

INTERRUPTIBLE TRANSPORTATION SERVICE

IT TOLL SCHEDULE

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1. AVAILABILITY

1.1 Any Shipper shall be eligible to receive service pursuant to this Toll Schedule provided such Shipper:

- (a) has entered into an interruptible service contract (the "Contract") with TransCanada or, has obtained an order of the NEB, pursuant to subsection 71(2) of the National Energy Board Act as amended from time to time ("71(2) Order"), requiring TransCanada to transport gas for Shipper subject to the provisions of this Toll Schedule and to the terms and conditions contained in the 71(2) Order; and
- (b) has pipeline facilities interconnecting with TransCanada's facilities at the delivery point(s) specified in the Contract or, has provided TransCanada with adequate assurances that arrangements have been made to have an authorized gas distribution or transmission company act as Shipper's agent in receiving from TransCanada the gas to be delivered pursuant to this Toll Schedule; and
- (c) has provided TransCanada with financial assurances as required by TransCanada pursuant to Section XXIII of the General Terms and Conditions referred to in Section 5 hereof.

2. APPLICABILITY AND CHARACTER OF SERVICE**2.1 Definition of Interruptible Transportation Service**

Service hereunder shall be subject to curtailment or interruption at any time that TransCanada determines in its sole discretion that deliveries hereunder would in any way interfere with or restrict TransCanada's ability to make deliveries of gas under any and all transportation services having a higher priority on TransCanada's system pursuant to Section XV of the General Terms and Conditions than service requested hereunder or, any time that Shipper fails to provide on an ongoing and timely basis evidence satisfactory to TransCanada of its right to remove from the province of production all or any part of the quantities of gas to be transported by TransCanada under the Contract. It is understood that TransCanada shall not construct additional facilities for the purpose of providing service hereunder.

The "Floor Price" for Interruptible Transportation service under this IT Toll Schedule shall equal 1.10 times the 100% load factor daily equivalent of the FT Toll for service over the applicable path.

Nominations for Interruptible Transportation service will be expressed in dollars per gigajoule (\$/GJ) and be subject to minimum increments of \$0.0001/GJ per bid. Each bid increment shall hereafter be referred to as a "nominated toll level".

Nominations for Interruptible Transportation Service will be no less than the Floor Price over the applicable path.

Nominations for available IT Service from receipt points in Alberta and Saskatchewan to and including all points in the Saskatchewan Zone, the Manitoba Zone, the Western Zone, and to all export points at Emerson and Spruce, Manitoba (collectively, "Western Service") for purposes of evaluation, shall have added to their IT Nomination Price, the "East/West Differential", which is defined as the sum of the difference between Eastern Zone and Manitoba Zone costs for the following items:

- (a) the increment of the percentage of marginal fuel costs in excess of the percentage of average fuel costs over the twelve (12) month period immediately preceding the date that tolls become effective, priced at the average Empress border spot price for the preceding twelve (12) month period, as published in *Canadian Gas Price Reporter* or, if such publication ceases to exist, such other reporting service as TransCanada may deem appropriate, where the incremental marginal fuel cost in the Eastern Zone is for the Great Lakes Gas Transmission Company/Union Gas Limited route only ; and
- (b) the net of applicable Great Lakes Gas Transmission Company system overrun costs, based on the approved rates and estimated refund;
- (c) the applicable overrun costs on the Union Gas Limited system, based on approved rates; and
- (d) the applicable commodity toll then in effect from Empress, Alberta.
- (e) All nominated toll levels are based on the load factors discussed above, however, the nominations are evaluated on a maximum net revenue per unit basis.

2.2 Request for Available Interruptible Transportation Service

During the term of the Contract, Shipper shall be entitled to request Interruptible Transportation service in the manner hereafter set forth.

2.3 Forecasting of Available Interruptible Service

TransCanada shall notify the Shipper, in the manner set forth in the Contract or by inclusion in TransCanada's ShipperNews monthly newsletter and/or electronic bulletin board, of TransCanada's estimate of the quantity of available Interruptible Transportation Service which TransCanada expects to be able to render to Shippers during the succeeding month.

2.4 Allocation of Available Interruptible Transportation Service**(a) Nominations**

Capacity available for Interruptible Transportation service will be allocated in accordance with the provisions of this sub-sections 2.4, 2.6 and 2.7 hereof. In addition to the information required from Shippers for nominations for other services, all nominations for Interruptible Transportation service shall contain the following information:

- (i) the nominated toll level
- (ii) the nominated quantity; and
- (iii) if applicable, a minimum quantity acceptable to the Shipper.

A Shipper may not submit more than one nomination per unique combination of effective period, receipt point, delivery point or area, and nominated toll level.

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

(b) Allocation of Interruptible Service

Subject to the provisions set out in this IT Toll Schedule, TransCanada shall authorize available Interruptible Transportation service as part of its regular authorization process (see Section XXII of the General Terms and Conditions) in the following manner. Nominations will be authorized in descending order from

highest to lowest nominated toll level. The total nominated quantity at each nominated toll level will be authorized before any nominations are authorized in the next lowest nominated toll level. If the remaining available Interruptible Transportation service is insufficient to provide service for all nominated quantities at a nominated toll level, the remaining available Interruptible Transportation service will be authorized on a pro rata basis amongst all IT Nominations, at such nominated toll level. For the purpose of evaluating nominations and authorizing available Interruptible Transportation service, the East/West Differential will be added to each nomination for Western Service to determine the applicable nominated toll level.

2.5 Notification to Shippers of Allocated Available Interruptible Transportation Service

TransCanada shall post, via TransCanada's electronic bulletin board on a weekly basis, a summary of IT nominations authorized by Toll Level.

2.6 Nominations of Allocated Available Interruptible Transportation Service

Nominations and Renominations

A Shipper shall confirm its intention to use the transportation service authorized by TransCanada either by allowing its original nomination to stand, if the full nominated quantity has been authorized by TransCanada, or by renomination, if only a portion of the nominated transportation service is authorized by TransCanada. If Shipper fails to renominate the available quantity within one hour after Shipper has been notified of the authorized quantity, Shipper shall be deemed to have renominated the available quantity.

A Shipper may include as part of its nomination, a minimum quantity that will be acceptable to the Shipper. In the event that TransCanada cannot authorize at least the minimum quantity specified by the Shipper in its nomination, no service will be authorized to that Shipper under that nomination.

2.7 Priority of Curtailment of Interruptible Transportation Service

Curtailments will be based upon the quantity nominated by the Shippers. Priority of curtailment will start at the lowest nominated toll level up to the highest nominated toll level. If the total nominated quantity at a nominated toll level is not entirely curtailed, curtailment at such nominated toll level shall be allocated on a prorata basis among all nominations at such nominated toll level.

3. PENALTY PROVISIONS**3.1 Penalty if Utilization is Less Than Authorized**

If a Shipper nominates or renominates for transportation service hereunder pursuant to sub-sections 2.6 hereof but subsequently does not utilize all of the transportation authorized by TransCanada for that nomination or renomination, as the case may be, the Shipper will be subject to a penalty as set forth below. The penalty shall be equal to 25% of the difference between the value of the transportation service authorized by TransCanada for that gas day and the value of the transportation service that the Shipper renominated that gas day. Such values shall be determined by multiplying the applicable nominated toll level price by the quantities authorized by TransCanada and renominated by the Shipper; provided however, if

- a) the transportation service authorized by TransCanada and not utilized by Shipper would not have been used by another Shipper with a nomination for service hereunder; or
- b) the Shipper can demonstrate to the satisfaction of TransCanada that its inability to use the authorized quantity was due to the refusal of a duly tendered nomination on an interconnecting pipeline,

the foregoing penalty will not be applied.

4. MONTHLY BILL

- 4.1 The monthly bill payable by Shipper to TransCanada for transportation service hereunder at each nominated toll level in which Shipper has been allocated Interruptible Transportation service shall be equal to the nominated toll level multiplied by Shipper's total Delivery Gas at such nominated toll level for the month to which this bill relates. Shippers which have been allocated service in more than one nominated toll level shall be deemed to have been provided service in the highest nominated toll level first.

For the period commencing November 1, 2007 and ending October 31, 2009, the bill payable each month under this sub-section 4.1 by Shipper to TransCanada for Interruptible Transportation service will be reduced by the sum of the following amounts calculated, for each of Shipper's FT, STS and STS-L contracts in such month:

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- a) for each FT Contract with a receipt point in Alberta or Saskatchewan, an amount calculated as follows:

A x B

where: "A" = the quantity of unutilized FT capacity for such FT Contract for such month, less any quantity for such month for which a demand charge adjustment was made pursuant to sub-section 5.1 of the FT Toll Schedule

"B" = the IT Floor Price for such FT Contract path, less the FT Commodity Toll for such path.

- b) for each FT Contract that is not a FT Contract referred to in sub-section 4.1(a) with a receipt point at a Common Location, an amount calculated as follows:

C x D x E

where:

"C" = the quantity of unutilized FT capacity for such FT Contract for such month, less any quantity for such month for which a demand charge adjustment was made pursuant to sub-section 5.1 of the FT Toll Schedule;

"D" = for such Common Location the lessor of:

(i) 1; or

(ii) **F/G**;

Where:

"F" = the aggregate Contract Demand of all of Shipper's FT Contracts referred to in sub-section 4.1(a) that have a delivery point or area, at such Common Location, provided such FT Contracts have not been suspended, terminated, or have had a delivery point shift;

"G" = the aggregate Contract Demand of all of such Shipper's FT Contract(s) that is(are) not a FT Contract(s) referred to in sub-

section 4.1(a) and with a receipt point at such Common Location;
and

“Common Location” shall mean:

1. an export point where gas can both be delivered and received;
2. a domestic point where gas can both be delivered and received; or
3. the delivery area to which gas is delivered to and a point where such gas can be received within such delivery area.

“E” = the IT Floor Price for such FT Contract path, less the FT Commodity Toll for such path.

- c) for each of Shipper’s STS and STS-L Contract an amount for such month equal to the sum of the daily amounts for such month calculated as follows:

H x I

Where:

“H” = the quantity of unutilized STS or STS-L capacity for such STS or STS-L Contract for such month less any quantity for such month for which a demand charge adjustment was made pursuant to the STS or STS-L Toll Schedule.

“I” = the difference between 1.1 times the 100% load factor STS or STS-L Toll and the STS and STS-L Commodity Toll

Provided however:

- 1) for STS and STS-L Contracts where the Market Point is downstream of the Storage Injection Point, if on any Day Shipper’s Cumulative Storage Balance is not greater than zero, or the Day is within the summer period, then the amount on such day shall be zero;

- 2) For STS and STS-L Contracts where the Market Point is upstream of the Storage Injection Point, the amount on such Day shall be zero for any Day within the winter period.

Provided, however, that the monthly bill payable by Shipper under this sub-section 4.1 shall be at least equal to the quantity of gas delivered for each of Shipper's IT Contract paths for the month, multiplied by the FT Commodity Toll for such IT Contract path.

- 4.2 Shipper shall also pay monthly to TransCanada a charge for delivery pressure provided that deliveries hereunder are made to a Delivery Point at which a charge for delivery pressure has been approved by the NEB (and set forth in the List of Tolls referred to in Section 5 hereof). The monthly delivery pressure charge at each such Delivery Point shall be the product of the applicable Delivery Pressure Commodity Toll and the total of the Shipper's quantities delivered hereunder at that Delivery Point during such month. The total monthly delivery pressure charge shall be the sum of the monthly delivery pressure charges at all applicable Delivery Points.
- 4.3 Shipper shall also pay monthly to TransCanada any penalty arising from the provisions set out in sub-section 3.1 above.
- 4.4 Penalty revenue received by TransCanada pursuant to sub-section 4.3 above, shall be included in the Interruptible Transportation Service revenue disposition.
- 4.5 For each month, a Shipper shall provide, on a daily basis, a quantity of fuel based on a monthly fuel ratio to be established by TransCanada.

5. MISCELLANEOUS PROVISIONS

- 5.1 The General Terms and Conditions and the List of Tolls of TransCanada's Transportation Tariff as amended from time to time are applicable to this IT Toll Schedule and are hereby made a part hereof. If there is any conflict between the provisions of this IT Toll Schedule and the General Terms and Conditions, the provisions of this IT Toll Schedule shall prevail.
- 5.2 This Toll Schedule, the List of Tolls and the General Terms and Conditions are subject to the provisions of the National Energy Board Act or any other legislation passed in amendment thereto or substitution therefor.