

LONG-TERM WINTER FIRM SERVICE

LT-WFS TOLL SCHEDULE

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1. AVAILABILITY

1.1 Any Shipper shall be eligible to receive service pursuant to this LT-WFS Toll Schedule for that number of days equal to, in total, the number of days in such Shipper's Service Entitlement (as hereinafter defined) in any Winter Availability Period (as hereinafter defined) in which Shipper is allocated Long-Term Winter Firm Service ("LT-WFS"), provided such Shipper:

- (a) has entered into a Long-Term Winter Firm Service contract (the "Contract") with TransCanada for a minimum term of one (1) year wherein TransCanada agrees to receive and deliver a daily quantity of gas, designated as the "LT-WFS Maximum Daily Quantity", for that number of days in the Shipper's Service Entitlement, 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 LT-WFS 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 LT-WFS Toll Schedule; and
- (c) has presented evidence satisfactory to TransCanada pertaining to Shipper's natural gas supply, markets, upstream transportation and such certificates, permits, orders, licences and authorizations from regulators or other governmental agencies in Canada and the United States that are germane to the requested service; and
- (d) has provided TransCanada with financial assurances as required by TransCanada pursuant to Section XXIII of the General Terms and Conditions of TransCanada's Transportation Tariff referred to in Section 8 hereof (the "General Terms and Conditions").

1.2 The total capacity available to Shippers for bid under this LT-WFS Toll Schedule (the "LT-WFS Capacity") shall be 1,416 10³ m³ per day in each winter period (as defined herein) commencing November 1, 1995 and November 1, 1996 .

1.3 **Facilities Construction Plan**

In order to provide service pursuant to this LT-WFS Toll Schedule, TransCanada shall utilize capacity from its own gas transmission system and from its firm transportation service entitlement on the Great Lakes Gas Transmission Limited Partnership system, the Union Gas Limited system, and the Trans Quebec and Maritimes Pipeline Inc. system (the "Combined Capacity"). If a request for service pursuant to this LT-WFS Toll Schedule (the "Requested Service") combined with the other services referred to in Section 1.2 above require an increase to the Combined Capacity, TransCanada may in its sole discretion increase the Combined Capacity to the extent necessary, provided that:

- (a) there is reasonable expectation of a long term requirement for the increase in the Combined Capacity;
- (b) the NEB approves the additional facilities and/or transportation services necessary to increase the Combined Capacity; and
- (c) the availability provisions of subsection 1.1 hereof are satisfied with respect to the Requested Service.

1.4 **Length and Number of Winter Availability Period(s)**

Subject to the provisions of Sections 1.1, 1.2 and 1.3 above, TransCanada shall offer LT-WFS Capacity for Winter Periods as defined below, commencing November 1, 1995 and November 1, 1996. TransCanada may in its sole discretion offer LT-WFS capacity in subsequent Winter Periods should excess capacity become available. Each year that TransCanada offers LT-WFS Capacity, TransCanada may, in respect of each segment of TransCanada's integrated gas transportation system (each such segment being defined by reference to the Receipt Point and the Delivery Point or Delivery Area applicable thereto and being hereinafter called a "System Segment"), designate one or more periods (each such period being hereinafter called a "Winter Availability Period") over a minimum term of one (1) year commencing on November 1 and ending on the next succeeding March 31 (the "Winter Period") as the period or periods during which service

under this LT-WFS Toll Schedule will be available. As required TransCanada will, for each System Segment, advise the Shipper as to the number of Winter Availability Periods available during the Winter Period, the commencement date and termination date of each such Winter Availability Period and the maximum daily capacity available during same (such capacity, for each combination of System Segments and Winter Availability Periods, being hereinafter called the "Available Winter Service").

1.5 Length of Service Entitlement

Service pursuant to this LT-WFS Toll Schedule will be available to Shippers over the Winter Period during each Winter Availability Period for a minimum of 75 days and up to the number of days in such Winter Availability Period. Shipper will be required to specify in its Shipper Winter Bid (as hereinafter defined), submitted pursuant to Section 2.3 hereof, the number of days of service it requires (the number of days so specified being hereinafter called that Shipper's "Service Entitlement" for each Winter Availability Period).

2. APPLICABILITY AND CHARACTER OF SERVICE

2.1 Definition of LT-WFS

On any day of any Winter Availability Period in which Shipper has been allocated capacity pursuant to this LT-WFS Toll Schedule, up to the accumulated number of days equaling the number of days in the Shipper's Service Entitlement, Shipper shall be entitled to request service hereunder for a quantity of gas not exceeding Shipper's LT-WFS Maximum Daily Quantity set out in the Contract. Subject to Article 4 hereof, Shipper shall not be required to request service on any specific day during the subject Winter Availability Period nor is Shipper obliged to request service on successive days during any Winter Availability Period. Nominations for service shall be made and authorized pursuant to Section XXII of the General Terms and Conditions. Service hereunder shall not be subject to curtailment or interruption except as provided for in the General Terms and Conditions; PROVIDED HOWEVER, that if Shipper fails to provide to TransCanada on an ongoing and timely basis 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 Contract, Shipper shall be in default hereunder (the "Default") to the extent of the daily quantity not authorized for removal from the province or country of production as aforesaid (the "Default Quantity"), and

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. 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.

2.2 Request for LT-WFS

During the period from February 15 to February 28, 1995 (the "Winter Bid Period") any Shipper can request LT-WFS for the Winter Availability Period(s) offered pursuant to Section 2.3 hereof.

2.3 Allocation of LT-WFS Capacity

(a) Shipper Winter Bids

For each combination of System Segments and Winter Availability Periods in which Shipper wishes to bid for service under this LT-WFS Toll Schedule, Shipper shall submit a written bid (the "Shipper Winter Bid") to TransCanada's Transportation Department by telecopier or through TransCend™ and/or NrG Highway™ electronic bulletin board(s) during the Winter Bid Period. The Shipper Winter Bid shall either be in the form of a Contract or Request for Long-Term Winter Firm Service, in the form attached hereto as Exhibit "A" to this LT-WFS Toll Schedule, as specified by TransCanada, duly completed and executed by the Shipper.

The Shipper must submit a separate Shipper Winter Bid for each separate combination of Service Entitlement, System Segment and Winter Availability Period. Shipper shall not be entitled to submit more than one Shipper Winter Bid for each combination of Service Entitlement, System Segment and Winter Availability Period. Other than pursuant to Subsection 2.3(e) hereof, once delivered to TransCanada a Shipper Winter Bid shall be irrevocable.

(b) Bid Value and LT-WFS Toll

Each Shipper Winter Bid shall contain a bid based on the transportation charges the Shipper is prepared to pay for the Available Winter Service offered. Such bid shall be expressed as the sum of the applicable FT Daily Demand Toll and Commodity Toll (the 100% load factor toll), as set forth in the List of Tolls of TransCanada's Transportation Tariff referred to in Section 8 hereof (the "List of

Tolls"), multiplied by a value (the "Bid Value") between and including 1.00 to 1.40, to be bid by each Shipper (the "LT-WFS Toll"). As a result, the LT-WFS Toll will change as the List of Tolls is amended from time to time, with the resulting LT-WFS Toll becoming the sum of the revised FT Daily Demand Toll and Commodity Toll multiplied by the same Bid Value. Each LT-WFS Toll shall be exclusive of any applicable Delivery Pressure Daily Demand Toll payable pursuant to Section 3.2 hereof.

(c) **Allocation of Available Winter Service**

All Available Winter Service for the Winter Period shall be allocated in the manner hereinafter set forth.

- (i) All Shipper Winter Bids received by TransCanada shall be ranked in descending order based upon the maximum net present dollar value per unit to be realized from each Shipper Winter Bid. The said maximum net present dollar value shall be based on the LT-WFS Toll, the Service Entitlement and the term of the Contract.
- (ii) TransCanada shall allocate in descending order Available Winter Service to the Shipper Winter Bid providing the highest maximum net present dollar value per unit to be realized and likewise thereafter until all Available Winter Service has been allocated.
- (iii) If, during such allocation of Available Winter Service to Shippers submitting Shipper Winter Bids, the remaining Available Winter Service is not sufficient to provide service for the quantities requested in all remaining Shipper Winter Bids and the maximum net present dollar value per unit to be realized for two or more Shipper Winter Bids is the same, the remaining Available Winter Service will be allocated at random among Shippers with Shipper Winter Bids of equivalent net present dollar value per unit.
- (iv) A. If the remaining Available Winter Service is less than the LT-WFS Maximum Daily Quantity requested by a Shipper, TransCanada shall advise such Shipper by telephone or telecopier of the amount of remaining Available Winter Service

and such Shipper shall advise TransCanada by telephone or telecopier within forty-eight (48) hours of its receipt of TransCanada's communication whether such Shipper wishes to utilize all (and not less than all) of the remaining quantity of Available Winter Service; and

- B. If a Shipper that receives a notice pursuant to subparagraph (A) elects not to utilize the quantity of Available Winter Service described in such notice, the process described above shall be repeated until all remaining Available Winter Service has been allocated.

(d) **Notification to Shippers**

On or before March 28, 1995, TransCanada shall notify, in the manner set forth in the Contract or Request for Long-Term Winter Firm Service, as the case may be, and/or through TransCend™ and/or NrG Highway™ electronic bulletin board(s), all Shippers who submitted a Shipper Winter Bid as to whether such Shippers have been allocated any of the Available Winter Service for the applicable Winter Availability Period. If a Shipper is allocated service hereunder and has satisfied the conditions of availability set out in Subsections 1.1(b), (c) and (d) hereof, TransCanada will either execute the Contract forwarded by Shipper as its Shipper Winter Bid, subject to any amendments required as a result of the allocation procedure set out above or, in the event that Combined Capacity is to be increased, TransCanada shall forward to such Shipper a Precedent Agreement for Shippers' execution.

(e) **Satisfaction of Availability Conditions**

Upon receipt of the notice from TransCanada advising the Shipper that it has been allocated LT-WFS hereunder, Shipper shall satisfy the conditions of availability set out in Subsections 1.1(b), (c) and (d) hereof. If Shipper fails to satisfy these conditions such Shipper Winter Bid shall be deemed to have been withdrawn by Shipper. TransCanada shall be entitled to reallocate this LT-WFS Capacity in the manner set out above.

3. MONTHLY BILL

- 3.1 The monthly bill payable by Shipper to TransCanada for transportation service hereunder shall be equal to the Shipper's applicable LT-WFS Toll multiplied by the total Shipper's Authorized Quantities for the month to which such bill relates.
- 3.2 Shipper shall also pay to TransCanada monthly a charge for delivery pressure if deliveries hereunder are made in whole or in part to a Delivery Point at which a charge for delivery pressure has been approved by the NEB as set forth in the List of Tolls. 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 Authorized 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.
- 3.3 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.

4. MINIMUM WINTER BILL

- 4.1 The "Long-Term Winter Firm Gas" for each Shipper with respect to each Winter Availability Period shall mean that Shipper's LT-WFS Maximum Daily Quantity multiplied by the number of days in such Shipper's Service Entitlement, less any quantities curtailed pursuant to Section XIV of the General Terms and Conditions; PROVIDED THAT there shall be no reduction to the Long-Term Winter Firm Gas as a result of Default by Shipper under Section 2.1 hereof.
- 4.2 If during any Winter Availability Period in which Shipper has been allocated service hereunder Shipper's total Delivery Gas is less than Shipper's Long-Term Winter Firm Gas, Shipper shall pay TransCanada a supplemental charge equal to the difference between Shipper's Long-Term Winter Firm Gas and Shipper's total Shipper's Authorized Quantities, multiplied by the Shipper's LT-WFS Toll. If Shipper's Delivery Point is a Delivery Point to which a delivery pressure charge applies, then Shipper's supplemental charge shall also include a charge equal to the difference between the Long-Term Winter Firm Gas and Shipper's total Shipper's Authorized Quantities, multiplied by the applicable

Delivery Pressure Daily Demand Toll as approved by the NEB as set forth in the List of Tolls. Such supplemental charges shall be due and payable annually as part of the last regular monthly bill for each Winter Availability Period.

5. DIVERSION OF GAS

- 5.1 (a) Subject to the provisions herein, Shipper shall have the right to nominate a diversion under Shipper's Contract in the manner provided herein.
- (b) Shipper shall not be entitled to nominate a diversion for a quantity which, when added to the quantities nominated for delivery at the Delivery Points or Delivery Area specified under Shipper's Contract, exceeds the LT-WFS Maximum Daily Quantity under Shipper's Contract, nor shall Shipper be entitled to nominate a diversion to a Delivery Point or Delivery Area which is upstream of the Receipt Point(s) specified in Shipper's Contract.
- (c) For the purposes of Section XVI of the General Terms and Conditions, diversions hereunder shall be equivalent to service under an STS Contract.
- 5.2 Any nomination by Shipper for a diversion under Shipper's Contract must be received by TransCanada's Gas Control Department in Calgary at the time specified pursuant to Section XXII of the General Terms and Conditions.
- 5.3 TransCanada shall have the right to reject a nomination made pursuant to Section 5.2 hereof or to accept only a portion of the quantities so nominated if the diversion requested would negatively impact TransCanada's ability to provide those transportation services which, pursuant to Section XV of the General Terms and Conditions, have a priority of service which is higher than that of the diversion nominated by Shipper if such diversion would otherwise be immediately curtailed pursuant to Paragraph 1(e)(ii) or 2(e)(ii) of Section XV of the General Terms and Conditions. TransCanada shall have the right to curtail diversions in accordance with Section XV of the General Terms and Conditions.
- 5.4 Shipper shall pay TransCanada for all gas diverted as follows:
- (a) Shipper shall pay that toll which is the greater of:

- (i) the applicable WFS Toll approved by the NEB as set forth in the List of Tolls for the Delivery Point or Delivery Area to which the gas was diverted; and
 - (ii) the Shipper's LT-WFS Toll for the Delivery Point or Delivery Area set forth in Shipper's Contract.
- (b) Shipper shall provide fuel quantities to TransCanada based on the fuel ratio applicable at the Delivery Point or Delivery Area to which the gas was diverted.
- (c) If the gas is diverted hereunder to a Delivery Point or Delivery Area at which a delivery pressure charge has been approved by the NEB and no delivery pressure charge exists for the Delivery Point or Delivery Area specified in Shipper's Contract, then Shipper shall pay TransCanada, in addition to the charges provided above, an amount equal to the applicable Delivery Pressure Daily Demand Toll multiplied by Shipper's total diversion quantities at such Delivery Point or Delivery Area for such month (a "Point Diversion Delivery Pressure Charge"). If a delivery pressure charge exists at the Delivery Point specified in Shipper's Contract, then Shipper shall pay TransCanada, in addition to the delivery pressure charge described in Section 3.2 above, an amount (a "Point Diversion Delivery Charge") equal to the product obtained by multiplying Shipper's total diversion quantities at the Delivery Point specified in the diversion by that amount, if any, by which the Delivery Pressure Daily Demand Toll at the Delivery Point specified in the diversion exceeds the Delivery Pressure Daily Demand Toll at the Delivery Point specified in Shipper's Contract.

The total delivery pressure charge for diversion quantities shall be the sum of the Point Diversion Delivery Pressure Charges and/or Point Diversion Delivery Charges at all applicable Delivery Points or Delivery Areas plus the delivery pressure charge, if any, payable pursuant to Section 3.2 above.

6. ASSIGNMENT

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

7. RENEWAL RIGHTS

- 7.1 Shipper shall not have the option of extending the term of any Contract into which this LT-WFS Toll Schedule is incorporated.

8. MISCELLANEOUS PROVISIONS

- 8.1 The General Terms and Conditions and the List of Tolls, as amended from time to time, are applicable to this LT-WFS Toll Schedule and are hereby made a part hereof. If there is any conflict between the provisions of this LT-WFS Toll Schedule and the General Terms and Conditions, the provisions of this LT-WFS Toll Schedule shall prevail.
- 8.2 This LT-WFS 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.
- 8.3 In this LT-WFS Toll Schedule the rights and obligations of TransCanada and a Shipper are subject to all valid and applicable present and future laws, statutes, ordinances, rules, regulations, and orders (the "Applicable Law") of any governmental authority having jurisdiction or control over the service contemplated in this LT-WFS Toll Schedule. TransCanada reserves the right to amend in accordance with the Applicable Law or to terminate any Contract, Request for Long-Term Winter Firm Service, or Precedent Agreement entered into respecting LT-WFS in the event that any Applicable Law is issued or passed which, in TransCanada's sole discretion, adversely affects TransCanada's ability to offer LT-WFS. TransCanada shall have no liability whatsoever to any Shipper should TransCanada amend or terminate a Contract, Request for Long-Term Winter Firm Service, or Precedent Agreement in accordance with this provision.