

FIRM BACKHAUL TRANSPORTATION SERVICE

TOLL SCHEDULE

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1. DEFINITIONS

- 1.1. For the purposes of the FBT Toll Schedule, the following terms shall be defined as:
- (a) "FBT" shall mean Firm Backhaul Transportation;
 - (b) "FBT Contract" shall have the meaning attributed to it in sub-section 2.1;
 - (c) "Maximum Daily Quantity" shall mean the quantity of firm backhaul service specified in each Exhibit "A" attached to the FBT Contract.

2. AVAILABILITY

- 2.1 A Shipper shall be eligible to receive service pursuant to this FBT Toll Schedule provided that Shipper:
- (a) has entered into a firm backhaul transportation service contract (the "FBT 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 FBT 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 FBT Contract, or has provided TransCanada with adequate assurances that arrangements have been made to have an authorized natural gas distribution or transmission company act as Shipper's agent in receiving from TransCanada the natural gas to be delivered pursuant to this FBT Toll Schedule; and
 - (c) has pipeline facilities interconnecting with TransCanada's facilities at the receipt point(s) specified in the FBT Contract, or has provided TransCanada with adequate assurances that arrangements have been made to have an authorized natural gas distribution or transmission company act as Shipper's agent in delivering to TransCanada the natural gas to be delivered pursuant to this FBT Toll Schedule; and

- (d) provides on an ongoing and timely basis to TransCanada satisfactory evidence of its right to remove from the jurisdiction of production, origin and/or storage (as the case may be), and its right to import and/or export (as may be applicable), the quantities of natural gas to be transported by TransCanada under the FBT Contract or the 71(2) Order; and
- (e) has provided TransCanada with financial assurances as required by TransCanada pursuant to Section XXIII of the General Terms and Conditions referred to in Section 7.3 hereof.

2.2 Facilities Construction Policy

In order to provide service pursuant to this FBT Toll Schedule, TransCanada utilizes capacity available 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 & Maritimes Pipeline Inc. system. It is understood that TransCanada shall not construct additional facilities for the purpose of providing service hereunder.

3. APPLICABILITY AND CHARACTER OF SERVICE

- 3.1 On each day during the term of the FBT Contract Shipper shall be entitled to request 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 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 FBT 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 Gas"), and TransCanada shall be entitled to immediately suspend service for a quantity up to, and including, the Default Gas until such time as Shipper remedies the Default. TransCanada shall terminate any such suspension and resume service as to that part of the Default Gas in respect of which the Default has been remedied.

- 3.2 Requests for service hereunder shall be in writing and submitted by telecopier or other means acceptable by TransCanada and must be received by TransCanada's Contracts and Billing Department in Calgary, Alberta on or before 12:00 hours CCT two Banking Days prior to the day for which the firm backhaul is requested. Each request for service must contain the requested Maximum Daily Quantity, the proposed duration, and any other information which TransCanada may require. Shipper shall submit a separate request for each combination of receipt and delivery points. The duration of each requested firm backhaul shall not be less than one (1) month.
- 3.3 Requests for service hereunder shall be reviewed by TransCanada in the order in which they are received and may be accepted by TransCanada in whole or in part provided that the requested firm backhaul service does not adversely affect the operational integrity of TransCanada's pipeline system. Upon acceptance by TransCanada of all or a portion of Shipper's request for firm backhaul service, TransCanada will forward to Shipper for execution a completed Exhibit "A" Addendum to the FBT Contract setting out the duration, quantity, rate and other provisions of the firm backhaul. Shipper may execute and deliver each Exhibit "A" Addendum to TransCanada by facsimile or by such other electronic means as may be acceptable by TransCanada from time to time. Each Exhibit "A" Addendum received by TransCanada in accordance with this provision shall be regarded as an original document.
- 3.4 Shipper covenants and agrees to deliver to TransCanada at the receipt point specified in each Exhibit "A" Addendum to the FBT Contract that quantity of gas equal to the gross heating value of the quantity of gas that TransCanada delivers to Shipper at the delivery point specified in each Exhibit "A" Addendum to the FBT Contract.

4. MONTHLY BILL

- 4.1 The monthly bill payable by Shipper to TransCanada for transportation service hereunder shall be equal to the applicable Monthly Demand Toll as approved by the NEB (as set forth in the List of Tolls referred to in Section 7.3 hereof) multiplied by the sum of the Maximum Daily Quantities specified in each Exhibit A Addendum to the FBT Contract for such month. The said Monthly Demand Toll is payable by Shipper notwithstanding any failure by Shipper during such month, for any reason whatsoever, including force majeure or a default under Section 3.1 hereof, to deliver Shipper's Authorized Quantity to TransCanada at the receipt point.

4.2 Shipper shall also pay to TransCanada monthly 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 7.3 hereof). The monthly delivery pressure charge at each such delivery point shall be the product of the applicable Delivery Pressure Demand Toll and the total of Shipper's Authorized Quantity at such delivery point for such month. The said monthly delivery pressure charge is payable by Shipper notwithstanding any failure by Shipper during such month, for any reason whatsoever including force majeure or a default under Section 3.1 hereof, to deliver Shipper's Authorized Quantity to TransCanada at the receipt point.

5. MINIMUM BILL

5.1 The minimum monthly bill for service hereunder shall be the demand charges determined in accordance with Sections 4.1 and (if applicable) 4.2 hereof.

6. ASSIGNMENT

6.1 Any company which shall succeed by purchase, merger or consolidation to the properties, substantially or in entirety, of Shipper or of TransCanada, as the case may be, shall be entitled to the rights and shall be subject to the obligations of its predecessor in title under any FBT Contract into which this FBT Toll Schedule is incorporated. Further, either Shipper or TransCanada may, without relieving itself of its obligations under any FBT Contract into which this FBT Toll Schedule is incorporated (unless consented to by the other party, which consent shall not be unreasonably withheld), assign any of its rights and obligations thereunder to another party. Nothing herein shall in any way prevent either party to such FBT Contract from pledging or mortgaging its rights thereunder as security for its indebtedness. Such FBT Contract shall be binding upon and shall inure to the benefit of the respective successors and assigns of the parties thereto.

6.2 Assignments at a discount negotiated between assignors and assignees are permitted, provided that the approved toll continues to be paid to TransCanada.

6.3 Save as herein provided, assignments of any FBT Contracts into which this FBT Toll Schedule is incorporated are expressly prohibited.

7. MISCELLANEOUS PROVISIONS

- 7.1 Prior to obtaining service under this FBT Toll Schedule, Shipper shall have obtained all consents and authorizations necessary to enter into and perform its obligations under the FBT Contract and shall, at TransCanada's request, provide TransCanada with copies of all such consents and authorizations.
- 7.2 Notwithstanding anything in Section XIV of the General Terms and Conditions to the contrary, and in addition to charges that TransCanada may assess under Section XXII of the General Terms and Conditions and the toll to be paid by Shipper pursuant to Section 4 of this FBT Toll Schedule, Shipper shall hold TransCanada harmless for all losses, expenses, monetary or other damages, and costs of any kind incurred by TransCanada or for which TransCanada becomes liable to Shipper's agents or any third party hereto, due to failure of Shipper or Shipper's agents to deliver to TransCanada a quantity of natural gas at the receipt point specified in the FBT Contract, equivalent to that delivered by TransCanada to Shipper.
- 7.3 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 FBT Toll Schedule and are hereby made a part hereof. If there is any conflict between the provisions of this FBT Toll Schedule and the General Terms and Conditions, the provisions of this FBT Toll Schedule shall prevail.
- 7.4 This FBT 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.