

SHORT TERM FIRM TRANSPORTATION SERVICE

TOLL SCHEDULE

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STFT TOLL SCHEDULE**1. DEFINITIONS**

1.1. For the purposes of the STFT Toll Schedule, the following terms shall be defined as:

- (a) "Available STFT Capacity" shall have the meaning attributed to it in sub-section 2.3;
- (b) "Block Period" shall have the meaning attributed to it in sub-section 2.3;
- (c) "East/West Differential" shall have the meaning attributed to it in sub-section 3.3(c)(iii);
- (d) "Maximum Daily Quantity" shall mean for any shipper the Maximum Daily Quantity set out on such shipper's bid or the Maximum Daily Quantity as amended by TransCanada pursuant to sub-section 3.3(d);
- (e) "Minimum Daily Quantity" shall mean for any shipper the Minimum Daily Quantity set out on such shipper's bid;
- (f) "Posting Period" shall have the meaning attributed to it in sub-section 3.2;
- (g) "Remaining Capacity" shall have the meaning attributed to it in sub-section 2.3;
- (h) "Service Period" shall have the meaning attributed to it in sub-section 2.3;
- (i) "STFT" shall mean Short Term Firm Transportation;
- (j) "STFT Bid Price" shall have the meaning attributed to it in sub-section 3.3(b);
- (k) "STFT Contract" shall have the meaning attributed to it in sub-section 2.1(a);
- (l) "System Capacity" shall mean TransCanada's pipeline facilities and TransCanada's contractual entitlement on the pipeline systems of the Great Lakes Gas Transmission Limited Partnership, Union Gas Limited and Trans Quebec and Maritimes Pipeline Inc.;
- (m) "System Segment" shall have the meaning attributed to it in sub-section 2.3.

2. AVAILABILITY**2.1 Availability of Service**

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

- (a) has entered into a Short Term Firm Transportation service contract (the "STFT Contract") with TransCanada or has obtained an Order of the NEB, pursuant to sub-Section 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

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to the provisions of this STFT Toll Schedule and to the terms and conditions contained in the 71(2) Order; and

- (b) has provided TransCanada with financial assurances as required by TransCanada pursuant to Section XXIII of the General Terms and Conditions referred to in Section 7 hereof.

2.2 Facilities Construction Policy

In order to provide service pursuant to this STFT Toll Schedule, TransCanada utilizes capacity available from its System Capacity. It is understood that TransCanada shall not construct additional facilities for the purpose of providing service hereunder.

2.3 Capacity Available for STFT

The total capacity available to Shippers under this STFT Toll Schedule shall be TransCanada's transportation capacity remaining, as determined by TransCanada in its sole discretion, after having made provision for all firm obligations with Shipper and all other Shippers (the "Remaining Capacity").

Remaining Capacity made available for Shippers under this STFT Toll Schedule shall be offered in respect of certain segments of TransCanada's System Capacity, each such segment being defined by reference to the receipt point and the delivery point or delivery area applicable thereto (a "System Segment"). Service under this STFT Toll Schedule shall be offered for a specific period of time (a "Service Period") which may consist of a specified number of days not less than seven (7) consecutive days, a separate monthly period or any combination of consecutive monthly periods (such combination of consecutive monthly periods hereinafter called a "Block Period"). TransCanada shall notify Shippers of the Remaining Capacity offered for each combination of System Segments and Service Periods (the "Available STFT Capacity").

2.4 STFT Availability Periods

TransCanada, in its sole discretion, may offer Available STFT Capacity in any combination of System Segments, for a specified number of days not less than seven (7) consecutive days, monthly periods and Block Periods for a period extending up to one (1) year less one (1) day.

STFT TOLL SCHEDULE**3. APPLICABILITY AND CHARACTER OF SERVICE****3.1 Definition of STFT Service**

On each day during the term of the STFT Contract that Shipper has been allocated Available STFT Capacity, Shipper shall be entitled to nominate for service hereunder. Nominations for service shall be made pursuant to Section XXII of the General Terms and Conditions. Service hereunder shall not be subject to curtailment or interruption except as provided in this STFT Toll Schedule, the STFT Contract, and Section XI, Section XIV and Section XV of the General Terms and Conditions; provided however, that if Shipper fails to provide on an ongoing and timely basis to TransCanada satisfactory evidence of its right to remove from the province or country of production all or any part of the quantities of gas to be transported by TransCanada under the STFT Contract, Shipper shall be in default hereunder (a "Default") to the extent of the daily quantity not authorized for removal from the province or country of production as aforesaid (the "Default Quantity"). TransCanada shall be entitled to immediately suspend service for a quantity up to, and including, the Default Quantity until such time as Shipper remedies the Default, when TransCanada shall terminate any such suspension and resume service as to that part of the Default Quantity in respect of which the Default has been remedied.

3.2 Notification of Available STFT Capacity

TransCanada shall post Available STFT Capacity for a period of 5 Banking Days (the "Posting Period"). If some or all of the Available STFT Capacity has not been allocated at the end of a Posting Period, TransCanada may, in its sole discretion, continue to post Available STFT Capacity on a daily basis. At the end of the Posting Period and any daily posting, TransCanada shall allocate Available STFT Capacity among Shipper bids received by TransCanada.

The Available STFT Capacity shall be posted on TransCanada's electronic bulletin board and web site as follows:

- (a) During the period of January 1-15 for the Summer Period (April 1 to October 31) and during the period of July 1-15 for the Winter Period (November 1 to March 31);
- (b) If Available STFT Capacity is not posted on a daily basis, TransCanada will post Available STFT Capacity on or before the 7th day of each month; or

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- (c) At any time TransCanada determines in its sole discretion that there is Available STFT Capacity.

Available STFT Capacity shall be allocated in accordance with Section 3.3 hereunder.

3.3 Allocation of STFT Service

(a) **Shipper Bids**

For each combination of System Segment and Service Period in which Shipper wishes to request service under this STFT Toll Schedule, Shipper shall submit a written bid to TransCanada's Contracts and Billing Department by telecopier or through TransCanada's electronic bulletin board during the bid period. No Shipper bid shall be accepted by TransCanada if received after the bid deadline specified in the posting of Available STFT Capacity. Each Shipper bid shall be in the form of an Exhibit "A" Addendum to the STFT Contract, duly completed with the information described below and executed by Shipper.

Each Shipper bid shall contain the following information:

- Shipper name and address
- Shipper contact, telephone number and telecopier number
- System Segment for which bid is being made pursuant to sub-Section 3.3 (b)
- Receipt point and delivery point or delivery area
- Service Period
- Maximum Daily Quantity (in GJ)
- Minimum Daily Quantity pursuant to subSection 3.3 (c) (ii)
- STFT Bid Price determined pursuant to subSection 3.3 (b)
- A statement whether such bid is conditional on another STFT bid being accepted by TransCanada

Shipper must submit separate Shipper bids for each separate combination of System Segment and Service Period. Shipper shall be entitled to submit more than one Shipper bid for any combination of System Segment and Service Period, but Shipper bids for the same System Segment shall not have the same STFT Bid Price. Shipper shall not be entitled to submit multiple Shipper bids for any System Segment where the aggregate Maximum Daily Quantity of the multiple Shipper bids is greater than the Available STFT

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Capacity being offered for that System Segment. Shipper bids which do not conform to these requirements shall be rejected and TransCanada shall be under no obligation to notify Shipper of any such rejection or to provide Shipper with any opportunity to correct or complete its Shipper bid.

(b) **STFT Bid Price**

Bids for Available STFT Capacity shall be expressed in Canadian dollars and cents per GJ per day (\$CDN/GJ/day).

Bids for Available STFT Capacity shall not be less than the 100% Load Factor FT Toll for the applicable System Segment listed in the List of Tolls referred to in Section 7 hereof in effect at the time the bids are received by TransCanada (each a "STFT Bid Price"). Provided however, if the NEB has approved a new FT Toll and the Shipper is requesting STFT service commencing on or after the effective date of the new FT Toll, then Shipper's STFT Bid Price shall not be less than the 100% Load Factor of the new FT Toll. If TransCanada has a rolling daily STFT posting in effect then Shipper may bid the new FT Toll on the second Banking Day following the date of the NEB approval of such new FT Toll.

Bids for Available STFT Capacity must identify the System Segment offered by TransCanada for which the Shipper is bidding. The Shipper's requested receipt point and delivery point for Available STFT Capacity must be contained wholly within the requested System Segment.

(c) **Allocation of Available STFT Capacity**

All Available STFT Capacity for each combination of System Segment and Service Period offered by TransCanada shall be allocated among Shippers as follows:

- (i) Subject to sub-Sections 3.3(c)(ii) and (iii), for all Shipper bids for System Segments which compete for the same capacity and:
 - A. have the same Service Period, TransCanada shall rank Shipper bids in descending order from the highest to lowest STFT Bid Price and TransCanada shall allocate Available STFT Capacity to the Shipper bids resulting in the highest aggregate transportation revenue; or

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- B. have a different Service Period, for each different Service Period, TransCanada shall rank Shipper bids Available STFT Capacity in descending order from the highest to lowest STFT Bid Price and TransCanada shall allocate Available STFT Capacity to the Shipper bids resulting in the highest aggregate transportation revenue.
- (ii) If 2 or more Shipper bids result in the same aggregate transportation revenue and the Available STFT Capacity is not sufficient to provide service for the quantities requested in such Shipper bids, the Available STFT Capacity shall be allocated pro-rata among such Shipper bids
- If such pro-rata share falls below the Minimum Daily Quantity specified by a Shipper in its Shipper bid, such pro-rata share allocated shall be deemed to be rejected, and TransCanada will reallocate among the remaining Shipper bids.
- (iii) For the purpose of evaluating Shipper bids and allocating Available STFT Capacity, TransCanada shall add the east/west differential (the "East/West Differential") to all Shipper bids for Western Service, which shall be determined 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 northern route of the TransCanada system only; and
- B. the applicable commodity toll then in effect from Empress, Alberta.

STFT TOLL SCHEDULE**(d) Notification to Shippers**

Within three (3) Banking Days of the end of any applicable bid period for Available STFT Capacity TransCanada shall notify, in the manner set forth in the STFT Contract or through TransCanada's electronic bulletin board, all Shippers who have been allocated any of the Available STFT Capacity. The daily capacity allocated to each Shipper shall be such Shipper's allocated Maximum Daily Quantity. If Shipper is allocated service hereunder, TransCanada will, if necessary, and is hereby authorized to, amend the Exhibit "A" Addendum submitted by Shipper as its Shipper bid to reflect the allocation of Available STFT Capacity to such Shipper. The Exhibit "A" Addendum shall then be executed by TransCanada and forwarded to Shipper. Each executed Exhibit "A" Addendum shall be binding on TransCanada and Shipper.

4. MONTHLY BILL**4.1 Transportation Service**

The monthly bill payable by Shipper to TransCanada for transportation service hereunder shall be equal to the STFT Bid Price (\$CDN/GJ/day) set out in each Exhibit "A" Addendum multiplied by Shipper's STFT allocated Maximum Daily Quantity and the number of days of STFT Service during the month. These transportation service charges are payable by Shipper notwithstanding any failure by Shipper during such month, for any reason whatsoever, including force majeure or Default by Shipper under subSection 3.1 hereof, to deliver Shipper's Receipt Volume to TransCanada at the receipt point.

4.2 Delivery Pressure Service

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 8 hereof). The monthly delivery pressure charge at each such delivery point shall be the product of the applicable Delivery Pressure Daily Demand Toll and the total of Shipper's quantities to be delivered hereunder at that delivery point during such month determined as the STFT allocated Maximum Daily Quantity multiplied by the number of days of STFT Service during such month. The said delivery pressure demand charge is payable by Shipper notwithstanding any failure by Shipper during such month, for any

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reason whatsoever including force majeure or a Default by Shipper under subSection 3.1 hereof, to deliver Shipper's Authorized Quantity to TransCanada at the receipt point.

4.3 Fuel

For each month, Shipper shall provide, on a daily basis, a quantity of fuel based on a monthly fuel ratio to be established by TransCanada from time to time.

5. TRANSPORTATION AND DELIVERY PRESSURE CHARGE ADJUSTMENTS**5.1 Transportation Charge Adjustments**

If during any day, TransCanada fails to deliver the quantity of gas requested by Shipper up to the Maximum Daily Quantity, for any reason related solely to TransCanada's operations, including an event of force majeure occurring on any of the pipeline systems of TransCanada, Great Lakes Gas Transmission Company, Union Gas Limited, and Trans Quebec & Maritimes Pipeline Inc., then the transportation service charges payable pursuant to subSection 4.1 hereof shall be reduced by an amount equal to the STFT Bid Price multiplied by the difference between the quantity of gas which TransCanada actually delivered to Shipper on such day, and the quantity of gas which such Shipper in good faith nominated for delivery on such day.

5.2 Delivery Pressure Charge Adjustments

For any day on which transportation service charges are adjusted pursuant to sub-Section 5.1 above, the delivery pressure charge payable by Shipper pursuant to sub-Section 4.2 hereof shall also be adjusted. The delivery pressure charge shall be reduced by an amount equal to the applicable Daily Equivalent Delivery Pressure Demand Toll multiplied by the difference between the quantity of gas which TransCanada actually delivered to Shipper on such day and the quantity which such Shipper in good faith nominated for delivery on such day.

5.3 Shipper's Receipt or Delivery Failure

If TransCanada refuses to accept deliveries of Shipper's gas or curtails receipts from or deliveries to Shipper pursuant to sub-section 1(b) of Section II of the General Terms and Conditions, then there shall be no corresponding reduction in transportation service or delivery pressure charges to Shipper.

STFT TOLL SCHEDULE**6. ASSIGNMENTS**

- 6.1 Assignments of any STFT Contracts into which this STFT Toll Schedule is incorporated are expressly prohibited without TransCanada's prior written consent.

7. MISCELLANEOUS PROVISIONS

- 7.1 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 STFT Toll Schedule and are hereby made a part hereof. If there is any conflict between the provisions of this STFT Toll Schedule and the General Terms and Conditions, the provisions of this STFT Toll Schedule shall prevail.
- 7.2 This STFT 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 thereof or substitution therefor.