

**RATE SCHEDULE FCS  
FACILITIES CONNECTION SERVICE**

**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 FCS shall mean the measurement of gas delivered by Company to Customer's facilities at an Alberta Delivery Point, Extraction Delivery Point, or Storage Delivery Point and the provision of any other Facilities that Company determines necessary (the "Service").

**2.2** The Service is available to any Customer that has executed a Service Agreement and Schedule of Service under this Rate Schedule FCS. A standard form Service Agreement for Service under this Rate Schedule FCS is attached.

**3.0 CHARGE FOR SERVICE**

**3.1 Aggregate of Customer's FCS Charges**

The aggregate of Customer's charges, if any, for Service under Rate Schedule FCS shall be equal to the sum of the charges for each of Customer's Schedules of Service under Rate Schedule FCS determined in accordance with Attachment 1 (the "FCS Charge").

### **3.2 Aggregate of Customer's Surcharges**

The aggregate of Customer's Surcharges shall be equal to the sum of all Surcharges set forth in the Table of Rates, Tolls and Charges applicable to each of Customer's Schedules of Service under Rate Schedule FCS.

### **3.3 Aggregate Charge for Service**

Customer shall pay the sum of the amounts calculated in accordance with paragraphs 3.1 and 3.2 for Service under all Schedules of Service under Rate Schedule FCS.

## **4.0 TERM OF SERVICE**

### **4.1 Term of a Schedule of Service**

If in the provision of Service, Company determines that:

- (i) no Extension Facilities (as defined in Attachment 1) are required to provide the Service requested, the term of the Schedule of Service for Service under Rate Schedule FCS shall be the term requested by Customer provided that the term is a minimum of one (1) year; or
- (ii) Extension Facilities are required to provide the Service requested, the term of the Schedule of Service for Service under Rate Schedule FCS shall be the term requested by Customer provided that the term is a minimum of three (3) years.

**4.2 Term of Service Agreement**

Customer's Service Agreement shall terminate on the latest Service Termination Date of Customer's Schedules of Service for Service under Rate Schedule FCS.

**5.0 SERVICE RELEASE**

**5.1** If Customer desires to release all of its Service under any Schedule of Service under Rate Schedule FCS, Customer shall notify Company of its request to release such Service describing the location and nature of the reduction in Service requested. Company shall not have any obligation to find any Person to assume such Service. If after notice is given to Company a Person is found who agrees to assume such Service, Company may allow Customer to release such Service to the extent that such Service is provided for in a Service Agreement and Schedule of Service under Rate Schedule FCS executed by Company and such Person.

**6.0 PAYMENT ON RETIREMENT OF FACILITIES**

**6.1** In the event that there remains on Company's books of account any net book value in respect of Facilities, other than Extension Facilities (as defined in Attachment 1), used in providing Service under any Schedule of Service under this Rate Schedule FCS either:

- (i) at the Service Termination Date described in the Schedule of Service in respect of a particular Service; or
- (ii) at the expiry of a period of six (6) months where the Facilities which would be used to provide such Service have not been used; and

Company determines in its sole discretion to retire such Facilities, Customer shall pay to Company within a time determined by Company, an amount equal to the net book value of such Facilities adjusted for all costs and expenses associated with such retirement.

**7.0 RENEWAL OF SERVICE**

**7.1** Company may in its sole discretion allow Customer to renew Service under Rate Schedule FCS on terms and conditions mutually satisfactory to Company and Customer.

**8.0 GENERAL TERMS AND CONDITIONS**

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

**SERVICE AGREEMENT**  
**RATE SCHEDULE FCS**

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 same 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 FCS in accordance with the attached Schedules of Service. The Service will commence on the Billing Commencement Date and will terminate, subject to the provisions of this Service Agreement, on the Service Termination Date.
4. Customer agrees to pay to Company for all Service rendered under this Service Agreement, an amount equal to the aggregate charges for Service described in Rate Schedule FCS.

5. Customer shall:
- (a) provide such assurances and information as Company may reasonably require respecting any Service to be provided pursuant to this Rate Schedule FCS including, without limiting the generality of the foregoing, an assurance that all 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 volumes of gas received or delivered by Company among Company's Customers and to bind Customer in respect of all such data and information provided.

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. Every notice, request, demand, statement, bid or bill (for the purposes of this paragraph, collectively referred to as "Notice") provided for in Rate Schedule FCS, 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:

- 
- 
- 

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.

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

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

•

NOVA Gas Transmission Ltd.

Per:

\_\_\_\_\_

Per :

\_\_\_\_\_

Per:

\_\_\_\_\_

Per :

\_\_\_\_\_

**SCHEDULE OF SERVICE**  
**RATE SCHEDULE FCS**

**CUSTOMER:** •

**FCS CHARGE:** See Attachment 1 hereto

Schedule of Service Number	Delivery Point Number and Name	Legal Description	Maximum Delivery Pressure kPa	Maximum Daily Delivery Volume 10 <sup>3</sup> m <sup>3</sup> /d	Service Termination Date	Additional Conditions
•	• •	•	•	•	•	•

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

• Per: _____  Per: _____	NOVA Gas Transmission Ltd. Per : _____  Per : _____
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**ATTACHMENT 1**

**Attached to and Forming Part of Schedule of Service No. •**

**1.0 DEFINITIONS**

**1.1** The capitalized terms used in this Attachment 1 have the meanings attributed to them in the General Terms and Conditions of the Tariff unless otherwise defined in this Attachment 1.

**2.0 INTRODUCTION**

**2.1** For Service provided annually during the period commencing January 1 and ending December 31 (the “Year”), Company will determine the FCS Charge, if any, payable by Customer to Company for Service under Rate Schedule FCS.

**3.0 Calculation of FCS Charge**

- 3.1** Following the completion of each Year, Company will calculate the FCS Charge using the following six steps:
- (i) determine the annual cost of service of the Facilities required to provide Service under the Schedule of Service (“ACS”) as described in paragraph 3.2;
  - (ii) determine the minimum annual volume of gas Company is to measure (“MAV”) at the Delivery Point set out in the Schedule of Service as described in paragraph 3.3;

- (iii) determine the MAV component of the FCS Charge as described in paragraph 3.4;
- (iv) if such Delivery Point, other than a Storage Delivery Point, is associated with a Facility which extends Company's Facilities ("Extension Facility"), determine in accordance with paragraph 3.5 a minimum annual volume of gas Company is to measure ("EAV") at such Delivery Point and as set out in the Schedule of Service under Additional Conditions;
- (v) determine the EAV component of the FCS Charge as described in paragraph 3.6;  
and
- (vi) calculate the FCS Charge as described in paragraph 3.7.

### **3.2 Determination of ACS**

The ACS is equal to the sum of the components in paragraphs (i) through (v):

#### **(i) Operating and Maintenance ("O&M")**

O&M expense is an estimate of O&M costs of the Facilities used to provide Service under the Schedule of Service under Rate Schedule FCS for the Year, and may vary from Year to Year.

#### **(ii) Municipal Taxes**

Municipal tax expense is the actual municipal taxes paid for the Facilities used to provide Service under the Schedule of Service under Rate Schedule FCS for the Year, and may vary from Year to Year.

**(iii) Depreciation**

Depreciation expense is calculated on a straight-line basis using Company's system average depreciation rates, which may vary from time to time.

**(iv) Income Taxes**

Income tax expense is calculated on a flow-through basis. The income tax rate used is computed by applying the current combined federal and provincial income tax rates.

**(v) Return on Rate Base**

Return on rate base is calculated by applying Company's current rate of return to the average of the opening and closing balances in the rate base account related to the Facilities used to provide Service under the Schedule of Service under Rate Schedule FCS for the Year. The rate of return may vary from time to time as determined by Company.

The opening balance in the rate base is equal to the capital cost of the Facilities used to provide Service under the Schedule of Service under Rate Schedule FCS for the Year, less accumulated depreciation, as reflected in the rate base account on the last day of the preceding Year, plus a working capital adjustment.

### 3.3 Determination of MAV

The MAV will be calculated each Year for each type of Delivery Point as follows:

**(i) Delivery Points other than Storage Delivery Points:**

If Service under Rate Schedule FCS is at a Delivery Point other than a Storage Delivery Point, the MAV will be calculated as follows:

$$\text{MAV} = \frac{\text{ACS}}{2 \times \text{B}}$$

Where:

“B” = the FT-A Rate.

**(ii) Storage Delivery Points:**

If Service under Rate Schedule FCS is at a Storage Delivery Point, the MAV will be calculated as follows:

$$\text{MAV} = \frac{\text{ACS}}{\text{UC}}$$

Where:

“UC” = the firm service unit cost, as determined by Company as the sum of the firm transportation receipt revenue requirement and firm transportation delivery revenue requirement divided by the sum of the FT-R and FT-D billing determinants.

### 3.4 Determination of the MAV Component of the FCS Charge

The MAV component of the FCS Charge will be calculated each Year for each Schedule of Service as follows:

$$\text{MAV Charge} = \left( \frac{\text{MAV} - \text{C}}{\text{MAV}} \right) \times \text{ACS}$$

Where:

“MAV Charge” = the MAV component of the FCS Charge; and

“C” = the actual volume of gas delivered by Company for Customer, as determined by Company, at the Delivery Point as set out in the Schedule of Service for the Year.

If C is greater than or equal to MAV, the MAV component of the FCS Charge is zero.

### 3.5 Determination of EAV

If the Delivery Point as set out in the Schedule of Service, other than a Storage Delivery Point, is associated with an Extension Facility, Company and Customer shall determine Customer’s portion of the EAV for such Extension Facility, provided that the aggregate of EAV for all Delivery Points associated with such Extension Facility (“Associated Delivery Points”) is no less than:

- (a) 1,028,350.0  $10^3 \text{m}^3$  (36.5 Bcf) per year for a minimum term of three (3) years; or

- (b) 3,085,050.0  $10^3\text{m}^3$  (109.5 Bcf) over a maximum term of five (5) years, provided that at least one of the year's EAV is no less than 1,028,350.0  $10^3\text{m}^3$  (36.5 Bcf).

### 3.6 Determination of the EAV Component of the FCS Charge

The EAV component of the FCS Charge for a Delivery Point, other than a Storage Delivery Point, will be calculated each Year for each Schedule of Service as follows:

$$\text{EAV Charge} = (D - E) \times S \times R$$

Where:

- “EAV Charge” = the EAV component of the FCS Charge;
- “D” = the aggregate EAV for the Delivery Point and all the Associated Delivery Points as set out in the Schedule of Service for the Year;
- “E” = the aggregate of the actual volume of gas delivered by Company, as measured by Company, at such Delivery Point and Associated Delivery Points for the Year;
- “S” = the Customer's share of the EAV Charge, determined as follows:

$$\left( \frac{\text{EAV} - V}{F} \right)$$

Where:

“V” = the actual volume of gas delivered by Company, as measured by Company, at the Delivery Point and each of the Associated Delivery Points for the Year;

“F” = the aggregate shortfall of such Delivery Point and the Associated Delivery Points, determined by Company as the aggregate of EAV minus V at each Associated Delivery Point for the Year.

If V is greater than or equal to EAV for an Associated Delivery Point, EAV minus V at such Delivery Point or Associated Delivery Point is set to zero; and

“R” = the Average Firm Service Receipt Price as set out in the Table of Rates, Tolls and Charges converted to a daily rate.

If E is greater than or equal to D or if V is greater than EAV for the Delivery Point for such Year, the EAV component of the FCS Charge is zero.

### 3.7 Calculation of the FCS Charge

The FCS Charge will be calculated each Year for each Schedule of Service as:

- i) the sum of the amounts calculated in accordance with paragraphs 3.4 and 3.6 , for Service under Rate Schedule FCS at a Delivery Point other than a Storage Delivery Point; or
- ii) the amount calculated in accordance with paragraphs 3.4, for Service under Rate Schedule FCS at a Storage Delivery Point.