

**RATE SCHEDULE LRS-2**  
**LOAD RETENTION SERVICE - 2**

**1.0 DEFINITIONS**

**1.1** The capitalized terms used in this Rate Schedule have the meanings attributed to them in the General Terms and Conditions of the Tariff unless otherwise defined in this Rate Schedule.

**2.0 SERVICE DESCRIPTION AND AVAILABILITY**

**2.1** Subject to the stated terms and conditions, service under Rate Schedule LRS-2 shall mean:

- (i) the daily receipt of gas from LRS-2 Customer at the Coleman receipt point located at SW-1/4-12-08-05-W5M (the "Coleman Receipt Point");
- (ii) the daily transportation of such gas through the Facilities; and
- (iii) the daily delivery of such gas to LRS-2 Customer at the Alberta-British Columbia export delivery point located at LSD-12-08-05-W5M (the "A/BC Export Delivery Point").

Subparagraphs (i), (ii) and (iii) are collectively referred to as the "Service".

**2.2** The Service is available to Northstar Energy Corporation and assignees of it (the "LRS-2 Customer") provided the assignment complies with article 9.0. It is a condition of Service that LRS-2 Customer has executed a Service Agreement and Schedule of Service under Rate Schedule LRS-2. A standard form Service Agreement for Service under this Rate Schedule LRS-2 is attached.

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### 3.0 SERVICE ENTITLEMENT

3.1 Company shall provide LRS-2 Customer with gas transportation service up to:

- (i)  $1127 \text{ } 10^3 \text{ m}^3/\text{d}$  (40 MMcf/d) from date of commencement of Service under Rate Schedule LRS-2 to December 31, 1999;
- (ii)  $1550 \text{ } 10^3 \text{ m}^3/\text{d}$  (55 MMcf/d) from January 1, 2000 to December 31, 2000;
- (iii)  $2113 \text{ } 10^3 \text{ m}^3/\text{d}$  (75 MMcf/d) from January 1, 2001 to December 31, 2001;  
and
- (iv)  $2817 \text{ } 10^3 \text{ m}^3/\text{d}$  (100 MMcf/d) from January 1, 2002 to October 31, 2013.

The amount identified in each of the subparagraphs (i) through (iv) shall, for the applicable period, be referred to as the "Maximum Eligible LRS-2 Volume".

3.2 LRS-2 Customer shall be entitled to increase its then current entitlement to LRS-2 from time to time by giving Company four (4) months prior written notice of the desired increase, provided that any such increase shall not result at any time in the LRS-2 Customer's entitlement to Service under Rate Schedule LRS-2 exceeding the Maximum Eligible LRS-2 Volume in effect at the end of such four (4) month notice period. LRS-2 Customer's entitlement to Service under Rate Schedule LRS-2, at any point in time, determined in accordance with this paragraph 3.2, shall be referred to as "Service Entitlement". LRS-2 Customer's initial Service Entitlement shall be  $1127 \text{ } 10^3 \text{ m}^3/\text{d}$  (40 MMcf/d), and LRS-2 Customer's Service Entitlement shall never be less than be  $1127 \text{ } 10^3 \text{ m}^3/\text{d}$  (40 MMcf/d).

#### **4.0 CHARGE FOR SERVICE**

##### **4.1 Determination of Monthly Charge**

LRS-2 Customer will be charged and shall pay a monthly amount (the "Monthly Charge") for a Billing Month equal to the sum for all days of such month of the following amounts:

- (i) the daily equivalent of the FT-R Demand Rate at the Coleman Receipt Point multiplied by Price Point "A" (as defined in Rate Schedule FT-R) multiplied by the Service Entitlement for the day in the Billing Month; and
- (ii) the daily volumetric equivalent of the FT-D Demand Rate at the A/BC Export Delivery Point multiplied by the Service Entitlement for the day in the Billing Month.

##### **4.2 Determination of the LRS-2 Adjustment**

The LRS-2 Adjustment for a Billing Month shall be equal to the Monthly Charge for such Billing Month less \$50,000. The LRS-2 Adjustment shall then be applied against LRS-2 Customer's invoice issued in the second month following the Billing Month.

##### **4.3 Determination of Eligible LRS-2 Volume**

###### **4.3.1 Officer's Certificate**

LRS-2 Customer shall provide Company with a valid officer's certificate setting out the Eligible LRS-2 Volume for each day in a Billing Month, in such form as Company may prescribe from time to time (the "Officer's Certificate") on or before the last day of the month following the Billing Month, for purposes of determining the Eligible LRS-2

Volume.

#### **4.3.2 Eligible LRS-2 Volume**

The volume of gas eligible for Service under this Rate Schedule LRS-2 (the "Eligible LRS-2 Volume") for each day, as set forth in the Officer's Certificate, shall be equal to the lesser of:

- (i) the actual volume of gas received by Company from LRS-2 Customer at the Coleman Receipt Point on each day in a Billing Month up to the Service Entitlement; and
- (ii) the actual volumetric equivalent of LRS-2 Customer's allocation of gas to be delivered to the A/BC Export Delivery Point for Service under Rate Schedule LRS-2 on such day up to the Service Entitlement.

In the event that LRS-2 Customer fails to provide Company with an Officer's Certificate as provided herein, the Eligible LRS-2 Volume shall be deemed to be zero.

#### **4.4 Allocation of Gas**

##### **4.4.1 Allocation of Gas Received**

Notwithstanding any other provision of Rate Schedule LRS-2, any Service Agreement or the General Terms and Conditions of the Tariff, and without regard to how gas may have been nominated, the aggregate daily volume of gas received from LRS-2 Customer at the Coleman Receipt Point shall be allocated for billing purposes as follows:

- (i) first to Service to LRS-2 Customer under Rate Schedule LRS-2, to a maximum of Eligible LRS-2 Volumes for the Coleman Receipt Point under Rate Schedule LRS-2;

- (ii) secondly to service to LRS-2 Customer under Rate Schedule FT-R to a maximum of such Customer's Receipt Contract Demand for such Coleman Receipt Point under such Rate Schedule FT-R;
- (iii) thirdly to service to LRS-2 Customer under Rate Schedule FT-RN to a maximum of such Customer's Receipt Contract Demand for such Coleman Receipt Point under Rate Schedule FT-RN; and
- (iv) fourthly to service to LRS-2 Customer under Rate Schedule IT-R for such Coleman Receipt Point. If LRS-2 Customer is not entitled to service under Rate Schedule IT-R at such Coleman Receipt Point, LRS-2 Customer shall be deemed to have been entitled to such service for the purposes of this subparagraph 4.4.1 (iii) and shall pay to Company an amount determined under article 4.0 of Rate Schedule IT-R for the volumes allocated under this subparagraph 4.4.1 (iii).

#### **4.4.2 Allocation of Gas Delivered**

Notwithstanding any other provision of Rate Schedule LRS-2, any Service Agreement or the General Terms and Conditions of the Tariff, and without regard to how gas may have been nominated, the aggregate daily quantity of gas delivered to LRS-2 Customer at the A/BC Export Delivery Point shall be allocated for billing purposes as follows:

- (i) first to Service to LRS-2 Customer under Rate Schedule LRS-2 to a maximum of Eligible LRS-2 Volumes for the A/BC Export Delivery Point under such Rate Schedule LRS-2;
- (ii) secondly to service to LRS-2 Customer under Rate Schedule FT-DW and Rate Schedule STFT to a maximum of such Customer's allocated FT-DW

Capacity and STFT Capacity for such A/BC Export Delivery Point under each such Rate Schedule FT-DW and Rate Schedule STFT;

- (iii) thirdly to service to LRS-2 Customer under Rate Schedule FT-D to a maximum of such Customer's Export Delivery Contract demand for such A/BC Export Delivery Point under such Rate Schedule FT-D; and
- (iv) fourthly to service to LRS-2 Customer under Rate Schedule IT-D for such A/BC Export Delivery Point. If LRS-2 Customer is not entitled to service under Rate Schedule IT-D at such A/BC Export Delivery Point, LRS-2 Customer shall be deemed to have been entitled to such service for the purposes of this subparagraph 4.4.2 (iv) and shall pay to Company an amount determined under article 4.0 of Rate Schedule IT-D for the quantities allocated under this subparagraph 4.4.2 (iv).

## **5.0 TERM OF SERVICE AGREEMENT**

- 5.1** The term of the Service Agreement under Rate Schedule LRS-2 shall commence on the effective date of the Board's Order approving Service under Rate Schedule LRS-2 and shall expire on October 31, 2013, provided however nothing herein shall relieve LRS-2 Customer or Company from any obligation which arose or accrued on or prior to October 31, 2013; and further provided that the LRS-2 Adjustments for the last two Billing Months of the Service Agreement under Rate Schedule LRS-2 shall be paid by the Company to LRS-2 Customer on or before December 31, 2013.

**6.0 TRANSFER OF LRS-2 SERVICE**

**6.1** LRS-2 Customer shall not be entitled to transfer all or any portion of Service under Rate Schedule LRS-2 to any other Receipt Point or Delivery Point. LRS-2 Customer shall not be entitled to convert Service under Rate Schedule LRS-2 to any other service under any other Rate Schedule.

**7.0 TERM SWAP OF LRS-2 SERVICE**

**7.1** LRS-2 Customer entitled to receive Service under Rate Schedule LRS-2 shall not be entitled to swap the Service Termination Date of any Schedules of Service under Rate Schedule LRS-2 with the Service Termination Date under any Schedule of Service.

**8.0 TITLE TRANSFERS**

**8.1** LRS-2 Customer shall not be entitled to transfer or accept a transfer of Customer's Inventory to or from any other Customer.

**9.0 ASSIGNMENTS**

**9.1** LRS-2 Customer shall only be permitted to assign Service under Rate Schedule LRS-2 under the following conditions:

- (i) such assignment is to an affiliate as defined by the *Business Corporations Act*, (Alberta) S.A. 1981, c.B-15 as amended from time to time; or
- (ii) in the event that LRS-2 Customer divests all or a portion of its interest in the Coleman gas plant or the reserves which supply such plant, then LRS-2 Customer shall be entitled to assign all or any portion of its Service under Rate Schedule LRS-2 to the party acquiring such interest provided however;

- (a) such assignment does not increase Company's administrative costs related to the provision of Service under Rate Schedule LRS-2 as determined by Company acting reasonably; and
- (b) Company shall only be required to deal with one (1) party with respect to any matter regarding the Service under Rate Schedule LRS-2.

## **10.0 RENEWAL OF SERVICE**

**10.1** LRS-2 Customer shall not be entitled to renew Service under Rate Schedule LRS-2.

## **11.0 GAS USED**

**11.1** In respect of quantities that are transported utilizing Service under Rate Schedule LRS-2, LRS-2 Customer shall not be charged for nor shall any deduction be made for that portion of Gas Used which is attributable to gas used for compression. In respect of quantities that are transported utilizing Service under Rate Schedule LRS-2, Company shall also not charge LRS-2 Customer nor shall it make any deduction for that portion of Gas Used which is attributable to gas used for heating and pipeline losses until Company's systems are capable of separating Gas Used into the following components:

- (i) gas used for compression;
- (ii) gas used for heating; and
- (iii) pipeline losses.

## **12.0 AUDIT RIGHTS**

**12.1** Company shall be entitled to audit, at its sole discretion and expense, at any time it determines necessary, any and all documents related to any Officer's Certificate and the contents thereof, in order to verify the accuracy of such Officer's Certificate, provided that any such audit shall be carried out within 24 months of the month to which such

Officer's Certificate relates.

**13.0 PRIORITY DURING INTERRUPTIONS**

**13.1** For the purposes of paragraph 11.4 of the General Terms and Conditions of the Tariff, Service under Rate Schedule LRS-2 shall have equal priority to service under Rate Schedule FT-R, FT-RN, FT-P, FT-A, FT-X, STFT, LRS, LRS-3, FT-D, and FT-DW as the case may be.

**14.0 GENERAL TERMS AND CONDITIONS**

**14.1** The General Terms and Conditions of the Tariff and the provisions of any Service Agreement for Service under Rate Schedule LRS-2 are applicable to Rate Schedule LRS-2 to the extent that such terms and conditions and provisions are not inconsistent with Rate Schedule LRS-2.

**SERVICE AGREEMENT  
RATE SCHEDULE LRS-2**

BETWEEN:

NOVA Gas Transmission Ltd., a body corporate having an office in Calgary,  
Alberta (“Company”)

- and -

•, a body corporate having an office in •, • (“Customer”)

IN CONSIDERATION of the premises and the covenants and agreements herein contained, the parties covenant and agree as follows:

1. Customer acknowledges receipt of a current copy of the Tariff.
2. The capitalized terms used in this Service Agreement have the meanings attributed to them in the General Terms and Conditions of the Tariff, unless otherwise defined in this Service Agreement.
3. Customer requests and Company agrees to provide Service pursuant to Rate Schedule LRS-2 in accordance with the attached Schedules of Service. The Service will commence on the effective date of the Board's Order approving Service under Rate Schedule LRS-2 and will terminate, subject to the provisions of this Service Agreement,

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Effective Date: April 29, 2009

on the Service Termination Date.

4. Customer agrees to pay to Company each Billing Month, for all Service rendered under this Service Agreement, an amount equal to the aggregate charges for Service described in Rate Schedule LRS-2.
  
5. Customer shall:
  - (a) provide such assurances and information as Company may reasonably require respecting any Service to be provided pursuant to Rate Schedule LRS-2 including, without limiting the generality of the foregoing, an assurance that necessary arrangements have been made among Customer, producers of gas for Customer, purchasers of gas from Customer and any other Person relating to such Service, including all gas purchase, gas sale, operating, processing and common stream arrangements; and
  
  - (b) at Company's request provide Company with an assurance that Customer has provided the Person operating facilities upstream of any Receipt Point or downstream of any Delivery Point in respect of which Customer has the right to receive service with all authorizations necessary to enable such Person to provide Company with all data and information reasonably requested by Company for the purpose of allocating quantities of gas received or delivered by Company among Company's Customers and to bind Customer in respect of all such data and information provided; and
  
  - (c) provide the Officer's Certificate as defined in 4.3.1 of Rate Schedule LRS-2.  
If Customer fails to provide such assurances and information forthwith following request by Company, from time to time, Company may at its option, to be exercised by notice to Customer, suspend the Service to which such assurances and information relate until such time as Customer provides the assurances and information requested, provided however that any such suspension of Service

shall not relieve Customer from any obligation to pay any rate, toll, charge or other amount payable to Company.

6. Customer acknowledges that the Facilities have been designed based on certain assumptions and forecasts described each year in Company's Annual Plan, and that interruption and curtailment of Service may occur if the aggregate gas quantity actually received or the aggregate gas quantity actually delivered at the Facilities is different than forecast..
  
7. Every notice, request, demand, statement, bid or bill (for the purpose of this paragraph, collectively referred to as "Notice") provided for in Rate Schedule LRS-2, this Service Agreement and the General Terms and Conditions, or any other Notice which either Company or Customer may desire to give to the other, shall be in writing and each of them and every payment provided for shall be directed to the Person to whom given, made or delivered at such Person's address as follows:

Customer:

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Attention: •

Fax: •

Company:

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- 
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Attention: Customer Account Representative

Fax: •

Notice may be given by fax or other telecommunication and any such Notice shall be deemed to be given four (4) hours after transmission. Notice may also be given by personal delivery or by courier and any such Notice shall be deemed to be given at the time of delivery. Any Notice may also be given by prepaid mail and any such Notice shall be deemed to be given four (4) business days after mailing, Saturdays, Sundays and statutory holidays excepted. In the event of disruption of regular mail, every payment not made electronically shall be personally delivered, and any other Notice shall be given by one of the other stated means.

Any Notice for the matters listed in the Notice Schedule for Electronic Commerce in Appendix "F" of the Tariff shall be given via EBB. Company shall not accept or provide any such Notice for those matters listed in Appendix "F" via any other alternative means, unless the EBB is inoperative or Customer is unable to establish connection with the EBB, in which case Notice shall be given by any other alternative means set out herein. Any Notice given by the EBB shall be deemed to be given one (1) hour after transmission.

Any Notice may also be given by telephone followed immediately by EBB, fax, personal delivery, courier or prepaid mail, and any Notice so given shall be deemed to have been given as of the date and time of the telephone notice.

8. The terms and conditions of Rate Schedule LRS-2, the General Terms and Conditions and Schedule of Service under Rate Schedule LRS-2 are by this reference incorporated into and made a part of this Service Agreement.

IN WITNESS WHEREOF the parties have executed this Service Agreement by their proper signing officers duly authorized in that behalf all as of the • day of •, •.

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NOVA Gas Transmission Ltd.

Per: \_\_\_\_\_

Per : \_\_\_\_\_

Per: \_\_\_\_\_

Per : \_\_\_\_\_

**SCHEDULE OF SERVICE  
RATE SCHEDULE LRS-2**

CUSTOMER: •

Schedule of Service Number	Receipt Point Number and Name Export Delivery Point Number and Name	Legal Descriptions	Maximum Receipt / Export Delivery Pressures kPa	Service Termination Date	LRS-2 Contract Demand 10 <sup>3</sup> m <sup>3</sup> /d	Additional Conditions
•	2003 Coleman	SW-12-008-05-W5	6205	October 31, 2013	•	•
	2001 Alberta - BC Border	09-11-008-05-W5	6205			

THIS SCHEDULE FORMS PART OF THE SERVICE AGREEMENT DATED • AND SHALL BE DEEMED TO BE ATTACHED THERETO.

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Per: \_\_\_\_\_

NOVA Gas Transmission Ltd.  
Per : \_\_\_\_\_

Per: \_\_\_\_\_

Per : \_\_\_\_\_