charge equal to its overhead costs and costs of administering this Gas Transportation Tariff. Such administrative charge, as approved by the National Energy Board shall consist of, but shall not be limited to, the following:

- (a) Salaries, wages and benefits for Company's directors, officers and employees;
- (b) All expenses associated with the aforementioned personnel;
- (c) All rents and charges associated with office, warehouse or shop facilities;
- (d) A return on Company's rate base as per Company's books of account and related income taxes thereon, in an amount determined by the National Energy Board; and

- (e) Any other related expenses necessary to permit the directors, officers and employees of Company to discharge their respective functions in coordinating and monitoring the various components of the Phase I Facilities of the ANGTS.

5.7.2 Special Charge - Phase II Preliminary Expenditures

Pursuant to Order TG-2-2003, the monthly charge for “Special Charge – Phase II Preliminary Expenditures” will be \$189,124.00 commencing April 1, 2003 and terminating December 31, 2015.

5.7.3 Computation of the Zone Cost of Service

For each Calendar Year, the Zone Cost of Service for each Zone shall be the sum of the following, adjusted pursuant to subsection 5.7.4:

- (a) The Zone Cost of Service for each Zone as calculated by the Subsidiary Company owning the portion of the transportation system constituting such Zone; and
- (b) An amount equal to the product of:
- (i) The administrative charge calculated pursuant to subsection 5.7.1 hereof, plus, the Special Charge - Phase II Preliminary Expenditures calculated pursuant to subsection 5.7.2 hereof,
- (ii) And a fraction:

The numerator of which shall be:

The sum, for all Shippers utilizing a Zone under Rate Schedule T-1, Firm Service, of the product of each Shipper’s Maximum Daily ~~Receipt~~Delivery Quantities and the distance in kilometers each such quantity is to be transported through a Zone.

And the denominator of which shall be:

The sum, for Zones 6, 7, 8 and 9, of the product of each Shipper's Maximum Daily ~~Receipt~~ Delivery Quantities and the distance in kilometers each such quantity of gas is to be transported through a Zone.

5.7.4 Adjustments to Zone Cost of Service

For each Calendar Year, the Zone Cost of Service so determined shall be adjusted as follows:

- (a) A deduction for revenues forecasted to be received under Rate Schedule STFT, Short Term Firm Transportation Service, Rate Schedule OT-1, Overrun Service, Rate Schedule IT, Interruptible Service and Rate Schedule SGS-1, Small General Service, and interest pursuant to subsection 5.4 of these General Terms and Conditions.
- (b) Additions or deductions, as the case may be, reflecting adjustments for accruals or deferrals with respect to taxes other than income taxes, expense and income accounts equal to the difference between accrued and deferred amounts and adjusted or actual amounts, all of which shall be given effect to in the year in which such adjustments or conclusive determinations or settlements of such actual amounts are made; and
- (c) Additions or deductions, as the case may be, for all other costs or credits properly attributable to the transportation service hereunder. This would reflect the G&A Incentive Plan pursuant to Order TG-2-2003 commencing January 1, 2003 and terminating December 31, 2015, subject to earlier termination pursuant to Order TG-2-2003.

not within the control of the applicable party and which by the exercise of due diligence such party is unable to prevent or overcome.

6.4.2 If either party fails to perform any obligations imposed by the Service Agreement including the applicable rate schedules and General Terms and Conditions of this Gas Transportation Tariff, and such failure shall be caused or materially contributed to by any occurrence of force majeure such failure shall be deemed not to be a breach of the obligation of such party, but such party shall use reasonable diligence to put itself in a position to carry out its obligations. Provided, however, that the settlement of strikes or lockouts shall be entirely within the discretion of each party, and that the above requirement that any force majeure shall be remedied with the exercise of due diligence shall not require the settlement of strikes or lockouts by acceding to the demands of the opposing party when such course is inadvisable in the discretion of the appropriate party.

6.4.3 Notwithstanding subsections 6.4.1 and 6.4.2, no cause affecting the performance of obligations by any party:

- (a) Shall relieve any party from its obligation to make payment of amounts pursuant to this Gas Transportation Tariff; or
- (b) Shall relieve any party from any other obligation unless such party shall give notice of such cause in writing to the other party with reasonable promptness and like notice shall be given upon termination of such cause, nor shall such cause continue to relieve such party from such other obligation after the expiration of a reasonable period of time within which, by the use of due diligence, such party could have remedied the situation.

6.5 Interruptions or Reductions in Services

If, due to any cause whatsoever, Company is unable on any day to receive from Shippers or to deliver to Shippers all of the ~~volumes~~ quantities of gas it would have received or

delivered if such inability did not exist, then Company shall curtail or interrupt receipts or deliveries of gas in the following order:

(a) First:

For Zones 6, 7 and 8:

Those Shippers transporting gas under Rate Schedule OT-1, Overrun Service.

Company shall allocate any such curtailment amongst affected Shippers in the same proportion as each Shipper's Maximum Daily ~~Receipt~~ Delivery Quantity to be transported through the Zone in which the curtailment is required bears to the sum of the Maximum Daily ~~Receipt~~ Delivery Quantities for all affected Shippers in such Zone.

For Zone 9:

Those Shippers transporting gas under Rate Schedule IT, Interruptible Service.

Company shall allocate available capacity amongst affected Shippers pro rata based on such Shippers' nominations for interruptible service under Rate Schedule IT, Interruptible Service.

(b) Second:

Those Shippers nominating gas in respect of ~~Receipt~~ Delivery Deficiencies and Make-Up Gas pursuant to section 9 of Rate Schedule T-1, Firm Service.

Company shall give priority to quantities of gas tendered in respect of ~~Receipt~~ Delivery Deficiencies over gas tendered in respect of Make-Up Gas. Company shall allocate any such curtailment amongst affected Shippers pro rata based on such Shippers' undischarged ~~Receipt~~ Delivery Deficiencies.

(c) Third:

Those Shippers transporting gas under Rate Schedule T-1, Firm Service, Rate Schedule STFT, Short Term Firm Transportation Service and Rate Schedule SGS-1, Small General Service.

Company shall allocate any such curtailment, under Rate Schedule T-1, Firm Service, Rate Schedule STFT, Short Term Firm Transportation Service or Rate Schedule SGS-1, Small General Service, amongst affected Shippers in the same proportion as each Shipper's Maximum Daily Receipt-Delivery Quantity, to be transported through the Zone in which the curtailment is required, bears to the sum of the Maximum Daily Receipt-Delivery Quantities for all affected Shippers in such Zone.

7. RECEIPT OF GAS AT ONE POINT FOR MORE THAN ONE SHIPPER

In the event gas tendered to Company at any Receipt Point is for the account of more than one Shipper, the division of the total metered volume-quantity as between Shippers shall be pursuant to procedures or schedules established by Company and Shippers involved.

8. DELIVERIES OF GAS AND SUPPLY OF LINE PACK

8.1 Commingled Gas

Shipper and Company agree that the gas received by Company from Shipper under Shipper's Service Agreement, shall be commingled in Company's transportation system with gas received by Company from other Shippers under their Service Agreements. The gas which Company shall deliver to Shipper shall not be the identical gas which Company shall receive from Shipper. If the gas delivered by Company to Shipper meets the specifications set forth in the General Terms and Conditions, then such gas may be

gas from other sources in lieu of all or any part of said gas delivered by Shipper to Company.

8.2 Company Use Gas

Company shall have the right but shall not be obligated to use gas being transported for Shipper for the operation, maintenance and construction of Company's facilities, such use to include among other things:

- (a) Fuel used in the operation of compressor stations;
- (b) Fuel used in buildings;
- (c) Purging and testing;
- (d) Measurement variance; and
- (e) In Zone 8, Line Pack for Company's facilities or any part thereof.

8.3 Allocation

8.3.1 Shipper's share of Company Use Gas on Company's transportation system in a Zone for any day and as determined by the Subsidiary Companies shall be the product of Shipper's quantity of gas ~~received~~-delivered by Company on such day, Shipper's Distance from ~~Receipt~~-Delivery Point Location and the Company Use Gas Rate established by Company and in effect for such day.

8.3.2 Quantity received into a Zone related to the quantity received at a Receipt Point shall be such quantity received at the Receipt Point less the Company Use Gas related to such quantity received, in all Zones preceding such Zone.

8.3.3 Company shall provide Shipper with no less the 2 Business Days' notice prior to the start of each month of the Company Use Gas Rate. In the absence of such notice, Shipper's share of Company Use Gas shall be determined on the basis of the Company Use Gas Rate effective for the immediately preceding month.

Company may alter the Company Use Gas Rate at any time during the month upon 2 Business Days' notice to Shipper.

8.3.4 Each day Company shall take Shipper's share of Company Use Gas in kind from the quantities of gas transported by Company for Shipper.

8.4 Beginning of Delivery Obligation

Company shall have no obligation to deliver gas to Shipper prior to Shipper's Billing Commencement Date.

8.5 Provision of Line Pack Gas for Zone 8

For each Zone Shipper's gas is transported through, Shipper shall provide Company with a ~~volume quantity~~ of gas equal to the sum of Shipper's share of the Line Pack Requirements and Company Use Gas. Shipper's share of the Line Pack Requirements for any Zone shall be that Zone's Line Pack Requirements multiplied by Shipper's pro rata share of the product of the Maximum Daily ~~Receipt-Delivery~~ Quantity and the distance such gas is to be transported through the Zone. Line pack gas provided to Company by Shipper shall remain the property of Shipper but Company shall not be obliged to make deliveries to Shipper in respect of such gas except as provided in subsection 8.6 hereof.

8.5.1 Prior to Shipper's Billing Commencement Date, Shipper shall, to the extent it is able to do so, deliver to Company each day, for the purpose of supplying line pack gas, such ~~volume quantity~~ of gas at such points on Company's transportation system as Company may request.

8.5.2 If, at any time following Shipper's Billing Commencement Date, there is an increase in the Line Pack Requirements, gas first received thereafter by Company from Shipper shall, up to Shipper's share of such increase, be deemed to be received on account of Shipper's obligation to furnish line pack gas and relative to such Line Pack Requirements and Company Use Gas under this subsection 8.5, and not pursuant to Article 1 of Shipper's Service Agreement, provided that the

~~volume-quantity~~ of gas which Shipper is entitled to nominate on any day pursuant to such Article 1 shall not be increased as a result.

8.5.3 If Company is on any day required to allocate service under Article 2 of the Service Agreements of two or more Shippers, it shall, after giving effect to the provisions of section 9 of Rate Schedule T-1, Firm Service, give priority in such allocation to quantities of gas desired to be tendered in fulfillment of Shipper's obligation under this subsection 8.5; provided that, except for the purposes of such allocation, such gas shall be deemed not to be received pursuant to Article 1 of Shipper's Service Agreement.

8.6 Return of Line Pack Gas for Zone 8

If at any time Shipper's share calculated in accordance with subsection 8.3 hereof, of the Line Pack Requirements became less than the ~~volume-quantity~~ of gas which Shipper has delivered to Company as line pack gas, Company shall deliver to Shipper, as soon thereafter as is practicable and consistent with Company's obligations to all Shippers and Shipper's obligations under subsection 8.5 hereof, a ~~volume-quantity~~ of gas having an energy content equal to the difference between the energy content of the past and present Line Pack Requirements.

8.7 Provision of Line Pack Gas for Zone 6, Zone 7 and Zone 9

Company shall provide and own Line Pack for Company's facilities or any part thereof in Zone 6, Zone 7 and Zone 9 and such Line Pack gas shall remain the property of Company.

8.8 Scheduling of Alteration and Repairs

Company shall have the right to interrupt or reduce service to Shipper when necessary for any alterations, modifications, enlargements or repairs to any facilities or property comprising a part of Company's pipeline system or otherwise related to the operation thereof. Except in the event of an unforeseen emergency, Company shall provide Shipper with as much notice as practicable under the circumstances, and Company shall

If any provision of this Gas Transportation Tariff shall be contrary to or prohibited by applicable law, such provision shall be severable from the remaining provisions of the Gas Transportation Tariff and shall be deemed to be deleted therefrom, and all of the provisions of this Gas Transportation Tariff which are not contrary to or prohibited by applicable law shall, notwithstanding such deletion, remain in full force and effect. If any provision of this Gas Transportation Tariff requires the payment of interest at a rate which exceeds the rate which the Person to whom such interest is required to be paid is permitted under applicable law to receive, or which the Person required to pay such interest is permitted under applicable law to pay, such rate shall be reduced to the highest rate which is permitted under applicable law.

15. SURVIVAL OF OBLIGATION

Notwithstanding the termination of Shipper's Service Agreement, Shipper and Company shall remain liable thereafter to discharge all obligations incurred and to pay all amounts due or accruing due hereunder to the date of such termination in the manner provided herein and subject to the provisions of the Gas Transportation Tariff.

16. EXPANSIONS AND REDUCTIONS IN SERVICE

16.1 Shipper receiving service pursuant to Rate Schedule T-1, Firm Service may reduce its Maximum Daily ~~Receipt~~Delivery Quantity:

- (a) If no other Shipper receiving service pursuant to Rate Schedule T-1, Firm Service takes up its reduction, provided that:
 - (i) Shipper receiving service pursuant to Rate Schedule T-1, Firm Service gives written notice of the proposed changes to Company and all other Shippers receiving service pursuant to Rate Schedule T-1, Firm Service;

- (ii) Company and all other Shippers receiving service pursuant to Rate Schedule T-1, Firm Service affected by such change consent in writing to the proposed changes;
 - (iii) Company and affected Shippers receiving service pursuant to Rate Schedule T-1, Firm Service execute new Service Agreements, or amended ~~Appendixes A and B~~ to existing Service Agreements, with such new agreement or amendment having an effective date as of the effective date of such changes which set forth new or altered Maximum Daily ~~Receipt~~ Delivery Quantities and ~~Delivery-Receipt~~ Points.
- (b) If another Shipper receiving service pursuant to Rate Schedule T-1, Firm Service takes up its reduction, provided that:
- (i) Shipper receiving service pursuant to Rate Schedule T-1, Firm Service gives written notice of the proposed changes to Company and all other Shippers receiving service pursuant to Rate Schedule T-1, Firm Service; and
 - (ii) Company and all other Shippers receiving service pursuant to Rate Schedule T-1, Firm Service affected by such change consent in writing to the proposed changes; and
 - (iii) If the consents provided for in subsection 16.1(b)(ii) above are not received by Company within 10 days of the receipt or deemed receipt by the affected Shippers receiving service pursuant to Rate Schedule T-1, Firm Service of the notice provided for in subsection 16.1(b)(i) above, then Company may modify the Service Agreements, or amend ~~Appendices Appendix A and B~~ to the existing Service Agreements with its Shippers receiving service pursuant to Rate Schedule T-1, Firm Service, and such changes shall have an effective date as of the date of such changes which set forth new or altered Maximum Daily ~~Receipt~~ Delivery Quantities and ~~Delivery-Receipt~~ Points.

**SERVICE AGREEMENT
FIRM SERVICE**

ARTICLE 1

Scope of Agreement

1.1 Company agrees to receive gas from Shipper at each Receipt Point herein specified, the quantity of gas up to the Maximum Daily Delivery Quantity, in the quantities from time to time nominated by Shipper up to the quantity of gas equal to Daily Receipt Quantity and to transport and deliver to Shipper at each Delivery Point herein specified in the quantity from time to time nominated by Shipper up to the Maximum Daily Delivery Quantity ~~the volume of gas provided for herein~~, and Shipper agrees to accept such gas deliveries from Company, subject to the terms and conditions of this Service Agreement, Firm Service.

1.2 If Shipper desires to tender to Company on any day ~~at any of Shipper's Receipt Points~~ a quantity of gas in excess of Shipper's Maximum Daily Receipt-Delivery Quantity for such Shipper's Receipt-Delivery Point for such day, it shall notify Company of such desire. If Company, in its sole judgement, determines that it has the necessary capacity available to receive and transport all or any part of such excess quantity and make deliveries in respect thereof, and that the performance of Company's obligations to other Shippers under their Service Agreements will not be adversely affected thereby, Company may elect to ~~receive from~~ deliver to Shipper said excess quantity or part thereof, and so notify Shipper.

ARTICLE 2

Rate Schedule and Rates

2.1 This Service Agreement, Firm Service is subject to the provisions of Rate Schedule T-1, Firm Service and Rate Schedule OT-1, Overrun Service and the General Terms and Conditions of this Gas Transportation Tariff, as they may be amended or superseded from time to time, which Rate Schedules and General Terms and Conditions of this Gas Transportation Tariff are by this reference incorporated herein and made a part hereof.

2.2 Shipper shall pay Company for all gas transportation services during the term of this Service Agreement, Firm Service in accordance with such Rate Schedules as are filed with the National Energy Board as the same may hereafter be amended or superseded pursuant to the National Energy Board Act.

ARTICLE 3**Term of Agreement**

3.1 The term of this Service Agreement shall be as set forth in Appendix A, which shall be for a minimum term of one year.

3.2 Notwithstanding the provisions of subsection 3.1, if at any time during the term hereof Foothills Pipe Lines Ltd. Gas Transportation Tariff with Shippers transporting U.S. Gas from the Prudhoe Bay area of Alaska through all or any part of the Phase I facilities takes effect, Shipper and Company agree to forthwith execute a Gas Transportation Tariff identical in form and substance to the aforementioned Gas Transportation Tariff which shall be identical in form and substance to that attached as Appendix ~~C-B~~ hereto. Upon execution of such new Gas Transportation Tariff this Gas Transportation Tariff shall terminate.

ARTICLE 4**Receipt and Delivery Points and Pressures**

4.1 All receipts of gas from Shipper shall be at the Receipt Point of such gas, as identified in Appendix A attached to this Service Agreement, Firm Service, as the same may be in effect from time to time.

4.2 Should measuring equipment not be provided at either the Receipt Point or the Delivery Point, Shipper shall be responsible for measuring the gas volume and quality as specified in the General Terms and Conditions of this Gas Transportation Tariff subject to approval by Company.

4.3 The Delivery Points for gas to be transported hereunder shall be the points set forth in Appendix ~~B-A~~ attached to this Service Agreement, Firm Service as the same may be in effect from time to time.

4.4 The delivery pressure of the gas tendered by Shipper to Company for transportation shall be at a pressure sufficient to enter Company's system at the Receipt Point, up to that specified for such Receipt Point in Appendix A attached to this Service Agreement, Firm Service.

4.5 The delivery pressure of the gas delivered by Company to Shipper shall be at the pressure available from Company's system at the Delivery Point as specified for such Delivery Point in Appendix ~~B-A~~ attached to this Service Agreement, Firm Service.

ARTICLE 5

Title and Custody

5.1 Although Company does not acquire title of the gas transported under this Service Agreement, Firm Service gas received by Company from Shipper hereunder shall be deemed to be in the custody and under the control of Company from the time such gas is accepted for transportation at the Receipt Points until it is delivered to Shipper at the Delivery Points.

ARTICLE 6

Address of Parties

6.1 Every notice, statement and bill provided for in this Service Agreement, Firm Service shall be directed to the party to whom given, made or delivered at such party's address as follows:

SHIPPER: _____

COMPANY: Manager, Western Markets and Interconnects
Foothills Pipe Lines Ltd.
450 First Street S.W.
Calgary, Alberta
T2P 5H1

ARTICLE 7

Miscellaneous Provisions

7.1 The interpretation of this Service Agreement, Firm Service shall be in accordance with the laws of the Province of Alberta.

ARTICLE 8

Agreements Being Superseded

8.1 This agreement supersedes as of _____, 20__ the following agreements between parties hereto for the transportation of gas by Company for Shipper:

(Not Applicable)

ARTICLE 9

Amendment of ~~Appendices Appendix A and B~~

9.1 Shipper and Company may at any time and from time to time amend ~~Appendices Appendix A and B~~ to Shipper's Service Agreement, Firm Service by executing a new ~~Appendices Appendix A and B~~ to Shipper's Service Agreement, Firm Service which shall be given effect as of the effective date and shall thereupon be deemed to be incorporated in Shipper's Service Agreement, Firm Service.

IN WITNESS WHEREOF the parties hereto have hereunto executed these presents all as of the day, month and year first above written.

FOOTHILLS PIPE LINES LTD.

Per:

Per:

Per:

Per:

APPENDIX A TO SERVICE AGREEMENT, FIRM SERVICE FOR GAS TRANSPORTATION DATED _____, 20__

~~IDENTIFICATION OF TERM, RECEIPT POINTS, RECEIPT PRESSURES, RECEIPT TEMPERATURES AND RECEIPT QUANTITIES~~

SHIPPER - _____

SHIPPER'S IDENTIFICATION NO.: _____

1. TERM: The term of service under the Service Agreement hereto shall begin on _____, 20__ and shall terminate on _____, 20__.

2. ~~RECEIPT DELIVERY~~ POINTS:

LOCATION	MAXIMUM DAILY RECEIPT DELIVERY QUANTITY 10⁶m³(GJ)	MAXIMUM DELIVERY PRESSURE kPa (gauge)	APPLICABLE COMPANY ZONES
Forward Haul _____			
Backhaul _____			

3. ~~RECEIPT POINTS:~~

LOCATION	DISTANCE FROM DELIVERY POINT LOCATION (km)	MAXIMUM RECEIPT PRESSURE kPa (gauge)	MAXIMUM TEMPERATURE (°C)
Forward Haul _____			
Backhaul _____			

* Total Maximum Daily ~~Receipt Delivery~~ Quantity from all ~~Receipt Delivery~~ Points for Forward Haul and Backhaul Service shall not exceed _____ ~~10⁶m³GJ~~.

** Notwithstanding the additional secondary ~~receipt Receipt~~ Points at _____ and _____, Shipper's monthly charges pursuant to Rate Schedule T-1, Firm Service shall be calculated as if _____ were the sole Receipt Point.

*** ~~Notwithstanding the additional secondary Delivery Point at _____, Shipper's monthly charges pursuant to Rate Schedule T-1, Firm Service shall be calculated as if _____ was the sole Delivery Point.~~

This Appendix A is made and entered into as of _____, 20__. On the effective date it shall supersede Appendix A dated as of _____, 20__.

Effective date of this Appendix A is _____, 20__.

FOOTHILLS PIPE LINES LTD.

Per:

Per:

Per:

Per:

~~APPENDIX B TO SERVICE AGREEMENT, FIRM SERVICE FOR GAS TRANSPORTATION DATED _____, 20__~~

~~IDENTIFICATION OF DELIVERY POINTS AND DELIVERY PRESSURES~~

~~SHIPPER _____~~

~~SHIPPER'S IDENTIFICATION NO.: _____~~

~~1. DELIVERY POINTS~~

LOCATION	DISTANCE FROM RECEIPT POINT LOCATION (km)	MAXIMUM DELIVERY PRESSURE kPa (gauge)
---------------------	--	--

~~Forward Haul~~

~~Backhaul~~

~~* Notwithstanding the additional secondary Delivery Point at _____, Shipper's monthly charges pursuant to Rate Schedule T-1, Firm Service shall be calculated as if _____ was the sole Delivery Point.~~

~~This Appendix B is made and entered into as of _____, 20__. On the effective date it shall supersede Appendix B dated as of _____, 20__.~~

~~Effective Date of this Appendix B is _____, 20__.~~

~~FOOTHILLS PIPE LINES LTD.~~

~~Per:~~

~~Per:~~

~~Per:~~

~~Per:~~

APPENDIX CB

FOOTHILLS PIPE LINES LTD.
PRO FORMA
GAS TRANSPORTATION TARIFF

**SERVICE AGREEMENT
SHORT TERM FIRM TRANSPORTATION SERVICE**

ARTICLE 1

Scope of Agreement

1.1 Company agrees to receive ~~gas~~ from Shipper at each Receipt Point herein specified, the quantity of gas up to the Maximum Daily Delivery Quantity in the quantities from time to time nominated by Shipper up to the quantity of gas equal to Daily Receipt Quantity and to transport and deliver to Shipper at the Delivery Point herein specified in the quantity from time to time nominated by Shipper up to the Maximum Daily Delivery Quantity ~~the volume of gas provided for herein~~, and Shipper agrees to accept such gas deliveries from Company, subject to the terms and conditions of this Service Agreement, Short Term Firm Transportation Service.

1.2 If Shipper desires to tender to Company on any day ~~at Shipper's Receipt Point~~ a quantity of gas in excess of Shipper's Maximum Daily Receipt-Delivery Quantity for ~~such Receipt Shipper's Delivery~~ Point for such day, it shall notify Company of such desire. If Company, in its sole judgement, determines that it has the necessary capacity available to receive and transport all or any part of such excess quantity and make deliveries in respect thereof, and that the performance of Company's obligations to other Shippers under their Service Agreements will not be adversely affected thereby, Company may elect to ~~receive from~~ deliver to Shipper said excess quantity or part thereof, and so notify Shipper.

ARTICLE 2

Rate Schedule and Rates

2.1 This Service Agreement, Short Term Firm Transportation Service is subject to the provisions of Rate Schedule STFT, Short Term Firm Transportation Service and the General Terms and Conditions of this Gas Transportation Tariff, as they may be amended or superseded from time to time, which Rate Schedule and General Terms and Conditions of this Gas Transportation Tariff are by this reference incorporated herein and made a part hereof.

2.2 Shipper shall pay Company for all gas transportation services during the term of this Service Agreement, Short Term Firm Transportation Service in accordance with such Rate Schedules as are filed with the National Energy Board as the same may hereafter be amended or superseded pursuant to the National Energy Board Act.

APPENDIX A
to Service Agreement, Short Term Firm Transportation Service
Dated _____ Between

Foothills Pipe Lines Ltd.

And

_____ **(Shipper)**

- 1. Receipt Point: Location: _____
Maximum Pressure: _____ kPa (gauge)
Maximum Temperature: _____ °C
- 2. Delivery Point: Location: _____
Maximum Delivery Pressure: _____ kPa (gauge)
Distance from Receipt Point Location: _____ km
- 3. Maximum Daily ~~Receipt~~ Delivery Quantity: _____ $10^3 \text{ m}^3 \text{ GJ/d}$
- 4. Minimum Daily ~~Receipt~~ Delivery Quantity: _____ $10^3 \text{ m}^3 \text{ GJ/d}$
- 5. Service Availability Date: _____
- 6. Service Termination Date: _____
- 7. STFT Bid Price: _____ (% of T-1 Rate)
- 8. Shipper Contact: _____
Address: _____

Telephone: _____ Fax: _____

SHIPPER

FOOTHILLS PIPE LINES LTD.

(signature)

(signature)

(name/title)

(name/title)

(signature)

(signature)

(name/title)

(name/title)

**SERVICE AGREEMENT
SMALL GENERAL SERVICE**

ARTICLE 1

Scope of Agreement

1.1 Company agrees to receive gas from Shipper at each Receipt Point herein specified, the quantity of gas up to the Maximum Daily Delivery Quantity ~~in the quantities from time to time nominated by Shipper up to the quantity of gas equal to Daily Receipt Quantity~~ and to transport and deliver to Shipper at each Delivery Point herein specified in the quantity from time to time nominated by Shipper up to the Maximum Daily Delivery Quantity ~~the volume of gas provided for herein~~, and Shipper agrees to accept such gas deliveries from Company, subject to the terms and conditions of this Service Agreement, Small General Service.

1.2 If Shipper desires to tender to Company on any day ~~at any of Shipper's Receipt Points~~ a quantity of gas in excess of Shipper's Daily ~~Receipt~~ Delivery Quantity for ~~such Receipt~~ Shipper's Delivery Point for such day, it shall notify Company of such desire. If Company, in its sole judgement, determines that it has the necessary capacity available to receive and transport all or any part of such excess quantity and make deliveries in respect thereof, and that the performance of Company's obligations to other Shippers under their Service Agreements will not be adversely affected thereby, Company may elect to ~~receive from~~ delivery to Shipper said excess quantity or part thereof, and so notify Shipper.

ARTICLE 2

Rate Schedule and Rates

2.1 This Service Agreement, Small General Service is subject to the provisions of Rate Schedule SGS-1, Small General Service and the General Terms and Conditions of this Gas Transportation Tariff as they may be amended or superseded from time to time, which Rate Schedule and General Terms and Conditions of this Gas Transportation Tariff are by this reference incorporated herein and made a part hereof.

2.2 Shipper shall pay Company for all gas transportation services during the term of this Service Agreement, Small General Service in accordance with Rate Schedule SGS-1, Small General Service as filed with the National Energy Board as may hereafter be amended or superseded pursuant to the National Energy Board Act.

ARTICLE 3**Term of Agreement**

3.1 This Service Agreement, Small General Service shall become effective on the date of execution and shall continue in effect until _____, 20___ and thereafter as agreed between Shipper and Company subject to at least six months notice of termination by either party.

3.2 Notwithstanding the provisions of subsection 3.1, if at any time during the term hereof, Foothills Pipe Lines Ltd. Gas Transportation Tariff with Shippers transporting U.S. Gas from the Prudhoe Bay area of Alaska through all or any part of the Phase I facilities takes effect, Shipper and Company agree to forthwith execute a Gas Transportation Tariff identical in form and substance to the aforementioned Gas Transportation Tariff which shall be identical in form and substance to that attached as Appendix ~~C-B~~ hereto. Upon execution of such new Gas Transportation Tariff this Gas Transportation Tariff shall terminate.

ARTICLE 4**Receipt and Delivery Points and Pressures**

4.1 All receipts of gas from Shipper shall be at the Receipt Point of such gas, as identified in Appendix A attached to this Service Agreement, Small General Service, as the same may be in effect from time to time.

4.2 Should measuring equipment not be provided by Company at either the Receipt Point or the Delivery Point, Shipper shall be responsible for measurement in accordance with Company's obligation under the General Terms and Conditions of this Gas Transportation Tariff and Company shall, in such circumstances, have the same rights as Shipper as under section 3 of the General Terms and Conditions of this Gas Transportation Tariff.

4.3 The Delivery Points for gas to be transported hereunder shall be the points set forth in Appendix ~~B-A~~ attached to this Service Agreement, Small General Service as the same may be in effect from time to time.

4.4 The delivery pressure of the gas tendered by Shipper to Company for transportation shall be at a pressure sufficient to enter Company's system at the Receipt Point, up to that specified for such Receipt Point in Appendix A attached to this Service Agreement, Small General Service.

4.5 The delivery pressure of the gas delivered by Company to Shipper shall be at the pressure available from Company's system at the Delivery Point as specified for such Delivery Point in Appendix ~~B-A~~ attached to this Service Agreement, Small General Service.

ARTICLE 8

Agreements Being Superseded

8.1 This agreement supersedes as of _____, 20____, the following agreements between parties hereto for the transportation of gas by Company for Shipper:

(Not Applicable)

ARTICLE 9

Amendment of ~~Appendices Appendix A and B~~

9.1 Shipper and Company may at any time and from time to time amend Appendices Appendix A and B to Shipper's Service Agreement, Small General Service by executing new Appendices Appendix A and B to Shipper's Service Agreement, Small General Service which shall be given effect as of the effective date designated by the National Energy Board and shall thereupon be deemed to be incorporated in Shipper's Service Agreement, Small General Service.

IN WITNESS WHEREOF the parties hereto have hereunto executed these presents all as of the day, month and year first above written.

FOOTHILLS PIPE LINES LTD.

Per:

Per:

Per:

Per:

APPENDIX A TO SERVICE AGREEMENT, SMALL GENERAL SERVICE
FOR GAS TRANSPORTATION DATED _____, 20__

~~IDENTIFICATION OF RECEIPT POINTS, RECEIPT PRESSURES,
RECEIPT TEMPERATURES AND RECEIPT QUANTITIES~~

COMPANY - Foothills Pipe Lines Ltd.

SHIPPER - _____

SHIPPER'S ADDRESS - _____

SHIPPER'S IDENTIFICATION NO.: ____

RECEIPT DELIVERY POINT LOCATION	MAXIMUM DAILY RECEIPT DELIVERY QUANTITY 10⁶m³(GJ)	MAXIMUM PRESSURE kPa (gauge)	APPLICABLE COMPANY ZONES

RECEIPT POINT LOCATION	DISTANCE IN KM FROM DELIVERY POINT LOCATION (km)	MAXIMUM DELIVERY PRESSURE kPa (gauge)	MAXIMUM TEMPERATURE (°C)

This Appendix A is made and entered into as of _____, 20__. On the effective date it shall supersede Appendix A dated as of _____, 20__.

Effective date of this Appendix A is _____, 20__.

FOOTHILLS PIPE LINES LTD.

Per:

Per: _____

Per: _____

Per: _____

~~APPENDIX B TO SERVICE AGREEMENT, SMALL GENERAL SERVICE FOR GAS TRANSPORTATION DATED _____, 20__~~

~~IDENTIFICATION OF DELIVERY POINTS AND DELIVERY PRESSURES~~

~~COMPANY _____ Foothills Pipe Lines Ltd.~~

~~SHIPPER _____~~

~~SHIPPER'S ADDRESS _____~~

~~_____
_____~~

~~SHIPPER'S IDENTIFICATION NO.: _____~~

DELIVERY POINT LOCATION	DISTANCE IN KM FROM RECEIPT POINT LOCATION	MAXIMUM DELIVERY PRESSURE kPa (gauge)
------------------------------------	---	--

~~_____~~

~~This Appendix B is made and entered into as of _____, 20__. On the effective date it shall supersede Appendix B dated as of _____, 20__.~~

~~Effective Date of this Appendix B is _____, 20__.~~

~~FOOTHILLS PIPE LINES LTD.~~

~~Per:~~

~~Per:~~

~~Per:~~

~~Per:~~

APPENDIX **CB**

FOOTHILLS PIPE LINES LTD.
PRO FORMA
GAS TRANSPORTATION TARIFF

**SERVICE AGREEMENT
INTERRUPTIBLE SERVICE**

ARTICLE 1

Scope of Agreement

1.1 Company agrees to receive gas from Shipper, ~~on an interruptible and best efforts basis only~~, at each Receipt Point herein specified, the quantity of gas to be delivered to Shipper in the quantities from time to time nominated by Shipper and to transport and deliver gas to Shipper, on an interruptible and best efforts basis only, at each Delivery Point herein specified in the quantities from time to time nominated by Shipper ~~the volume of gas received from Shipper~~, and Shipper agrees to accept from Company, the gas delivered, subject to the terms and conditions of this Service Agreement, Interruptible Service.

1.2 Shipper acknowledges that interruptible service is available in Zone 9 only under this Service Agreement, Interruptible Service.

ARTICLE 2

Rate Schedule and Rates

2.1 This Service Agreement, Interruptible Service is subject to the provisions of Rate Schedule IT, Interruptible Service, and the General Terms and Conditions of this Gas Transportation Tariff with the exception of sections 5.6, 8.6, 8.7 and 16, as they may be amended or superseded from time to time, which Rate Schedule IT, Interruptible Service, and General Terms and Conditions of this Gas Transportation Tariff are by this reference incorporated herein and made a part hereof.

2.2 Shipper shall pay Company for all interruptible service during the term of this Service Agreement, Interruptible Service, in accordance with Rate Schedule IT, Interruptible Service as filed with the National Energy Board and as such Rate Schedule may hereafter be amended or superseded pursuant to the National Energy Board Act.

ARTICLE 3**Term of Agreement**

3.1 The term of this Service Agreement, Interruptible Service shall be as set forth in Appendix A.

3.2 Notwithstanding subsection 3.1 herein, if at any time during the term of this Service Agreement, Interruptible Service Shipper has not requested service for a period of 90 consecutive days, Company may, in its sole discretion, terminate this Service Agreement, Interruptible Service by giving written notice thereof to Shipper. Such termination shall be effective upon the date of such written notice.

ARTICLE 4**Receipt and Delivery Points and Pressures**

4.1 All receipts of gas from Shipper shall be at the Receipt Points of such gas, as identified in Appendix A attached to this Service Agreement, Interruptible Service, as the same may be in effect from time to time.

4.2 Should measuring equipment not be provided at either the Receipt Points or the Delivery Points, subject to approval by Company, Shipper shall be responsible for measuring the gas volume and quality in the manner specified in the General Terms and Conditions.

4.3 The Delivery Points for gas to be transported hereunder shall be the points set forth in Appendix ~~B~~A attached to this Service Agreement, Interruptible Service, as the same may be in effect from time to time.

4.4 The delivery pressure of the gas tendered by Shipper to Company for transportation shall be at a pressure sufficient to enter Company's system at the Receipt Point, up to the pressure specified for such Receipt Point in Appendix A attached to this Service Agreement, Interruptible Service.

4.5 The delivery pressure of the gas delivered by Company to Shipper shall be the pressure available from Company's system at the Delivery Point as specified for such Delivery Point in Appendix ~~B~~A attached to this Service Agreement, Interruptible Service.

ARTICLE 8

Agreements Being Superseded

8.1 This agreement supersedes as of _____, 20____, the following agreements between parties hereto for the transportation of gas, interruptible service by Company for Shipper:

(Not Applicable)

ARTICLE 9

Amendment of ~~Appendices Appendix A and B~~

9.1 Shipper and Company may at any time and from time to time amend ~~Appendices Appendix A and B~~ to Shipper's Service Agreement, Interruptible Service, by executing new ~~Appendices Appendix A and B~~ to Shipper's Service Agreement, Interruptible Service.

IN WITNESS WHEREOF the parties hereto have hereunto executed these presents all as of the day, month and year first above written.

FOOTHILLS PIPE LINES LTD.

Per:

Per:

Per:

Per:

APPENDIX A TO SERVICE AGREEMENT, INTERRUPTIBLE SERVICE
FOR GAS TRANSPORTATION DATED _____, 20__

~~IDENTIFICATION OF RECEIPT POINTS, RECEIPT PRESSURES,
RECEIPT TEMPERATURES AND RECEIPT QUANTITIES~~

COMPANY - Foothills Pipe Lines Ltd.

SHIPPER - _____

SHIPPER'S ADDRESS - _____

SHIPPER'S IDENTIFICATION NO.: ____

1. TERM: This Service Agreement, Interruptible Service shall become effective on the date of execution and shall continue in effect until _____, 20__, unless at that time Shipper is a party to a Service Agreement, Firm Service with Company, in which event this Service Agreement, Interruptible Service shall continue in effect and shall terminate at the same time as Shipper's Service Agreement, Firm Service is terminated.

2. ~~RECEIPT-DELIVERY~~ POINTS:

LOCATION	MAXIMUM PRESSURE kPa (gauge)	APPLICABLE COMPANY ZONES

3. ~~RECEIPT~~ POINTS:

<u>LOCATION</u>	<u>DISTANCE FROM DELIVERY POINT LOCATION (km)</u>	<u>MAXIMUM DELIVERY PRESSURE kPa (gauge)</u>	<u>MAXIMUM TEMPERATURE (°C)</u>

This Appendix A is made and entered into as of _____, 20__. On the effective date it shall supersede Appendix A dated as of _____, 20__.

Effective date of this Appendix A is _____, 20__.

FOOTHILLS PIPE LINES LTD.

Per:

Per: _____

Per:

Per:

~~APPENDIX B TO SERVICE AGREEMENT, INTERRUPTIBLE SERVICE
FOR GAS TRANSPORTATION DATED _____, 20__~~

~~IDENTIFICATION OF DELIVERY POINTS
AND DELIVERY PRESSURES~~

~~COMPANY _____ Foothills Pipe Lines Ltd.~~

~~SHIPPER _____~~

~~SHIPPER'S ADDRESS _____~~

~~_____
_____~~

~~SHIPPER'S IDENTIFICATION NO.: _____~~

~~1. DELIVERY POINTS:~~

LOCATION	DISTANCE IN KM FROM RECEIPT POINT LOCATION	MAXIMUM DELIVERY PRESSURE kPa (gauge)
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~~_____
_____~~

~~This Appendix B is made and entered into as of _____, 20__. On the effective date it shall supersede Appendix B dated as of _____, 20__.~~

~~Effective Date of this Appendix B is _____, 20__.~~

~~FOOTHILLS PIPE LINES LTD.~~

~~Per:~~

~~Per:~~ _____

~~Per:~~ _____

~~Per:~~ _____

Foothills has proposed several amendments to the Foothills' Gas Transportation Tariff – Phase I (Tariff) in order to convert transportation contracts to an energy basis at the delivery point. The following Tariff amendments are proposed to be effective on April 1, 2006. This summary has been provided for information only and is not intended to form part of the Tariff.

Summary of Tariff Amendments

1. Supplement I: Foothills Pipe Lines (ALTA.) Ltd., Rate Schedule

- (a) Subsection 3 [Service Description and Shipper's Obligation to Pay] – amended to reflect delivery contracting and nomination.
- (b) Subsection 7.2 [Receipt and Delivery Obligations] – amended to reflect delivery contracting including Maximum Daily Delivery Quantity and receipt points associated with each delivery point.
- (c) Subsection 7.3 [Daily Gas Nominations] - amended to reflect delivery nomination and associated receipt point nomination.
- (d) Subsection 8.1 [Billing Adjustment for Failure to Deliver Gas or Make-Up Gas] – amended to reflect delivery contracting.
- (e) All references to Maximum Daily Receipt Quantity changed to reflect Maximum Daily Delivery Quantity as a result of converting contracts to a delivery basis.

2. Supplement I: Foothills Pipe Lines (ALTA.) Ltd., General Terms and Conditions

- (a) Section 1 [Definitions]
 - a. 1.13 [Daily Receipt Quantity] – deleted.
 - b. 1.22 [GJ] – added.
 - c. 1.30 [Maximum Daily Receipt Quantity] – amended to Maximum Daily Delivery Quantity to reflect demand contracting.
- (b) 3.7 [Unit of Measure] – amended to reflect energy based contracts.
- (c) All references to Maximum Daily Receipt Quantity changed to reflect Maximum Daily Delivery Quantity as a result of converting contracts to a delivery basis.

3. Supplement I: Foothills Pipe Lines (ALTA.) Ltd., Service Agreement

- (a) Article 1 [Scope of Agreement] – amended to reflect delivery based contracts.
- (b) Article 4 [Receipt and Delivery Points and Pressures] – Deleted reference to Appendix B to reflect changes to Schedule of Service.
- (c) Article 9 [Amendment of Appendices A and B] – Deleted reference to Appendix B to reflect changes to Schedule of Service.
- (d) Appendix A – Amended to reflect energy based contracts.
- (e) Appendix A – Amended to include both receipt and delivery point descriptions.
- (f) Appendix B – Deleted.
- (g) All references to Maximum Daily Receipt Quantity changed to reflect Maximum Daily Delivery Quantity as a result of converting contracts to a delivery basis.

General Updates

The remaining amendments are intended to be “housekeeping” in nature.

1. Amended the Effective date in the footer of impacted sections.
2. Amended Table of Contents as required.
3. Renumbered sections and references as required.

RATE SCHEDULE**1. AVAILABILITY**

This Rate Schedule is available to Shipper under its Service Agreement.

2. APPLICABILITY

This Rate Schedule shall apply to all transportation services under Shipper's Service Agreement as of the Billing Commencement Date, whether or not gas is actually transported.

3. SERVICE DESCRIPTION AND SHIPPER'S OBLIGATION TO PAY

Service rendered by Company for Shipper under this Rate Schedule consists of:

- (a) The receipt of gas ~~nominated by~~from Shipper (or for Shipper's account) at each Receipt Point as specified in the Service Agreement;
- (b) The transportation of gas by Company through its transportation system described in section 6 hereof; and
- (c) The delivery by Company ~~of gas to~~ Shipper (or for Shipper's account) of gas nominated by Shipper at each Delivery Point specified in the Service Agreement.

Shipper shall be obligated to pay to Company for the aforementioned service a transportation charge for each Zone determined in accordance with section 8 hereof. Shipper's obligation to pay Company's Cost of Service is not subject to adjustment under any circumstances, except as provided in subsection 8.1 hereof.

4. SERVICE AGREEMENT

This Rate Schedule is subject to all terms, conditions, stipulations and provisions of the Service Agreement.

5. GENERAL TERMS AND CONDITIONS

This Rate Schedule is subject to all of the terms, conditions, stipulations and provisions of the General Terms and Conditions of this Gas Transportation Tariff.

6. ZONES**6.1 General**

Company's transportation system shall be divided into two Zones in accordance with Schedule I, Annex II of the Northern Pipeline Act and described in subsection 6.2 hereof. Shipper, through its Service Agreement with Company, shall contract to have its gas transported through these Zones.

6.2 Description

Company's Phase I facilities shall consist of the following two Zones:

- (a) Zone 6 – From Caroline, Alberta to the Alberta/Saskatchewan border near Empress, Alberta; and
- (b) Zone 7 – From Caroline, Alberta to the Alberta/B.C. border near Coleman, Alberta.

7. CHARACTER OF SERVICE

7.1 Firm Service

Gas transported by Company for Shipper under this Rate Schedule shall not be subject to curtailment or interruption except as provided in the General Terms and Conditions of this Gas Transportation Tariff.

7.2 Receipt and Delivery Obligations

7.2.1 At each ~~Receipt-Delivery~~ Point, Company and Shipper shall establish a Maximum Daily ~~Receipt-Delivery~~ Quantity and shall specify the portion of such Maximum Daily ~~Receipt-Delivery~~ Quantity to be ~~delivered to received at~~ each ~~Delivery Receipt~~ Point. The aforementioned Maximum Daily ~~Receipt-Delivery~~ Quantity and portions thereof shall be specified in Appendix A to the Service Agreement.

7.2.2 At each Delivery Point, identified in Appendix ~~B-A~~ to the Service Agreement, Company is obligated to deliver to Shipper a daily quantity of gas which has an aggregate energy content of all gas received from Shipper at each Receipt Point destined for such Delivery Point, less the sum for each Zone of the energy content of Company Use Gas used in the transportation of such gas on such day.

7.3 Daily Gas Nominations

7.3.1 Shipper shall advise Company of the total daily quantity of gas nominated by it for each ~~Receipt-Delivery~~ Point. Such total daily quantity of gas shall not, subject to Article 1.2 of Shipper's Service Agreement, exceed the Maximum Daily ~~Receipt-Delivery~~ Quantity for each such ~~Receipt-Delivery~~ Point.

7.3.2 Out of such total daily quantity of gas nominated for each ~~Receipt-Delivery~~ Point, Shipper shall advise Company of the daily quantity of gas nominated by it for transportation ~~to from~~ each ~~Delivery-Receipt~~ Point.

8. PAYMENT FOR SERVICE

Shipper shall be obligated to pay to Company in respect of each billing month, a charge for services rendered hereunder being Company's Cost of Service determined in accordance with Company's annual effective rate filing. Shipper's obligation to pay Company's Cost of Service is not subject to any adjustment or abatement under any circumstances except as specifically provided for in subsection 8.1 hereof, and such obligation shall be billed by Company to Shipper in accordance with section 5 of the General Terms and Conditions of this Gas Transportation Tariff.

8.1 Billing Adjustment for Failure to ~~Accept-Deliver~~ Gas or Make-Up Gas

8.1.1 If Company shall, in any Billing Month, fail for any reason to ~~take receipt from~~ ~~deliver to~~ Shipper of the whole or any portion of the quantity of gas nominated by Shipper to Company in accordance with Shipper's Service Agreement, Shipper shall nevertheless be liable to Company for, and shall pay to Company in accordance with section 5 of the General Terms and Conditions of this Gas Transportation Tariff, Shipper's monthly charge for such Billing Month and all other amounts invoiced to Shipper pursuant to its Service Agreement, subject only to the provisions of this subsection 8.1.

8.1.2 In any Billing Month in which Shipper is required pursuant to section 9 of Rate Schedule T-1, Firm Service of its Gas Transportation Tariff to make an adjustment for failure to accept gas or for receipt of Make-Up Gas, Shipper shall be entitled to reflect such adjustment in Shipper's payment of the monthly bill. Shipper shall provide Company with all pertinent data relating to the calculation of these adjustments with the monthly payment.

8.2 Methods of Allocating to a Zone

8.2.1 An amount shall be multiplied by a fraction the numerator of which shall be the Gas Plant In Service in a Zone and the denominator shall be Company's total Gas Plant In Service.

8.2.2 An amount shall be multiplied by a fraction the numerator of which is the dollar amount of return on rate base for the Zone and the denominator of which is the total dollar amount of return on rate base for all of Company's Zones.

- 1.7 “°C” shall mean degrees Celsius as defined by The International System of Units (SI).
- 1.8 “CCT” shall mean Central Clock Time.
- 1.9 “Company Use Gas” shall mean for any period the total ~~volume~~ quantity of gas used by Company in its gas transmission operations, as determined by Company, including but not limited to gas used as fuel or for testing plus any measurement variance as determined by Company.
- 1.10 “Company’s Cost of Service” shall mean relative to a Calendar Year, the sum of the Zone Cost of Service for each of Company’s Zones.
- 1.11 “Contract Year” shall mean the period beginning at 09:00 CCT, on the Billing Commencement Date and ending at 09:00 CCT on the next succeeding November 1st (provided, however, in the event that such period is less than six calendar months then the first Contract Year shall not end until 09:00 CCT on the second succeeding November 1st) and thereafter each period of 12 consecutive calendar months beginning at 09:00 CCT, on November 1st of each year and ending at 09:00 CCT, on the annual anniversary of such day in the next succeeding calendar year.
- 1.12 “cubic metre of gas” or “m³” shall mean that quantity of gas which, at a temperature of 15 °C and at a pressure of 101.325 kPa occupies one cubic metre.
- ~~1.13 “Daily Receipt Quantity” shall mean, relative to a Receipt Point for any day, the maximum volume of gas that Company, subject to the provisions of this Gas Transportation Tariff, is obligated to accept from Shipper and that Shipper may deliver to Company at such Receipt Point for transportation through Company’s transportation system, and shall be expressed in cubic metres per day, at the gross heating value of the gas at such Receipt Point.~~
- 1.141.13 “day” shall mean a period of 24 consecutive hours, beginning and ending at 09:00 CCT. The reference date for any day shall be the date of the beginning of such day.

1.151.14 “Delivery Point” shall mean the Delivery Points shown in Appendix ~~B~~A to Shipper’s Service Agreement for delivery of gas to Shipper.

1.161.15 “Financial Assurance” shall have the meaning ascribed to it as set out in subsection 5.8 of these General Terms and Conditions.

1.171.16 “First Billing Month” shall mean relative to Shipper the billing month in which Shipper’s Billing Commencement Date occurs.

1.181.17 “Foreign Exchange Rate” shall mean for any day that rate for the currency in question as published at 12:00 Eastern Standard Time, by the Bank of Canada in the City of Ottawa.

1.191.18 “gas” shall mean natural gas, manufactured, artificial or synthetic gas, or any mixture or combination thereof.

1.201.19 “Gas Plant In Service” shall mean the original cost of the gas plant of Company excluding plant that is entirely distinct from and is not operated in connection with the gas transportation service provided pursuant to this Gas Transportation Tariff.

1.211.20 “Gas Transportation Tariff” shall mean the compilation on file with the National Energy Board of Company’s Rate Schedule, General Terms and Conditions and related Service Agreements with Shippers as in effect from time to time.

1.221.21 “General Terms and Conditions” shall mean, at any time, these General Terms and Conditions as amended or supplemented from time to time.

1.22 “GJ” shall mean 10⁹ Joules.

1.23 “gross heating value” shall mean the total Joules obtained by complete combustion at constant pressure of one cubic metre of gas with air, the gas to be free of all water vapour and the temperature of the gas, air and products of combustion to be at standard temperature and all water formed by the combustion reaction to be condensed to the liquid state.

- 1.24 “J” shall mean Joule(s), the base unit for energy as defined by The International System of Units (SI).
- 1.25 “km” shall mean kilometre(s) as defined by The International System of Units (SI).
- 1.26 “kPa” shall mean kilopascal(s) of pressure.
- 1.27 “Line Pack Change” shall mean for any period the difference between the total ~~volume~~ quantity of line pack gas contained in a Zone of Company’s pipeline at the beginning and end of such period, as computed by Company.
- 1.28 “Line Pack Requirements” for any Zone at any time shall mean that ~~volume~~ quantity of gas which is calculated by Company as the total ~~volume~~ quantity of gas required as line pack for the efficient operation of its pipeline in such Zone.
- 1.29 “Make-Up Gas” shall mean for any period the total ~~volume~~ quantity of gas transported pursuant to subsection 9.3 of Rate Schedule T-1, Firm Service of Foothills Pipe Lines Ltd. Gas Transportation Tariff for all Shippers under that Rate Schedule.
- 1.30 “Maximum Daily ~~Receipt-Delivery~~ Quantity” shall mean relative to a ~~Receipt-Delivery~~ Point for any day, the ~~volume~~ quantity of gas, as specified in Appendix A to the Service Agreement.
- 1.31 “mg” shall mean milligram(s) as defined by The International System of Units (SI).
- 1.32 “month” shall mean a period of time beginning at 09:00 CCT on the first day of a calendar month and ending at 09:00 CCT on the first day of the next calendar month.
- 1.33 “National Energy Board” or “NEB” or “Board” shall mean the National Energy Board of Canada or any other tribunal which may hereafter exercise the functions now exercised by that Board with respect to the regulation of gas pipelines.
- 1.34 “Northern Pipeline” shall have the same meaning as is ascribed to “pipeline” in section 2(1) of the Northern Pipeline Act.

3.3 Calibration

The accuracy of Company's measuring equipment shall be verified at such intervals as the installed equipment may practically require. Advance notice of the time and nature of each test shall be given to allow Shipper a reasonable amount of time to arrange for a representative to observe the test and any adjustments resulting from such tests. If, after notice, Shipper fails to have a representative present, the results of the test shall nevertheless be considered accurate until the next test.

3.4 Correction

If, as a result of any such tests any of the measuring equipment is found to be out of service, or registering inaccurately, it shall be adjusted at once to read as accurately as possible. If such equipment is out of service or inaccurate by more than 2%, the previous readings of such equipment shall be corrected to zero error for a period agreed upon, or if not so agreed upon, for a period of 16 days or 1/2 of the elapsed time since the last test, whichever is shorter. The ~~volume~~ quantity of gas delivered during such period shall be determined by Company using one of the following three methods which in the opinion of Company will provide the best results:

- (a) By using the data recorded by any check measuring equipment if installed and accurately registering; or
- (b) By correcting the error if ascertainable by calibration test or mathematical calculation; or
- (c) By estimating the quantity delivered based upon deliveries under similar conditions during a period when the equipment was registering accurately.

3.5 Expense of Special Tests

If Shipper requests a special test of the accuracy of any measuring equipment and upon testing the equipment the inaccuracy of the equipment is found to be less than 2%, Shipper shall bear the expense of the special test.

3.6 Inspection of Equipment and Records

Shipper or Shipper's agent shall have the right to inspect measuring equipment installed or furnished by Company and the charts and other measurement or test data of Company at all times during normal business hours, but the reading, calibration and adjustment of such equipment and changing of the charts shall be done only by Company or Company's agent.

3.7 Unit of Measurement

The unit of volume for purposes of measurement shall be 10^3m^3 . The unit of quantity for purposes of measurement shall be GJ.

3.8 Applicable Procedures

All measurements, calculations, and procedures used in determining the ~~volume~~ quantity delivered at any point shall be in accordance with GIA and all applicable regulations issued pursuant thereto. Provided, however, that correction for deviations from Boyle's Law shall be determined from data contained in Report No. 8 as published by the American Gas Association, or the latest revision thereof acceptable to Company and Shipper.

3.9 Atmospheric Pressure

For the purposes of measurement, the atmospheric pressure, at any Receipt Point or Delivery Point, shall be established by a recognized formula applied to the nearest 0.1 kPa increment and deemed to be a constant for that point.

3.10 Gas Characteristics

The gas characteristics, including gross heating value, specific gravity, and nitrogen and carbon dioxide content, of the gas tendered by Shipper to Company for transportation or delivered by Company at the Delivery Point shall be determined, where applicable, by continuous recording equipment, approved for this use under the provisions of the GIA,

SERVICE AGREEMENT

ARTICLE 1

Scope of Agreement

1.1 Company agrees to receive ~~gas~~ from Shipper at each Receipt Point herein specified ~~in the quantities from time to time nominated by Shipper up to~~ the quantity of gas ~~equal up~~ to the Maximum Daily Receipt-Delivery Quantity and to transport and deliver to Shipper at each Delivery Point herein specified ~~in the quantity from time to time nominated by Shipper up to the Maximum Daily Delivery Quantity the quantity of gas provided for herein~~, and Shipper agrees to accept such gas deliveries from Company, subject to the terms and conditions of this Shipper Agreement.

1.2 If Shipper desires to tender to Company on any day ~~at any of Shipper's Receipt Points~~ a quantity of gas in excess of the Maximum Daily Receipt-Delivery Quantity for such Shipper's Receipt-Delivery Point for such day, it shall notify Company of such desire. If Company, in its sole judgement, determines that it has the necessary capacity available to receive and transport all or any part of such excess quantity and make deliveries in respect thereof, Company may elect ~~to receive~~ deliver to from Shipper said excess quantity or part thereof, and so notify Shipper.

ARTICLE 2

Rate Schedule and Rates

2.1 This Service Agreement is subject to the provisions of the Rate Schedule and the General Terms and Conditions contained in Company's Gas Transportation Tariff, as they may be amended or superseded from time to time, which Rate Schedules and General Terms and Conditions are by this reference incorporated herein and made a part hereof.

2.2 Shipper shall pay Company for all gas transportation services during the term of this Service Agreement in accordance with such Rate Schedules as filed with the National Energy Board and as may hereafter be amended or superseded pursuant to the National Energy Board Act.

ARTICLE 3

Term of Agreement

- 3.1 This Service Agreement shall become effective on _____, 20__ and shall continue in effect:
- (a) in respect of Zone 6, until the last day of the latest to expire of any Service Agreement between Shipper hereunder and a Shipper as defined in the General Terms and Conditions of the Gas Transportation Tariff of Foothills Pipe Lines Ltd., for service through Zone 6; and
 - (b) in respect of Zone 7, until the last day of the latest to expire of any Service Agreement between Shipper hereunder and a Shipper as defined in the General Terms and Conditions of the Gas Transportation Tariff of Foothills Pipe Lines Ltd., for service through Zone 7.

3.2 Notwithstanding the provisions of subsection 3.1, if at any time during the term hereof Foothills Pipe Lines Ltd. Gas Transportation Tariff with Shippers transporting U.S. Gas from the Prudhoe Bay area of Alaska through all or any part of the Phase I facilities takes effect, Shipper and Company agree to forthwith execute a Gas Transportation Tariff identical in form and substance to the aforementioned Gas Transportation Tariff which shall be identical in form and substance to that attached as Appendix ~~C-B~~ hereto. Upon execution of such new Gas Transportation Tariff this Gas Transportation Tariff shall terminate.

ARTICLE 4

Receipt and Delivery Points and Pressures

- 4.1 All receipts of gas from Shipper hereunder shall be considered to be at or near the inlet side of the next appropriate metering station, following the Receipt Point of such gas, as identified in Appendix A attached to this Service Agreement, as the same may be in effect from time to time.
- 4.2 The Delivery Points for gas to be transported hereunder shall be the points set forth in Appendix ~~B-A~~ attached to this Service Agreement as the same may be in effect from time to time.
- 4.3 The Delivery Pressure of the gas tendered by Shipper to Company for transportation shall be at a pressure sufficient to enter Company's system at the Receipt Point, up to that specified for such Receipt Point in Appendix A attached to this Service Agreement.
- 4.4 The Delivery Pressure of the gas delivered by Company to Shipper shall be at the pressure available from Company's system at the Delivery Point as specified for such Delivery Point in Appendix ~~B-A~~ attached to this Service Agreement.

ARTICLE 9

Amendment of Appendixes A and B

9.1 Shipper and Company may at any time and from time to time, amend Appendixes A and B to this Service Agreement by executing a new Appendixes A and B to this Service Agreement which shall be given effect as of the effective date designated by the National Energy Board and shall thereupon be deemed to be incorporated in this Service Agreement.

IN WITNESS WHEREOF the parties hereto have hereunto executed these presents all as of the day, month and year first above written.

FOOTHILLS PIPE LINES (ALTA.) LTD.

Per:

Per: _____

Per:

Per: _____

APPENDIX A TO SERVICE AGREEMENT
FOR GAS TRANSPORTATION DATED _____, 20__

~~IDENTIFICATION OF RECEIPT POINTS, RECEIPT PRESSURES,
RECEIPT TEMPERATURES AND RECEIPT QUANTITIES~~

COMPANY - Foothills Pipe Lines (Alta.) Ltd.

SHIPPER - _____

SHIPPER'S ADDRESS - _____

<u>RECEIPT DELIVERY POINT LOCATION</u>	<u>MAXIMUM DAILY RECEIPT-DELIVERY QUANTITY</u> (10 ⁶ m ³ GJ)	<u>MAXIMUM DELIVERY PRESSURE</u> (kPa)	<u>MAXIMUM TEMPERATURE</u> (°C)	<u>APPLICABLE COMPANY ZONES</u>
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<u>RECEIPT POINT LOCATION</u>	<u>DISTANCE IN KM FROM DELIVERY POINT LOCATION</u>	<u>MAXIMUM RECEIPT PRESSURE</u> (kPa)	<u>MAXIMUM TEMPERATURE</u> (°C)
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This Appendix A is made and entered into as of _____, 20__. On the effective date it shall supersede Appendix A dated as of _____, 20__.

Effective date of this Appendix A is _____, 20__.

FOOTHILLS PIPE LINES (ALTA.) LTD.

Per: _____
Per: _____

Per: _____

Per:

APPENDIX B TO SERVICE AGREEMENT
FOR GAS TRANSPORTATION DATED _____, 20__

IDENTIFICATION OF DELIVERY POINTS
AND DELIVERY PRESSURES

COMPANY _____ Foothills Pipe Lines (Alta.) Ltd.

SHIPPER _____

SHIPPER'S ADDRESS _____

DELIVERY POINT LOCATION	DISTANCE IN KM FROM RECEIPT POINT LOCATION	MAXIMUM DELIVERY PRESSURE kPa
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This Appendix B is made and entered into as of _____, 20__. On the effective date it shall supersede Appendix B dated as of _____, 20__.

Effective Date of this Appendix B is _____, 20__.

FOOTHILLS PIPE LINES (ALTA.) LTD.

Per: _____

Per: _____

Per: _____

Per: _____

APPENDIX CB

FOOTHILLS PIPE LINES (ALTA.) LTD.
PRO FORMA
GAS TRANSPORTATION TARIFF

Foothills has proposed several amendments to the Foothills' Gas Transportation Tariff – Phase I (Tariff) in order to convert transportation contracts to an energy basis at the delivery point. The following Tariff amendments are proposed to be effective on April 1, 2006. This summary has been provided for information only and is not intended to form part of the Tariff.

Summary of Tariff Amendments

1. Supplement II: Foothills Pipe Lines (South B.C.) Ltd., Rate Schedule

- (a) Subsection 3 [Service Description and Shipper's Obligation to Pay] – amended to reflect delivery contracting and nomination.
- (b) Subsection 7.2 [Receipt and Delivery Obligations] – amended to reflect delivery contracting including Maximum Daily Delivery Quantity and receipt points associated with each delivery point.
- (c) Subsection 7.3 [Daily Gas Nominations] - amended to reflect delivery nomination and associated receipt point nomination.
- (d) Subsection 8.1 [Billing Adjustment for Failure to Deliver Gas or Make-Up Gas] – amended to reflect delivery contracting.
- (e) All references to Maximum Daily Receipt Quantity changed to reflect Maximum Daily Delivery Quantity as a result of converting contracts to a delivery basis.

2. Supplement II: Foothills Pipe Lines (South B.C.) Ltd., General Terms and Conditions

- (a) Section 1 [Definitions]
 - a. 1.13 [Daily Receipt Quantity] – deleted.
 - b. 1.22 [GJ] – added.
 - c. 1.30 [Maximum Daily Receipt Quantity] – amended to Maximum Daily Delivery Quantity to reflect demand contracting.
- (b) 3.7 [Unit of Measure] – amended to reflect energy based contracts.
- (c) All references to Maximum Daily Receipt Quantity changed to reflect Maximum Daily Delivery Quantity as a result of converting contracts to a delivery basis.

3. Supplement II: Foothills Pipe Lines (South B.C.) Ltd., Service Agreement

- (a) Article 1 [Scope of Agreement] – amended to reflect delivery based contracts.
- (b) Article 4 [Receipt and Delivery Points and Pressures] – Deleted reference to Appendix B to reflect changes to Schedule of Service.
- (c) Article 9 [Amendment of Appendices A and B] – Deleted reference to Appendix B to reflect changes to Schedule of Service.
- (d) Appendix A – Amended to reflect energy based contracts.
- (e) Appendix A – Amended to include both receipt and delivery point descriptions.
- (f) Appendix B – Deleted.
- (g) All references to Maximum Daily Receipt Quantity changed to reflect Maximum Daily Delivery Quantity as a result of converting contracts to a delivery basis.

General Updates

The remaining amendments are intended to be “housekeeping” in nature.

Foothills Pipe Lines Ltd.

1. Amended the Effective date in the footer of impacted sections.
2. Amended Table of Contents as required.
3. Renumbered sections and references as required.

RATE SCHEDULE

1. AVAILABILITY

This Rate Schedule is available to Shipper under its Service Agreement.

2. APPLICABILITY

This Rate Schedule shall apply to all transportation services under Shipper's Service Agreement as of the Billing Commencement Date, whether or not gas is actually transported.

3. SERVICE DESCRIPTION AND SHIPPER'S OBLIGATION TO PAY

Service rendered by Company for Shipper under this Rate Schedule consists of:

- (a) The receipt of gas ~~nominated by~~from Shipper (or for Shipper's account) at the Receipt Point as specified in the Service Agreement;
- (b) The transportation of gas by Company through its transportation system described in section 6 hereof; and
- (c) The delivery by Company ~~of gas to~~ Shipper (or for Shipper's account) of gas nominated by Shipper at the Delivery Point specified in the Service Agreement.

Shipper shall be obligated to pay to Company for the aforementioned service a transportation charge determined in accordance with section 8 hereof. Shipper's obligation to pay Company's Cost of Service is not subject to adjustment under any circumstances, except as provided in subsection 8.1 hereof.

4. SERVICE AGREEMENT

This Rate Schedule is subject to all terms, conditions, stipulations and provisions of the Service Agreement.

5. GENERAL TERMS AND CONDITIONS

This Rate Schedule is subject to all of the terms, conditions, stipulations and provisions of the General Terms and Conditions of this Gas Transportation Tariff.

6. ZONE**6.1 General**

Company's transportation system shall be one Zone in accordance with Schedule I, Annex II of the Northern Pipeline Act and described in subsection 6.2 hereof. Shipper, through its Service Agreement with Company, shall contract to have its gas transported through this Zone.

6.2 Description

Company's Zone shall be that portion of the Canadian Segments extending from the Alberta/British Columbia border near Coleman to the British Columbia/United States border near Kingsgate.

7. CHARACTER OF SERVICE

7.1 Firm Service

Gas transported by Company for Shipper under this Rate Schedule shall not be subject to curtailment or interruption except as provided in the General Terms and Conditions of this Gas Transportation Tariff.

7.2 Receipt and Delivery Obligations

7.2.1 At the ~~Receipt-Delivery~~ Point, Company and Shipper shall establish a Maximum Daily ~~Receipt-Delivery~~ Quantity. The aforementioned Maximum Daily ~~Receipt-Delivery~~ Quantity shall be specified in Appendix A to the Service Agreement.

7.2.2 At the Delivery Point, identified in Appendix ~~B-A~~ to the Service Agreement, Company is obligated to deliver to Shipper a daily quantity of gas which has an aggregate energy content of all gas received from Shipper at the Receipt Point, less the sum of the energy content of:

- (a) Company Use Gas; and
- (b) Line Pack Changes

used in the transportation of such gas on such day.

7.3 Daily Gas Nominations

Shipper shall advise Company of the total daily quantity of gas nominated by it for the ~~Receipt-Delivery~~ Point. Such total daily quantity of gas shall not, subject to Article 1.2 of Shipper's Service Agreement, exceed the Maximum Daily ~~Receipt-Delivery~~ Quantity.

8. PAYMENT FOR SERVICE

Shipper shall be obligated to pay to Company in respect of each billing month, a charge for services rendered hereunder being Company's Cost of Service determined in accordance with Company's annual effective rate filing. Shipper's obligation to pay Company's Cost of Service is not subject to any adjustment or abatement under any circumstances except as specifically provided for in subsection 8.1 hereof, and such obligation shall be billed by Company to Shipper in accordance with section 5 of the General Terms and Conditions of this Gas Transportation Tariff.

8.1 Billing Adjustment for Failure to ~~Accept-Deliver~~ Gas or Make-Up Gas

8.1.1 If Company shall, in any Billing Month, fail for any reason to ~~take receipt from~~ ~~deliver to~~ Shipper of the whole or any portion of the quantity of gas nominated by Shipper to Company in accordance with Shipper's Service Agreement, Shipper shall nevertheless be liable to Company for, and shall pay to Company in accordance with section 5 of the General Terms and Conditions of this Gas Transportation Tariff, Shipper's monthly charge for such Billing Month and all other amounts invoiced to Shipper pursuant to its Service Agreement, subject only to the provisions of this subsection 8.1.

8.1.2 In any Billing Month in which Shipper is required pursuant to section 9 of Rate Schedule T-1, Firm Service of its Gas Transportation Tariff to make an adjustment for failure to accept gas or for receipt of Make-Up Gas, Shipper shall be entitled to reflect such adjustment in Shipper's payment of the monthly bill. Shipper shall provide Company with all pertinent data relating to the calculation of these adjustments with the monthly payment.

- 1.7 “°C” shall mean degrees Celsius as defined by The International System of Units (SI).
- 1.8 “CCT” shall mean Central Clock Time.
- 1.9 “Company Use Gas” shall mean for any period the total ~~volume~~ quantity of gas used by Company in its gas transmission operations, as determined by Company, including but not limited to gas used as fuel or for testing plus any measurement variance as determined by Company.
- 1.10 “Company’s Cost of Service” shall mean relative to a Calendar Year, the Zone Cost of Service.
- 1.11 “Contract Year” shall mean the period beginning at 09:00 CCT, on the Billing Commencement Date and ending at 09:00 CCT on the next succeeding November 1st (provided, however, in the event that such period is less than six calendar months then the first Contract Year shall not end until 09:00 CCT on the second succeeding November 1st) and thereafter each period of 12 consecutive calendar months beginning at 09:00 CCT, on November 1st of each year and ending at 09:00 CCT, on the annual anniversary of such day in the next succeeding calendar year.
- 1.12 “cubic metre of gas” or “m³” shall mean that quantity of gas which, at a temperature of 15 °C and at a pressure of 101.325 kPa occupies one cubic metre.
- ~~1.13 “Daily Receipt Quantity” shall mean, relative to a Receipt Point for any day, the maximum volume of gas that Company, subject to the provisions of this Gas Transportation Tariff, is obligated to accept from Shipper and that Shipper may deliver to Company at such Receipt Point for transportation through Company’s transportation system, and shall be expressed in cubic metres per day, at the gross heating value of the gas at such Receipt Point.~~
- 1.141.13 “day” shall mean a period of 24 consecutive hours, beginning and ending at 09:00 CCT. The reference date for any day shall be the date of the beginning of such day.

1.151.14 “Delivery Point” shall mean the Delivery Point shown in Appendix B to Shipper’s Service Agreement for delivery of gas to Shipper.

1.161.15 “Financial Assurance” shall have the meaning ascribed to it as set out in subsection 5.8 of these General Terms and Conditions.

1.171.16 “First Billing Month” shall mean relative to Shipper the billing month in which Shipper’s Billing Commencement Date occurs.

1.181.17 “Foreign Exchange Rate” shall mean for any day that rate for the currency in question as published at 12:00 Eastern Standard Time, by the Bank of Canada in the City of Ottawa.

1.191.18 “gas” shall mean natural gas, manufactured, artificial or synthetic gas, or any mixture or combination thereof.

1.201.19 “Gas Plant In Service” shall mean the original cost of the gas plant of Company excluding plant that is entirely distinct from and is not operated in connection with the gas transportation service provided pursuant to this Gas Transportation Tariff.

1.211.20 “Gas Transportation Tariff” shall mean the compilation on file with the National Energy Board of Company’s Rate Schedule, General Terms and Conditions and related Service Agreements with Shippers as in effect from time to time.

1.221.21 “General Terms and Conditions” shall mean, at any time these General Terms and Conditions as amended or supplemented from time to time.

1.22 “GJ” shall mean 10^9 Joules.

1.23 “gross heating value” shall mean the total Joules obtained by complete combustion at constant pressure of one cubic metre of gas with air, the gas to be free of all water vapour and the temperature of the gas, air and products of combustion to be at standard temperature and all water formed by the combustion reaction to be condensed to the liquid state.

- 1.24** “J” shall mean Joule(s), the base unit for energy as defined by The International System of Units (SI).
- 1.25** “km” shall mean kilometre(s) as defined by The International System of Units (SI).
- 1.26** “kPa” shall mean kilopascal(s) of pressure.
- 1.27** “Line Pack Change” shall mean for any period the difference between the total ~~volume~~ quantity of line pack gas contained in Company’s pipeline at the beginning and end of such period, as computed by Company.
- 1.28** “Line Pack Requirements” shall mean at any time that ~~volume~~ quantity of gas which is calculated by Company as the total ~~volume~~ quantity of gas required as line pack for the efficient operation of its pipeline.
- 1.29** “Make-Up Gas” shall mean for any period the total ~~volume~~ quantity of gas transported pursuant to subsection 9.3 of Rate Schedule T-1, Firm Service of Foothills Pipe Lines Ltd. Gas Transportation Tariff for all Shippers under that Rate Schedule.
- 1.30** “Maximum Daily ~~Receipt-Delivery~~ Quantity” shall mean relative to a ~~Receipt-Delivery~~ Point for any day, the ~~volume~~ quantity of gas, as specified in Appendix A to the Service Agreement.
- 1.31** “mg” shall mean milligram(s) as defined by The International System of Units (SI).
- 1.32** “month” shall mean a period of time beginning at 09:00 CCT on the first day of a calendar month and ending at 09:00 CCT on the first day of the next calendar month.
- 1.33** “National Energy Board” or “NEB” or “Board” shall mean the National Energy Board of Canada or any other tribunal which may hereafter exercise the functions now exercised by that Board with respect to the regulation of gas pipelines.
- 1.34** “Northern Pipeline” shall have the same meaning as is ascribed to “pipeline” in section 2(1) of the Northern Pipeline Act.

The accuracy of Company's measuring equipment shall be verified at such intervals as the installed equipment may practically require. Advance notice of the time and nature of each test shall be given to allow Shipper a reasonable amount of time to arrange for a representative to observe the test and any adjustments resulting from such tests. If, after notice, Shipper fails to have a representative present, the results of the test shall nevertheless be considered accurate until the next test.

3.4 Correction

If, as a result of any such tests any of the measuring equipment is found to be out of service, or registering inaccurately, it shall be adjusted at once to read as accurately as possible. If such equipment is out of service or inaccurate by more than 2%, the previous readings of such equipment shall be corrected to zero error for a period agreed upon, or if not so agreed upon, for a period of 16 days or 1/2 of the elapsed time since the last test, whichever is shorter. The ~~volume~~ quantity of gas delivered during such period shall be determined by Company using one of the following three methods which in the opinion of Company will provide the best results:

- (a) By using the data recorded by any check measuring equipment if installed and accurately registering; or
- (b) By correcting the error if ascertainable by calibration test or mathematical calculation; or
- (c) By estimating the quantity delivered based upon deliveries under similar conditions during a period when the equipment was registering accurately.

3.5 Expense of Special Tests

If Shipper requests a special test of the accuracy of any measuring equipment and upon testing the equipment the inaccuracy of the equipment is found to be less than 2%, Shipper shall bear the expense of the special test.

3.6 Inspection of Equipment and Records

Shipper or Shipper's agent shall have the right to inspect measuring equipment installed or furnished by Company and the charts and other measurement or test data of Company at all times during normal business hours, but the reading, calibration and adjustment of such equipment and changing of the charts shall be done only by Company or Company's agent.

3.7 Unit of Measurement

The unit of volume for purposes of measurement shall be 10^3m^3 . The unit of quantity for purposes of measurement shall be GJ.

3.8 Applicable Procedures

All measurements, calculations, and procedures used in determining the ~~volume~~ quantity delivered at any point shall be in accordance with GIA and all applicable regulations issued pursuant thereto. Provided, however, that correction for deviations from Boyle's Law shall be determined from data contained in Report No. 8 as published by the American Gas Association, or the latest revision thereof acceptable to Company and Shipper.

3.9 Atmospheric Pressure

For the purposes of measurement, the atmospheric pressure, at the Receipt Point or Delivery Point, shall be established by a recognized formula applied to the nearest 0.1 kPa increment and deemed to be a constant for that point.

3.10 Gas Characteristics

The gas characteristics, including gross heating value, specific gravity, and nitrogen and carbon dioxide content, of the gas tendered by Shipper to Company for transportation or delivered by Company at the Delivery Point shall be determined, where applicable, by continuous recording equipment, approved for this use under the provisions of the GIA, or by standard laboratory equipment where a continuous sampler or spot sampler is used or spot samples are taken.

SERVICE AGREEMENT

ARTICLE 1

Scope of Agreement

1.1 Company agrees to receive ~~gas~~ from Shipper at a Receipt Point herein specified ~~in the quantities from time to time nominated by Shipper up to~~ the quantity of gas ~~equal up~~ to the Maximum Daily Receipt-Delivery Quantity and to transport and deliver to Shipper at a Delivery Point herein specified ~~in the quantity from time to time nominated by Shipper up to the Maximum Daily Delivery Quantity the quantity of gas provided for herein~~, and Shipper agrees to accept such gas deliveries from Company, subject to the terms and conditions of this Shipper Agreement.

1.2 If Shipper desires to tender to Company on any day ~~at any of Shipper's Receipt Points~~ a quantity of gas in excess of the Maximum Daily Receipt-Delivery Quantity for such Shipper's Receipt-Delivery Point for such day, it shall notify Company of such desire. If Company, in its sole judgement, determines that it has the necessary capacity available to receive and transport all or any part of such excess quantity and make deliveries in respect thereof, Company may elect to ~~receive from~~deliver to Shipper said excess quantity or part thereof, and so notify Shipper.

ARTICLE 2

Rate Schedule and Rates

2.1 This Service Agreement is subject to the provisions of the Rate Schedule and the General Terms and Conditions contained in Company's Gas Transportation Tariff, as they may be amended or superseded from time to time, which Rate Schedules and General Terms and Conditions are by this reference incorporated herein and made a part hereof.

2.2 Shipper shall pay Company for all gas transportation services during the term of this Service Agreement in accordance with such Rate Schedules as filed with the National Energy Board and as may hereafter be amended or superseded pursuant to the National Energy Board Act.

ARTICLE 3Term of Agreement

3.1 This Service Agreement shall become effective on _____, 20__ and shall continue in effect until the last day of the latest to expire of any Service Agreement between Shipper hereunder and a Shipper as defined in the General Terms and Conditions of the Gas Transportation Tariff of Foothills Pipe Lines Ltd., for service through Zone 8.

3.2 Notwithstanding the provisions of subsection 3.1, if at any time during the term hereof Foothills Pipe Lines Ltd. Gas Transportation Tariff with Shippers transporting U.S. Gas from the Prudhoe Bay area of Alaska through all or any part of the Phase I facilities takes effect, Shipper and Company agree to forthwith execute a Gas Transportation Tariff identical in form and substance to the aforementioned Gas Transportation Tariff which shall be identical in form and substance to that attached as Appendix ~~C-B~~ hereto. Upon execution of such new Gas Transportation Tariff this Gas Transportation Tariff shall terminate.

ARTICLE 4Receipt and Delivery Points and Pressures

4.1 All receipts of gas from Shipper hereunder shall be considered to be at or near the inlet side of the next appropriate metering station, following the Receipt Point of such gas, as identified in Appendix A attached to this Service Agreement, as the same may be in effect from time to time.

4.2 The Delivery Points for gas to be transported hereunder shall be the points set forth in Appendix ~~B-A~~ attached to this Service Agreement as the same may be in effect from time to time.

4.3 The Delivery Pressure of the gas tendered by Shipper to Company for transportation shall be at a pressure sufficient to enter Company's system at the Receipt Point, up to that specified for such Receipt Point in Appendix A attached to this Service Agreement.

4.4 The Delivery Pressure of the gas delivered by Company to Shipper shall be at the pressure available from Company's system at the Delivery Point as specified for such Delivery Point in Appendix ~~B-A~~ attached to this Service Agreement.

ARTICLE 9

Amendment of Appendices A and B

9.1 Shipper and Company may at any time and from time to time, amend ~~Appendices A and B~~ to this Service Agreement by executing a new ~~Appendices A and B~~ to this Service Agreement which shall be given effect as of the effective date designated by the National Energy Board and shall thereupon be deemed to be incorporated in this Service Agreement.

IN WITNESS WHEREOF the parties hereto have hereunto executed these presents all as of the day, month and year first above written.

FOOTHILLS PIPE LINES (SOUTH B.C.) LTD.

Per:

Per:

Per:

Per:

APPENDIX A TO SERVICE AGREEMENT
FOR GAS TRANSPORTATION DATED _____, 20__

~~IDENTIFICATION OF RECEIPT POINTS, RECEIPT PRESSURES,
RECEIPT TEMPERATURES AND RECEIPT QUANTITIES~~

COMPANY - Foothills Pipe Lines (South B.C.) Ltd.

SHIPPER - _____

SHIPPER'S ADDRESS - _____

<u>RECEIPT DELIVERY POINT LOCATION</u>	<u>MAXIMUM DAILY RECEIPT-DELIVERY QUANTITY</u> (10 ⁶ m ³ GJ)	<u>MAXIMUM DELIVERY PRESSURE</u> (kPa)	<u>MAXIMUM TEMPERATURE</u> (°C)	<u>APPLICABLE COMPANY ZONES</u>
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<u>RECEIPT POINT LOCATION</u>	<u>DISTANCE IN KM FROM DELIVERY POINT LOCATION</u>	<u>MAXIMUM RECEIPT PRESSURE</u> (kPa)	<u>MAXIMUM TEMPERATURE</u> (°C)
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This Appendix A is made and entered into as of _____, 20__. On the effective date it shall supersede Appendix A dated as of _____, 20__.

Effective date of this Appendix A is _____, 20__.

FOOTHILLS PIPE LINES (SOUTH B.C.) LTD.

Per: _____
Per: _____

Per: _____

Per: _____

APPENDIX B TO SERVICE AGREEMENT
FOR GAS TRANSPORTATION DATED _____, 20__

IDENTIFICATION OF DELIVERY POINTS
AND DELIVERY PRESSURES

COMPANY _____ FOOTHILLS PIPE LINES (SOUTH B.C.) LTD.

SHIPPER _____

SHIPPER'S ADDRESS _____

<u>DELIVERY POINT</u> <u>LOCATION</u>	<u>DISTANCE IN KM FROM</u> <u>RECEIPT POINT</u> <u>LOCATION</u>	<u>MAXIMUM DELIVERY</u> <u>PRESSURE</u> <u>kPa</u>
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This Appendix B is made and entered into as of _____, 20__. On the effective date it shall supersede Appendix B dated as of _____, 20__.

Effective Date of this Appendix B is _____, 20__.

FOOTHILLS PIPE LINES (SOUTH B.C.) LTD.

Per: _____

Per: _____

Per: _____

Per: _____

APPENDIX [EB](#)

FOOTHILLS PIPE LINES (SOUTH B.C.) LTD.
PRO FORMA
GAS TRANSPORTATION TARIFF

Foothills has proposed several amendments to the Foothills' Gas Transportation Tariff – Phase I (Tariff) in order to convert transportation contracts to an energy basis at the delivery point. The following Tariff amendments are proposed to be effective on April 1, 2006. This summary has been provided for information only and is not intended to form part of the Tariff.

Summary of Tariff Amendments

1. Supplement III: Foothills Pipe Lines (Sask.) Ltd., Rate Schedule

- (a) Subsection 3 [Service Description and Shipper's Obligation to Pay] – amended to reflect delivery contracting and nomination.
- (b) Subsection 7.2 [Receipt and Delivery Obligations] – amended to reflect delivery contracting including Maximum Daily Delivery Quantity and receipt points associated with each delivery point.
- (c) Subsection 7.3 [Daily Gas Nominations] - amended to reflect delivery nomination and associated receipt point nomination.
- (d) Subsection 8.1 [Billing Adjustment for Failure to Deliver Gas or Make-Up Gas] – amended to reflect delivery contracting.
- (e) All references to Maximum Daily Receipt Quantity changed to reflect Maximum Daily Delivery Quantity as a result of converting contracts to a delivery basis.

2. Supplement III: Foothills Pipe Lines (Sask.) Ltd., General Terms and Conditions

- (a) Section 1 [Definitions]
 - a. 1.13 [Daily Receipt Quantity] – deleted.
 - b. 1.22 [GJ] – added.
 - c. 1.30 [Maximum Daily Receipt Quantity] – amended to Maximum Daily Delivery Quantity to reflect demand contracting
- (b) 3.7 [Unit of Measure] – amended to reflect energy based contracts.
- (c) All references to Maximum Daily Receipt Quantity changed to reflect Maximum Daily Delivery Quantity as a result of converting contracts to a delivery basis.

3. Supplement III: Foothills Pipe Lines (Sask.) Ltd., Service Agreement

- (a) Article 1 [Scope of Agreement] – amended to reflect delivery based contracts.
- (b) Article 4 [Receipt and Delivery Points and Pressures] – Deleted reference to Appendix B to reflect changes to Schedule of Service.
- (c) Article 9 [Amendment of Appendices A and B] – Deleted reference to Appendix B to reflect changes to Schedule of Service.
- (d) Appendix A – Amended to reflect energy based contracts.
- (e) Appendix A – Amended to include both receipt and delivery point descriptions.
- (f) Appendix B – Deleted.
- (g) All references to Maximum Daily Receipt Quantity changed to reflect Maximum Daily Delivery Quantity as a result of converting contracts to a delivery basis.

General Updates

The remaining amendments are intended to be “housekeeping” in nature.

Foothills Pipe Lines Ltd.

1. Amended the Effective date in the footer of impacted sections.
2. Amended Table of Contents as required.
3. Renumbered sections and references as required.

RATE SCHEDULE

1. AVAILABILITY

This Rate Schedule is available to Shipper under its Service Agreement.

2. APPLICABILITY

This Rate Schedule shall apply to all transportation services under Shipper's Service Agreement as of the Billing Commencement Date, whether or not gas is actually transported.

3. SERVICE DESCRIPTION AND SHIPPER'S OBLIGATION TO PAY

Service rendered by Company for Shipper under this Rate Schedule consists of:

- (a) The receipt of gas ~~nominated by~~from Shipper (or for Shipper's account) at the Receipt Point as specified in the Service Agreement;
- (b) The transportation of gas by Company through its transportation system described in section 6 hereof; and
- (c) The delivery by Company ~~of gas to~~ Shipper (or for Shipper's account) of gas nominated by Shipper at the Delivery Point specified in the Service Agreement.

Shipper shall be obligated to pay to Company for the aforementioned service a transportation charge determined in accordance with section 8 hereof. Shipper's obligation to pay Company's Cost of Service is not subject to adjustment under any circumstances, except as provided in subsection 8.1 hereof.

4. SERVICE AGREEMENT

This Rate Schedule is subject to all terms, conditions, stipulations and provisions of the Service Agreement.

5. GENERAL TERMS AND CONDITIONS

This Rate Schedule is subject to all of the terms, conditions, stipulations and provisions of the General Terms and Conditions of this Gas Transportation Tariff.

6. ZONE**6.1 General**

Company's transportation system shall be one Zone in accordance with Schedule I, Annex II of the Northern Pipeline Act and described in subsection 6.2 hereof. Shipper, through its Service Agreement with Company, shall contract to have its gas transported through this Zone.

6.2 Description

Company's Zone shall be that portion of the Canadian Segments extending from the Alberta/Saskatchewan border near Empress to the Saskatchewan/United States border near Monchy.

7. CHARACTER OF SERVICE

7.1 Firm Service

Gas transported by Company for Shipper under this Rate Schedule shall not be subject to curtailment or interruption except as provided in the General Terms and Conditions of this Gas Transportation Tariff.

7.2 Receipt and Delivery Obligations

7.2.1 At the ~~Receipt-Delivery~~ Point, Company and Shipper shall establish a Maximum Daily ~~Receipt-Delivery~~ Quantity. The aforementioned Maximum Daily ~~Receipt-Delivery~~ Quantity shall be specified in Appendix A to the Service Agreement.

7.2.2 At the Delivery Point, identified in Appendix ~~B-A~~ to the Service Agreement, Company is obligated to deliver to Shipper a daily quantity of gas which has an aggregate energy content of all gas received from Shipper at the Receipt Point, less the energy content of Company Use Gas used in the transportation of such gas on such day.

7.3 Daily Gas Nominations

Shipper shall advise Company of the total daily quantity of gas nominated by it for the ~~Receipt-Delivery~~ Point. Such total daily quantity of gas shall not, subject to Article 1.2 of Shipper's Service Agreement, exceed the Maximum Daily ~~Receipt-Delivery~~ Quantity.

8. PAYMENT FOR SERVICE

Shipper shall be obligated to pay to Company in respect of each billing month, a charge for services rendered hereunder being Company's Cost of Service determined in accordance with Company's annual rate filing. Shipper's obligation to pay Company's Cost of Service is not subject to any adjustment or abatement under any circumstances except as specifically provided for in subsection 8.1 hereof, and such obligation shall be

billed by Company to Shipper in accordance with section 5 of the General Terms and Conditions of this Gas Transportation Tariff.

8.1 Billing Adjustment for Failure to ~~Accept~~ Deliver Gas or Make-Up Gas

8.1.1 If Company shall, in any Billing Month, fail for any reason to ~~take receipt~~ from deliver to Shipper of the whole or any portion of the quantity of gas nominated by Shipper to Company in accordance with Shipper's Service Agreement, Shipper shall nevertheless be liable to Company for, and shall pay to Company in accordance with section 5 of the General Terms and Conditions of this Gas Transportation Tariff, Shipper's monthly charge for such Billing Month and all other amounts invoiced to Shipper pursuant to its Service Agreement, subject only to the provisions of this subsection 8.1.

8.1.2 In any Billing Month in which Shipper is required pursuant to section 9 of Rate Schedule T-1, Firm Service of its Gas Transportation Tariff to make an adjustment for failure to accept gas or for receipt of Make-Up Gas, Shipper shall be entitled to reflect such adjustment in Shipper's payment of the monthly bill. Shipper shall provide Company with all pertinent data relating to the calculation of these adjustments with the monthly payment.

- 1.7 “°C” shall mean degrees Celsius as defined by The International System of Units (SI).
- 1.8 “CCT” shall mean Central Clock Time.
- 1.9 “Company Use Gas” shall mean for any period the total ~~volume~~ quantity of gas used by Company in its gas transmission operations, as determined by Company, including but not limited to gas used as fuel or for testing plus any measurement variance as determined by Company.
- 1.10 “Company’s Cost of Service” shall mean relative to a Calendar Year, the Zone Cost of Service.
- 1.11 “Contract Year” shall mean the period beginning at 09:00 CCT, on the Billing Commencement Date and ending at 09:00 CCT on the next succeeding November 1st (provided, however, in the event that such period is less than six calendar months then the first Contract Year shall not end until 09:00 CCT on the second succeeding November 1st) and thereafter each period of 12 consecutive calendar months beginning at 09:00 CCT, on November 1st of each year and ending at 09:00 CCT, on the annual anniversary of such day in the next succeeding calendar year.
- 1.12 “cubic metre of gas” or “m³” shall mean that quantity of gas which, at a temperature of 15 °C and at a pressure of 101.325 kPa occupies one cubic metre.
- ~~1.13 “Daily Receipt Quantity” shall mean, relative to a Receipt Point for any day, the maximum volume of gas that Company, subject to the provisions of this Gas Transportation Tariff, is obligated to accept from Shipper and that Shipper may deliver to Company at such Receipt Point for transportation through Company’s transportation system, and shall be expressed in cubic metres per day, at the gross heating value of the gas at such Receipt Point.~~
- 1.141.13 “day” shall mean a period of 24 consecutive hours, beginning and ending at 09:00 CCT. The reference date for any day shall be the date of the beginning of such day.

1.151.14 “Delivery Point” shall mean the Delivery Point shown in Appendix ~~B-A~~ to Shipper’s Service Agreement for delivery of gas to Shipper.

1.161.15 “Financial Assurance” shall have the meaning ascribed to it as set out in subsection 5.8 of these General Terms and Conditions.

1.171.16 “First Billing Month” shall mean relative to Shipper the billing month in which Shipper’s Billing Commencement Date occurs.

1.181.17 “Foreign Exchange Rate” shall mean for any day that rate for the currency in question as published at 12:00 Eastern Standard Time, by the Bank of Canada in the City of Ottawa.

1.191.18 “gas” shall mean natural gas, manufactured, artificial or synthetic gas, or any mixture or combination thereof.

1.201.19 “Gas Plant In Service” shall mean the original cost of the gas plant of Company excluding plant that is entirely distinct from and is not operated in connection with the gas transportation service provided pursuant to this Gas Transportation Tariff.

1.211.20 “Gas Transportation Tariff” shall mean the compilation on file with the National Energy Board of Company’s Rate Schedule, General Terms and Conditions and related Service Agreements with Shippers as in effect from time to time.

1.221.21 “General Terms and Conditions” shall mean, at any time these General Terms and Conditions as amended or supplemented from time to time.

1.22 “GJ” shall mean 10^9 Joules.

1.23 “gross heating value” shall mean the total Joules obtained by complete combustion at constant pressure of one cubic metre of gas with air, the gas to be free of all water vapour and the temperature of the gas, air and products of combustion to be at standard temperature and all water formed by the combustion reaction to be condensed to the liquid state.

- 1.24 “J” shall mean Joule(s), the base unit for energy as defined by The International System of Units (SI).
- 1.25 “km” shall mean kilometre(s) as defined by The International System of Units (SI).
- 1.26 “kPa” shall mean kilopascal(s) of pressure.
- 1.27 “Line Pack Change” shall mean for any period the difference between the total ~~volume~~ quantity of line pack gas contained in Company’s pipeline at the beginning and end of such period, as computed by Company.
- 1.28 “Line Pack Requirements” shall mean at any time that ~~volume~~ quantity of gas which is calculated by Company as the total ~~volume~~ quantity of gas required as line pack for the efficient operation of its pipeline.
- 1.29 “Make-Up Gas” shall mean for any period the total ~~volume~~ quantity of gas transported pursuant to subsection 9.3 of Rate Schedule T-1, Firm Service of Foothills Pipe Lines Ltd. Gas Transportation Tariff for all Shippers under that Rate Schedule.
- 1.30 “Maximum Daily ~~Receipt-Delivery~~ Quantity” shall mean relative to a ~~Receipt-Delivery~~ Point for any day, the volume of gas, as specified in Appendix A to the Service Agreement.
- 1.31 “mg” shall mean milligram(s) as defined by The International System of Units (SI).
- 1.32 “month” shall mean a period of time beginning at 09:00 CCT on the first day of a calendar month and ending at 09:00 CCT on the first day of the next calendar month.
- 1.33 “National Energy Board” or “NEB” or “Board” shall mean the National Energy Board of Canada or any other tribunal which may hereafter exercise the functions now exercised by that Board with respect to the regulation of gas pipelines.
- 1.34 “Northern Pipeline” shall have the same meaning as is ascribed to “pipeline” in section 2(1) of the Northern Pipeline Act.

The accuracy of Company's measuring equipment shall be verified at such intervals as the installed equipment may practically require. Advance notice of the time and nature of each test shall be given to allow Shipper a reasonable amount of time to arrange for a representative to observe the test and any adjustments resulting from such tests. If, after notice, Shipper fails to have a representative present, the results of the test shall nevertheless be considered accurate until the next test.

3.4 Correction

If, as a result of any such tests any of the measuring equipment is found to be out of service, or registering inaccurately, it shall be adjusted at once to read as accurately as possible. If such equipment is out of service or inaccurate by more than 2%, the previous readings of such equipment shall be corrected to zero error for a period agreed upon, or if not so agreed upon, for a period of 16 days or 1/2 of the elapsed time since the last test, whichever is shorter. The ~~volume~~ quantity of gas delivered during such period shall be determined by Company using one of the following three methods which in the opinion of Company will provide the best results:

- (a) By using the data recorded by any check measuring equipment if installed and accurately registering; or
- (b) By correcting the error if ascertainable by calibration test or mathematical calculation; or
- (c) By estimating the quantity delivered based upon deliveries under similar conditions during a period when the equipment was registering accurately.

3.5 Expense of Special Tests

If Shipper requests a special test of the accuracy of any measuring equipment and upon testing the equipment the inaccuracy of the equipment is found to be less than 2%, Shipper shall bear the expense of the special test.

3.6 Inspection of Equipment and Records

Shipper or Shipper's agent shall have the right to inspect measuring equipment installed or furnished by Company and the charts and other measurement or test data of Company at all times during normal business hours, but the reading, calibration and adjustment of such equipment and changing of the charts shall be done only by Company or Company's agent.

3.7 Unit of Measurement

The unit of volume for purposes of measurement shall be 10^3m^3 . The unit of quantity for purposes of measurement shall be GJ.

3.8 Applicable Procedures

All measurements, calculations, and procedures used in determining the ~~volume~~ quantity delivered at any point shall be in accordance with GIA and all applicable regulations issued pursuant thereto. Provided, however, that correction for deviations from Boyle's Law shall be determined from data contained in Report No. 8 as published by the American Gas Association, or the latest revision thereof acceptable to Company and Shipper.

3.9 Atmospheric Pressure

For the purposes of measurement, the atmospheric pressure, at the Receipt Point or Delivery Point, shall be established by a recognized formula applied to the nearest 0.1 kPa increment and deemed to be a constant for that point.

3.10 Gas Characteristics

The gas characteristics, including gross heating value, specific gravity, and nitrogen and carbon dioxide content, of the gas tendered by Shipper to Company for transportation or delivered by Company at the Delivery Point shall be determined, where applicable, by continuous recording equipment, approved for this use under the provisions of the GIA, or by standard laboratory equipment where a continuous sampler or spot sampler is used or spot samples are taken.

SERVICE AGREEMENT

ARTICLE 1

Scope of Agreement

1.1 Company agrees to receive ~~gas~~ from Shipper at a Receipt Point herein specified ~~in the quantities from time to time nominated by Shipper up to~~ the quantity of gas ~~equal up~~ to the Maximum Daily Receipt-Delivery Quantity and to transport and deliver to Shipper at a Delivery Point herein specified ~~in the quantity from time to time nominated by Shipper up to the Maximum Daily Delivery Quantity~~ ~~the quantity of gas provided for herein~~, and Shipper agrees to accept such gas deliveries from Company, subject to the terms and conditions of this Shipper Agreement.

1.2 If Shipper desires to tender to Company on any day at ~~any of Shipper's Receipt Points~~ a quantity of gas in excess of the Maximum Daily Receipt-Delivery Quantity for such Shipper's Receipt-Delivery Point for such day, it shall notify Company of such desire. If Company, in its sole judgement, determines that it has the necessary capacity available to receive and transport all or any part of such excess quantity and make deliveries in respect thereof, Company may elect to ~~receive from~~ deliver to Shipper said excess quantity or part thereof, and so notify Shipper.

ARTICLE 2

Rate Schedule and Rates

2.1 This Service Agreement is subject to the provisions of the Rate Schedule and the General Terms and Conditions contained in Company's Gas Transportation Tariff, as they may be amended or superseded from time to time, which Rate Schedules and General Terms and Conditions are by this reference incorporated herein and made a part hereof.

2.2 Shipper shall pay Company for all gas transportation services during the term of this Service Agreement in accordance with such Rate Schedules as filed with the National Energy Board and as may hereafter be amended or superseded pursuant to the National Energy Board Act.

ARTICLE 3**Term of Agreement**

3.1 This Service Agreement shall become effective on _____, 20__ and shall continue in effect until the last day of the latest to expire of any Service Agreement between Shipper hereunder and a Shipper as defined in the General Terms and Conditions of the Gas Transportation Tariff of Foothills Pipe Lines Ltd., for service through Zone 9.

3.2 Notwithstanding the provisions of subsection 3.1, if at any time during the term hereof Foothills Pipe Lines Ltd. Gas Transportation Tariff with Shippers transporting U.S. Gas from the Prudhoe Bay area of Alaska through all or any part of the Phase I facilities takes effect, Shipper and Company agree to forthwith execute a Gas Transportation Tariff identical in form and substance to the aforementioned Gas Transportation Tariff which shall be identical in form and substance to that attached as Appendix ~~C-B~~ hereto. Upon execution of such new Gas Transportation Tariff this Gas Transportation Tariff shall terminate.

ARTICLE 4**Receipt and Delivery Points and Pressures**

4.1 All receipts of gas from Shipper hereunder shall be considered to be at or near the inlet side of the next appropriate metering station, following the Receipt Point of such gas, as identified in Appendix A attached to this Service Agreement, as the same may be in effect from time to time.

4.2 The Delivery Points for gas to be transported hereunder shall be the points set forth in Appendix ~~B-A~~ attached to this Service Agreement as the same may be in effect from time to time.

4.3 The Delivery Pressure of the gas tendered by Shipper to Company for transportation shall be at a pressure sufficient to enter Company's system at the Receipt Point, up to that specified for such Receipt Point in Appendix A attached to this Service Agreement.

4.4 The Delivery Pressure of the gas delivered by Company to Shipper shall be at the pressure available from Company's system at the Delivery Point as specified for such Delivery Point in Appendix ~~B-A~~ attached to this Service Agreement.

ARTICLE 9

Amendment of Appendixes A and B

9.1 Shipper and Company may at any time and from time to time, amend Appendixes A and B to this Service Agreement by executing a new Appendixes A and B to this Service Agreement which shall be given effect as of the effective date designated by the National Energy Board and shall thereupon be deemed to be incorporated in this Service Agreement.

IN WITNESS WHEREOF the parties hereto have hereunto executed these presents all as of the day, month and year first above written.

FOOTHILLS PIPE LINES (SASK.) LTD.

Per:

Per:

Per:

Per:

APPENDIX A TO SERVICE AGREEMENT
FOR GAS TRANSPORTATION DATED _____, 20__

~~IDENTIFICATION OF RECEIPT POINTS, RECEIPT PRESSURES,
RECEIPT TEMPERATURES AND RECEIPT QUANTITIES~~

COMPANY - Foothills Pipe Lines (Sask.) Ltd.

SHIPPER - _____

SHIPPER'S ADDRESS - _____

<u>RECEIPT DELIVERY POINT LOCATION</u>	<u>MAXIMUM DAILY RECEIPT-DELIVERY QUANTITY</u> (10 ⁶ m ³ GJ)	<u>MAXIMUM DELIVERY PRESSURE</u> (kPa)	<u>MAXIMUM TEMPERATURE</u> (°C)	<u>APPLICABLE COMPANY ZONES</u>
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<u>RECEIPT POINT LOCATION</u>	<u>DISTANCE IN KM FROM RECEIPT POINT LOCATION</u>	<u>MAXIMUM RECEIPT PRESSURE</u> (kPa)	<u>MAXIMUM TEMPERATURE</u> (°C)
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This Appendix A is made and entered into as of _____, 20__. On the effective date it shall supersede Appendix A dated as of _____, 20__.

Effective date of this Appendix A is _____, 20__.

FOOTHILLS PIPE LINES (SASK.) LTD.

Per:

Per: _____

Per: _____

Per: _____

APPENDIX B TO SERVICE AGREEMENT
FOR GAS TRANSPORTATION DATED _____, 20__

IDENTIFICATION OF DELIVERY POINTS
AND DELIVERY PRESSURES

COMPANY _____ Foothills Pipe Lines (Sask.) Ltd.

SHIPPER _____

SHIPPER'S ADDRESS _____

DELIVERY POINT LOCATION	DISTANCE IN KM FROM RECEIPT POINT LOCATION	MAXIMUM DELIVERY PRESSURE kPa
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This Appendix B is made and entered into as of _____, 20__. On the effective date it shall supersede Appendix B dated as of _____, 20__.

Effective Date of this Appendix B is _____, 20__.

FOOTHILLS PIPE LINES (SASK.) LTD.

Per: _____

Per: _____

Per: _____

Per: _____

APPENDIX [EB](#)

FOOTHILLS PIPE LINES (SASK.) LTD.
PRO FORMA
GAS TRANSPORTATION TARIFF