

**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 8 or 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, and executed an Appendix A to such Service Agreement 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 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 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

Pipeline Act and described in subsection 6.2 hereof. Shipper, through its Service Agreement, Short Term Firm Transportation Service with Company, shall contract to have its gas transported through Zone 8 or Zone 9.

6.2 Description

The Subsidiary Companies listed below own and operate the portions of the Phase I gas transportation system set opposite the name of each such Subsidiary Company.

| <u>Subsidiary Company</u> | <u>Zone No.</u> | <u>Description</u> | <u>Length (km)</u> |
|---|-----------------|---|------------------------|
| Foothills Pipe Lines (Alta.) Ltd. | 6 | From Caroline, Alberta to the Alberta/ Saskatchewan border near Empress, Alberta. | 378.49 |
| | 7 | From Caroline, Alberta to the Alberta/B.C. border near Coleman, Alberta. | 124.03 |
| Foothills Pipe Lines (South B.C.) Ltd. | 8 | From the Alberta/B.C. border near Coleman, Alberta to the B.C./U.S. border near Kingsgate, B.C. | 170.7 |
| 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 |

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 8 or Zone 9 as applicable 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 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 Delivery Quantity ("MDDQ") for each such 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 Delivery Points. For certainty, this would include Shipper's written confirmation received by Company from Northern Border or Gas Transmission Northwest.

7.4 Backhauls

Service under Service Agreement, Short Term Firm Transportation Service is not eligible for backhaul service.

7.5 Renewals

Service under Service Agreement, Short Term Firm Transportation Service is not eligible for renewal.

7.6 Make-Up Provision

Shipper is not eligible for make-up provisions under this Rate Schedule, Short Term Firm Transportation Service.

7.7 Assignment

Shipper shall not be eligible to assign any service under the Service Agreement, Short Term Firm Transportation Service.

8. CHARGE FOR SERVICE

The rate used in calculating Shipper's monthly bill for Service under Rate Schedule STFT, Short Term Firm Transportation Service is the FT Rate in Zone 8 or Zone 9 as applicable.

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 Delivery Quantity as indicated on Appendix A to Shipper's Service Agreement, Short Term Firm Transportation Service for such Billing Month;
- (b) Shipper's Haul Distance for Zone 8 or Zone 9 as applicable;
- (c) the FT Rate for Zone 8 or Zone 9 as applicable; 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 Delivered

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 delivered to a Shipper at the 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 Delivery Quantity for such Delivery Point under such Rate Schedule STFT, Short Term Firm Transportation Service;
- (b) second to service to Shipper under Rate Schedule FT, Firm Transportation Service to a maximum of the aggregate Maximum Daily Delivery Quantity for such Delivery Point under Rate Schedule FT, Firm Transportation Service; and

- (c) third to service to Shipper under Rate Schedule IT, Interruptible Transportation 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 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 Transportation Service.

9 FAILURE TO DELIVER GAS

9.1 General

If Company shall, in any billing month, fail for any reason to make delivery to any Shipper of the whole or any portion of the quantity of gas nominated by such Shipper from Company in accordance with Shipper's Service Agreement, Short Term Firm Transportation Service, such Shipper's obligation to pay Company pursuant to section 8 of Rate Schedule STFT, Short Term Firm Transportation Service shall be subject only to the adjustments expressly provided for in this section 9.

9.2 Billing Adjustment

9.2.1 Demand Charge Credit

- (a) Subject to subsection 9.2.1(b), if in any month Company is unable to deliver up to 98 percent of the quantity of gas that Shipper has in good faith nominated up to the MDDQ times the number of days in such month, then in respect of such month, a credit shall be applied to the monthly bill rendered by Company determined according to the following formula:

$$\text{Credit} = \text{FT Rate} \times \text{STFT Bid Price} \times \text{Shipper's Haul Distance} \times \left[\text{Shipper's MDDQ} - \text{Average Day Delivery Quantity*} \right]$$

*Average Day Delivery Quantity = Deliveries to Shipper in any Month in which a Demand Charge Credit is applicable, divided by the number of days in that particular Month.

- (b) No credit to the Monthly bill shall be made if Company delivers less than 98 percent of the quantity of gas nominated as a result of planned repairs, maintenance, replacement or other upgrading, or other work related to Company's Facilities for which Company gave firm shippers notice under subsection 8.8 of the General Terms and Conditions on Company's Facilities or as a result of Shipper being unable to deliver gas at the Receipt Point or accept gas at the Delivery Point.

9.3 Exception

Subsection 9.2 hereof shall not apply to any failure of Company to make delivery to Shipper of any gas nominated by Shipper pursuant to Shipper's Service Agreement, Short Term Firm Transportation 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.